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Final Report Local Governance Support Program

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Cover photo:

A health worker examines a patient at the Tanjung Morawa Health Clinic in Deli Serdang, North Sumatra, which adopted a citizen service charter for delivery of health services. LGSP worked with a multi-stakeholder group of citizens and health department staff to develop the charter, the motto of which is “excellence in service—and service with a smile.” *Photo credit: Judith Edstrom*

Local Governance Support Program

Final Report

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Table of Contents

List of Tables.....	vi
List of Figures.....	vi
List of Boxes	viii
Abbreviations.....	x
Glossary	xv
Acknowledgments	xvi
Executive Summary	Executive Summary – I
I Introduction	I-I
Project Objectives.....	I-I
Indonesia’s Governance Environment at Inception of LGSP	I-2
USAID Design Approach.....	I-2
LGSP Design Response	I-3
2005–2006: LGSP Rollout.....	I-5
2007: Refocusing for Greater Impact.....	I-7
2008: Consolidation in Pursuit of Sustainability	I-8
2009: Project Completion—Making a Difference	I-9
Endnotes to Chapter I	I-I I
2 Participatory Planning	2-I
Situation at Inception of LGSP and Program Approach	2-2
Capacity-Building Program	2-5
Overall Outcomes in Participatory Planning Capacity and Process.....	2-7
Enhancement of Citizen Engagement in Local Planning Process.....	2-12
Enhanced Quality of Planning Documents	2-14
Integration Between Planning and Budgeting	2-17
Sustainability: Development of Regulatory Framework and Institutional Resources	2-20
Lessons Learned and Recommendations	2-23
Endnotes to Chapter 2.....	2-27
3 Finance and Budgeting	3-I
Initial State of Finance and Budgeting in Partner Local Governments.....	3-2
Overall Outcomes in Finance and Budgeting.....	3-5
Performance-Based Budgeting.....	3-8
Accounting and Reporting	3-15
Financial Management.....	3-19
Institutionalizing Improvements in Finance and Budgeting.....	3-22
Regional Variation	3-23
Sustainability Prospects	3-26
Lessons Learned and Recommendations	3-27
Endnotes to Chapter 3.....	3-3 I
4 Public Service Management Systems	4-I
Background and LGSP Approach to PSM.....	4-I

Tools for Change: SIAPs and Related Instruments	4-3
Partnerships and Policies at Provincial and Local Level	4-14
Lessons Learned from Local Tools, Partnerships, and Policies	4-16
Support for National Policies and Materials Development	4-19
Lessons Learned from National Policies and Materials Development	4-22
Overall Outcomes in PSM	4-23
Conclusions and Recommendations for Sustainability	4-24
Endnotes to Chapter 4	4-27
5 Legislative Strengthening	5-1
Situation in 2005 and LGSP's Approach to Legislative Strengthening	5-2
Budgeting Function	5-5
Legislative Function	5-12
Oversight of Public Services	5-16
Representing Citizens	5-18
Institutional Capacity	5-19
Civil Society and Government Perceptions of Local Council	5-21
Regional Variation	5-23
Conclusions and Lessons Learned	5-25
Endnotes to Chapter 5	5-30
6 Civil Society Engagement	6-1
Situation in 2005 and LGSP's Approach to Civil Society Strengthening	6-2
General Changes in CSO Capacity	6-6
Civic Engagement in Planning and Budgeting	6-7
Citizen Engagement in the Development of Local Regulations	6-17
Civic Engagement and Oversight of Public Services	6-22
Strengthening the Role of Media in Local Governance	6-26
Government and Local Council Perceptions of Civil Society Organizations	6-27
Regional Variation	6-30
Sustainability Efforts	6-32
Conclusions and Lessons Learned	6-33
Endnotes to Chapter 6	6-37
7 Cross-Cutting Areas of Support	7-1
Participatory Approaches in Training and Facilitation	7-1
Conclusions and Recommendations	7-4
Performance Monitoring and Evaluation	7-6
Development of Service Providers	7-15
Communications and Knowledge Sharing	7-18
Endnotes to Chapter 7	7-24
8 Regional Variations in Outcomes	8-1
Comparison of Performance Between Regions	8-3
Regional Highlights	8-6
Closure of Two Regional Programs in 2007	8-11

Conclusions	8-12
Endnotes to Chapter 8.....	8-13
9 Conclusions: Sustainability and Lessons Learned.....	9-1
Achievements in Sustainable Good Governance	9-1
Challenges	9-4
Lessons Learned	9-6
Concluding Remarks.....	9-11

Annexes

A	LGSP Regional Sites Map
B	LGSP Partner Jurisdictions and Service Improvement Priorities
C	LGSP Organization Chart
D	LGSP Publications
E	LGSP Results Framework
F	List of LGSP Service Providers
G	Performance Monitoring Report

List of Tables

Table 3.1.	Public Financial Management initial assessment results	3-4
Table 3.2.	Number of completed deliverables, by region	3-7
Table 3.3.	Number of joint programs and results, 2007–2009	3-14
Table 4.1.	Overall rating of SIAP performance, 2007–2009	4-9
Table 4.2.	SIAP results by type of service, 2007–2009	4-10
Table 4.3.	SIAP performance by province, 2007–2009	4-12
Table 4.4.	Introduction and replication of selected service management innovations	4-13
Table 5.1.	Source of local regulations in selected LGSP jurisdictions, 2005–2009	5-12
Table 5.2.	Status of local regulations on transparency and participation, 20 partner jurisdictions, at project end	5-15
Table 7.1.	LGSP website hits and publication downloads, 2005-2009	7-22
Table 7.2.	Top publication downloads from LGSP website, by thematic area, 2006–2009	7-22
Table 8.1.	Distribution of 2009 assessment measures for LGSP regions, according to relative ranking	8-3
Table 8.2.	Change in performance in budgeting, accounting and planning, by region, 2006–2009	8-4

List of Figures

Figure 2.1.	Number of local governments preparing participatory planning documents, by document type, 2006–2009	2-6
Figure 2.2.	Changes in local planning capacity from 2006 to 2009	2-7
Figure 2.3.	Percentage of local governments using independent Musrenbang facilitators, nine locations, 2007–2009	2-9
Figure 2.4.	Musrenbang performance, 2007–2009	2-10
Figure 2.5.	Change in quality of annual development plan (RKPD), 2007–2009	2-15
Figure 2.6.	Percentage of partner jurisdictions that produced local regulations on participatory planning	2-21
Figure 3.1.	Finance and budgeting pre/post-training test results, by topic	3-6
Figure 3.2.	PFM diagnostic results by topic, for all regions, 2006 and 2009	3-8
Figure 3.3.	Performance-based budgeting results by component, all regions, 2006 and 2009	3-9

Figure 3.4.	Integrated planning and budgeting outcomes, by region, 2006–2009.....	3-10
Figure 3.5.	Results for logical and realistic budget target and process, by region, 2006 and 2009	3-11
Figure 3.6.	Month of annual budget approval, all regions, 2007–2009.....	3-11
Figure 3.7.	Pro-poor budget results, by region, 2006 and 2009.....	3-12
Figure 3.8.	Budget monitoring and evaluation results, by region, 2006 and 2009	3-13
Figure 3.9.	Expenditure control outcomes, by region, 2006 and 2009	3-13
Figure 3.10.	Accounting results, by component, 2006 and 2009	3-15
Figure 3.11.	Accounting institution and human resource results, by region, 2006 and 2009	3-16
Figure 3.12.	Accounting and management information system results, by region, 2006 and 2009	3-17
Figure 3.13.	Accurate and timely transaction recording results, by region, 2006 and 2009	3-18
Figure 3.14.	Accounting and management reporting results by region, 2006 and 2009.....	3-19
Figure 3.15.	Asset management results by topic, 2006 and 2009 (all regions)	3-20
Figure 3.16.	Asset management information system support results in five partner regions, 2006 and 2009	3-21
Figure 3.17.	Asset management planning outcomes in three regions, 2006 and 2009.....	3-21
Figure 3.18.	Planning and budgeting by region, 2006 and 2009	3-24
Figure 3.19.	Accounting and reporting results, by region, 2006 and 2009	3-25
Figure 3.20.	Asset management results by region for five regions, 2006 and 2009.....	3-26
Figure 5.1.	Local council participation in development planning meetings	5-7
Figure 5.2.	Local council transparency and involvement of citizens in the budgeting process.....	5-8
Figure 5.3.	Changes perceived by councilors in government commitment to budgeting process.....	5-11
Figure 5.4.	Involvement of citizens in legislative drafting	5-13
Figure 5.5.	Citizen involvement in local council oversight of public services.....	5-18
Figure 5.6.	Constituency relations	5-19
Figure 5.7.	Perceived support from council secretariat	5-21
Figure 5.8.	Government officials' perceptions of local councils	5-22
Figure 5.9.	CSO perceptions of local councils	5-22
Figure 5.10.	Regional variation in local council analysis of draft budgets (RAPBD)	5-24
Figure 5.11.	Regional variation in local council involvement in legislative drafting.....	5-24
Figure 5.12.	Regional variation in local council citizen complaint mechanisms.....	5-25
Figure 6.1.	CSO engagement in 2005	6-3
Figure 6.2.	CSO activities in 2005	6-4
Figure 6.3.	Forms of CSO engagement, 2005–2009	6-7
Figure 6.4.	CSO involvement in planning process, 2009.....	6-9
Figure 6.5.	CSO involvement in development planning meetings, 2005–2009	6-9
Figure 6.6.	CSO involvement in budgeting process, 2009.....	6-10
Figure 6.7.	CSO involvement in public consultations and town hall meetings, 2005– 2009.....	6-14

Figure 6.8.	Changes perceived by CSOs in local government commitment to citizen participation, 2006–2009	6-16
Figure 6.9.	Changes perceived by CSOs in local council commitment to citizen participation, 2006–2009	6-17
Figure 6.10.	CSO involvement in the legislative process, 2009	6-19
Figure 6.11.	Perceived changes in commitment to openness in legislative process, 2006–2009	6-22
Figure 6.12.	CSO involvement in public service oversight, 2009	6-23
Figure 6.13.	Perceived changes in public service oversight, 2006–2009	6-24
Figure 6.14.	Local government perceptions of openness and CSO capacity, 2009	6-28
Figure 6.15.	Local council perceptions of openness and CSO capacity, 2006–2009	6-28
Figure 6.16.	Government perceptions of CSOs in 19 CRC jurisdictions, compared with all partner jurisdictions, 2009	6-29
Figure 6.17.	Regional variation in CSO capacity to analyze budget, 2009	6-30
Figure 6.18.	Regional variation in CSO involvement in legal drafting, 2009	6-31
Figure 6.19.	Regional variation in CSO involvement in public service oversight, 2009	6-31
Figure 7.1.	LGSP website hits by quarter, 2007-2009	7-21
Figure 8.1.	Changes in performance-based budgeting capacity in Central Java LGSP districts, 2006 and 2009	8-2
Figure 8.2.	Changes in performance-based budgeting capacity in all LGSP regions, 2006 and 2009	8-2

List of Boxes

Box 2.1.	LGSP participatory planning diagnostics	2-1
Box 2.2.	Good practices in community engagement in planning	2-13
Box 2.3.	Good practices in improving quality of planning document preparation	2-16
Box 3.1.	Assessment approach for finance and budgeting	3-1
Box 4.1.	LGSP approach to PSM assistance	4-2
Box 4.2.	Tebingtinggi, North Sumatra: MSME business clinic	4-5
Box 4.3.	Madiun, East Java: SIMPUS	4-5
Box 4.4.	Simalungun, North Sumatra: Drinking water supply	4-6
Box 4.5.	Calang, Aceh Jaya: Drinking water supply	4-6
Box 4.6.	Deli Serdang, North Sumatra: Citizen charter	4-7
Box 4.7.	Local partnerships	4-15
Box 4.8.	Banda Aceh: Anti-corruption toolkit	4-20
Box 5.1.	Assessment approach for legislative strengthening	5-1
Box 5.2.	Budgetary function of local councils	5-5

Box 5.3.	Publishing budget documents in Manokwari and Madiun	5-8
Box 5.4.	Budget literacy in Kaimana, West Papua	5-9
Box 5.5.	Budget negotiations in Madiun and Kediri, East Java	5-9
Box 5.6.	Budget allocations in Aceh Timur and Boyolali, Central Java	5-10
Box 5.7.	Bireun, Aceh: Drafting of a health regulation	5-14
Box 5.8.	Jepara, Central Java: Oversight of infrastructure projects.....	5-17
Box 5.9.	Aceh Besar: Seuramoe Informasi Geutanyoe Aceh Besar (SIGAB)	5-18
Box 6.1.	Assessment approach for civil society engagement	6-1
Box 6.2.	Padang Panjang, West Sumatra: Budget transparency	6-11
Box 6.3.	Fakfak, West Papua: Civil society coalition (LP3).....	6-11
Box 6.4.	Madiun, East Java: CSO coalition.....	6-12
Box 6.5.	Jepara, Central Java: Town hall meeting	6-14
Box 6.6.	Jepara, Central Java: Simranda budget analysis	6-15
Box 6.7.	Enrekang, South Sulawesi: Participatory planning regulation	6-19
Box 6.8.	Padang Panjang, West Sumatra: Citizen coalition.....	6-20
Box 6.9.	Kediri, East Java: Coalition for education regulation	6-20
Box 6.10.	Palopo, South Sulawesi: Transparency commission	6-21
Box 6.11.	Gowa, South Sulawesi: Citizen report cards.....	6-24
Box 7.1.	Principal technical publications produced in English and Indonesian	7-20

Abbreviations

3PO	procedures, personnel, policies, organization [management approach]
APBD	local budget [<i>Anggaran Pendapatan dan Belanja Daerah</i>]
<i>Badiklat</i>	national training institute [<i>Badan Pendidikan dan Pelatihan</i>]
BAKD	Regional Financial Management Administration [<i>Bina Administrasi Keuangan Daerah</i>]
<i>Bappeda</i>	local development planning agency [<i>Badan Perencanaan Pembangunan Daerah</i>]
<i>Bappenas</i>	National Development Planning Agency [<i>Badan Perencanaan dan Pembangunan Nasional</i>]
<i>Bawasda</i>	local government internal audit unit [<i>Badan Pengawas Daerah</i>]
BIGG	Building Institutions for Good Governance [USAID project]
BLUD-SPAM	local government service unit to manage water supply [<i>Badan Layanan Umum Daerah Sistem Pelayanan Air Minum</i>]
BPK	National Audit Board [<i>Badan Pemeriksa Keuangan</i>]
BPKD	local finance department or agency [<i>Badan Pengelola Keuangan Daerah</i>]
BPKKD	local finance institute [<i>Badan Pengelolaan Keuangan dan Kekayaan Daerah</i>]
BPKP	national government internal audit agency [<i>Badan Pemeriksa Keuangan dan Pembangunan</i>]
BPP-SPAM	Water Supply System Development Support Body [<i>Badan Pendukung Pengembangan – Sistem Penyediaan Air Minum</i>]
CADI	Computer Assisted Development Incorporated
CJ	Central Java
COP	Chief of Party
CRC	citizen report card
CS	Civil Society
CSO	civil society organization
DBE	Decentralized Basic Education [USAID project]
DDG	Democratic and Decentralized Governance
DI	Democracy International
<i>Diklatprop</i>	provincial training center [<i>Pusat Pendidikan dan Pelatihan Propinsi</i>]
DPKD	local finance department or agency [<i>Dinas Pengelolaan Keuangan Daerah</i>]
DPR	national House of Representatives [<i>Dewan Perwakilan Rakyat</i>]
DPRD	local legislative council(s) [<i>Dewan Perwakilan Rakyat Daerah</i>]
DRSP	Democratic Reform Support Program [USAID project]
DSF	Decentralization Support Facility
e-CIS	electronic citizen information services [see also <i>SPIPM</i>]

EJ	East Java
ESP	Environmental Services Program [USAID project]
F&B	Finance and Budgeting
FEDEP	Forums for Economic Development and Employment Promotion
FIK ORNOP	provincial CSO network, Sulawesi
FITRA	Indonesian Forum for Transparency in Budgets [<i>Forum Indonesia untuk Transparansi Anggaran</i>]
Forum LSM	provincial CSO network, Aceh
FP2B Jatim	Good Governance Promotion Forum, East Java [<i>Forum Penggerak Pemerintahan yang Baik Jawa Timur</i>]
FPESD	Economic and Resources Development Forum [<i>Forum Pengembangan Ekonomi dan Sumber Daya</i>]
FTFI	Financial Trends and Fiscal Indicators
FY	fiscal year
GGI	Good Governance Index
GIS	geographical information system(s)
GJD	Governing Justly and Democratically
GOI	Government of Indonesia
GR	Government Regulation
GTZ	German Agency for International Technical Cooperation
HSP	Health Services Program [USAID project]
ICMA	International City/County Management Association
ICT	information and communication technology
IMLPC	Indonesian Media Law and Policy Center
IPW	Indonesia Procurement Watch
IR	Intermediate Result
Jaker-P3G	civil society coalition, Gowa, South Sulawesi [<i>Jaringan Kerja Permerhati Pelayanan Publik Gowa</i>]
KUA	General Budget Policy Document [<i>Kebijakan Umum Anggaran</i> ; see also PPAS]
LAN	State Administration Institute [<i>Lembaga Administrasi Negara</i>]
LG	local government
LG-AMP	Local Government Activity Mapping Protocol
LGAT	Local Governance Assessment Tool
LGMS	Local Government Management System
LG-RAM	Local Government Rapid Assessment Module
LGSP	Local Governance Support Program
LGSP-Link	network of individuals committed to continued use of LGSP approaches, tools and modules

LKPP	national public procurement policy body [<i>Lembaga Kebijakan Pengadaan Pemerintah</i>]
LKPPD	performance reporting [<i>Laporan Kejadian Pelanggaran Peraturan Daerah</i>]
LP3	Coalition for Public Service Monitoring [<i>Lembaga Penelitian dan Pengembangan Pendidikan</i>]
LPSE	Electronic Procurement Agency [<i>Lembaga Pengadaan Secara Elektronik</i>]
LS	Legislative Strengthening
M&E	monitoring and evaluation
MCC	Millennium Challenge Corporation
MenPan	Ministry for Administrative Reform [<i>Menteri Negara Pendayagunaan Aparatur Negara</i>]
MOHA	Ministry of Home Affairs
MSME	micro, small, and medium enterprise(s) [<i>see also UMKM</i>]
MTEF	medium-term expenditure framework
Musrenbang	forum for development planning; grassroots, consensus-building planning process [<i>Musyawarah Rencana Pembangunan</i>]
NGO	nongovernmental organization
NS	North Sumatra
P3KD	financial management regulation [<i>Piranti Pendukung Pembukuan Keuangan Daerah</i>]
Panleg	standing committee on legislation [<i>panitia legislative</i>]
PATTIRO	Regional Research and Information Center [<i>Pusat Telaah dan Informasi Regional</i>]
PDAM	local water enterprise [<i>perusahaan daerah air minum</i>]
Pemda	local government [<i>pemerintah daerah</i>]
Perda	local regulation [<i>peraturan daerah</i>]
PERFORM	Performance Oriented Regional Management [USAID project]
Permendagri	Decree of the Minister of Home Affairs [<i>Peraturan Menteri Dalam Negeri</i>]
PFM	Public Financial Management
PIIP	Public Information and Involvement Plan
PMP	performance monitoring plan
PP	government regulation [<i>peraturan pemerintah</i>]
PPAS	Budget Priorities and Ceiling Document [<i>Prioritas dan Plafon Anggaran Sementara</i>]
PPDA	Participatory Planning Diagnostic Assessment
Prolegda	regional legislation plan or program [<i>program legislasi daerah</i>]
PSC	public service contracting
PSM	public service management

RAPBD	policy blueprint for budget; draft budget [<i>Rancangan Anggaran Pendapatan dan Belanja Daerah</i>]
RASK	detailed activity breakdown document [<i>Rencana Anggaran Satuan Kerja</i> ; now called RKA]
RDC	Resource Development Center
<i>Renja DPRD</i>	local council development plan [<i>Rencana Kinerja Pemerintah</i>]
<i>Renstra SKPD</i>	local sector department development plan [<i>Rencana Strategis</i>]
RKA	budget instruction [<i>Rencana Kerja dan Anggaran</i>]
RKPD	annual development plan or work plan [<i>Rencana Kerja Pemerintah Daerah</i>]
RPJMD	medium-term development plan [<i>Rencana Pembangunan Jangka Menengah Daerah</i>]
RPJPD	long-term development plan [<i>Rencana Pembangunan Jangka Panjang Daerah</i>]
RTI	RTI International (trade name of Research Triangle Institute)
<i>Sekda</i>	local government secretariat [<i>Sekretaris Daerah</i>]
<i>Sekwa</i>	local council secretariat [<i>Sekretaris Dewan</i>]
SENADA	Indonesia Competitiveness Development Program [USAID project]
SERASI	Aceh peace-building project [USAID project]
SIAP	service improvement action plan
SIGAB	web-based software [<i>Seuramoe Informasi Geutanyoe Aceh Besar</i>]
<i>Simbada</i>	local asset information system provided by MOHA [<i>Sistem Informasi Manajemen Barang dan Aset Daerah</i>]
SIMPUS	computerized patient registration and management information system [<i>Sistem Informasi Manajemen Puskesmas</i>]
<i>Simranda</i>	local government budget analysis software [<i>Sistem Informasi Anggaran Daerah</i>]
SK	government (mayoral) decree [<i>Surat Keputusan</i>]
SKPD	local government sector department (e.g., health department, public works department, education department) [<i>satuan kerja perangkat daerah</i>]
SMS	short message service
SO	Strategic Objective
SOAG	Strategic Objectives Grant Management
SoRAK	Aceh Anti-corruption Solidarity Movement [<i>Solidaritas Gerakan Anti-Korupsi Aceh</i>]
SP	service provider
SPADA	Support for Poor and Disadvantaged Areas [USAID project]
SPIPM	<i>Sistem Pelayanan Informasi dan Pengaduan Masyarakat</i> [same as e-CIS]
SS	South Sulawesi
STTP	<i>Skema Tindakan Peningkatan Pelayanan</i> [same as SIAP]
ToP	technology of participation

UGM	Gadjah Mada University [<i>Universitas Gadjah Mada</i>]
UMKM	<i>Usaha Mikro Kecil dan Menengah</i> [<i>same as MSME</i>]
UN	United Nations
UN-Habitat	United Nations Centre for Human Settlements
UNS	Sebelas Maret University, Surakarta [<i>Universitas Sebelas Maret Surakarta</i>]
USAID	United States Agency for International Development
USG	U.S. Government
UU	regulation [<i>Undang-Undang</i>]
WS	West Sumatra

Glossary

Bangda – Directorate General for Regional Development

bupati – mayor

dinas – local sector department delegation

Forum Perencana – Planners’ Forum

humas – local government public relations staff

Jarem – Network for Budget Advocacy

kabupaten – regency/district

kota – city

pilkada - elections

puskesmas – community health clinic/center

Tata Tertib – Standing Order

Tata Tertib DPRD – Council Standing Order

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Executive Summary

The USAID/Indonesia Local Governance Support Program (LGSP) led by RTI International supported “expanding participatory, effective and accountable governance” through an integrated set of assistance activities engaged with local governments (LGs), legislative councils, and civil society organizations (CSOs).

The \$61.8 million project, one of the largest USAID governance projects worldwide, provided intensive technical assistance and training to 62 district governments in nine provinces of Indonesia during its 4½-year implementation period, March 2005 to September 2009. In addition, LGSP assisted several provincial governments—notably Aceh and West Java—and provided policy support to key national ministries dealing with local governments. RTI’s implementing partners for LGSP were International City/County Management Association (ICMA), Computer Assisted Development Incorporated (CADI), Democracy International (DI), and Indonesian Media Law and Policy Center (IMLPC).

Beneficiaries of LGSP training and technical assistance

LGSP training and technical assistance benefitted almost 100,000 recipients from national and local governments, local councils, civil society organizations, service providers, and the media over the period 2005–2009. Twenty-six percent of participants were women, with women’s participation rates ranging from 18% in Aceh to 30% in West Papua.

Note: Figures reflect aggregated numbers of participants in all training and technical assistance interventions, and therefore count as separate individuals those persons who participated in more than one training event.

At the time of LGSP’s inception, significant progress had been made in Indonesia’s “big bang” decentralization strategy of transferring authority to local governments. However, local-level institutions still operated in an environment of incomplete administrative and regulatory reform, and required significant support. USAID designed the program to focus squarely on strengthening core governance processes such as budgeting and participatory planning, as well

LGSP’s focus areas

Strengthening the core competencies of local administrations

- Strategic and participatory planning
- Finance, budgeting, and accounting
- Management systems for public service delivery

Strengthening demand for democratic governance at local level

- Local councils
- Civil society and media

as eliciting demand for good governance through support to local councils and CSOs. While improving service-delivery management was one of LGSP’s aims, USAID’s sector projects assumed the main responsibility for strengthening direct service-delivery improvements in health, education, and environment (including water supply and sanitation).

LGSP sought to strengthen the core competencies of local administrations and the capacity of democratic governance institutions by focusing on five primary program areas: (i) enhancing strategic and participatory planning; (ii) improving the finance, budgeting, and accounting function of local governments; (iii) strengthening management systems for public service delivery; (iv) improving the capacity and performance of local legislative councils; and (v) strengthening the capacity of civil society and

the media. To support these thematic technical programs, LGSP also undertook work in the cross-cutting areas of participatory training approaches, building capacity of local consultant service providers, knowledge-sharing across local governments, and performance assessment and benchmarking.

Based on a range of initial diagnostics, LGSP extended its support progressively in 2005–2006 to nearly 60 partner governments through two rounds of district identification and preparatory work, on the basis of which an ambitious work program was developed with local governments, councils, and CSOs. With the support of local consultant service providers (SPs), technical specialists based in LGSP's eight regional offices delivered technical assistance through workshops, clinics, and hands-on advice. District coordinators—full-time LGSP staff assigned in each partner locality—remained in continuous dialogue with local partners to elicit their priorities and follow up on training delivered. National office advisers developed training modules and provided technical oversight, while piloting new approaches, organizing cross-regional workshops and exchanges, and working with Government of Indonesia (GOI) national-level partners.

Although LGSP originally had been designed to work solely at the local level, in 2006 it was agreed that the program could achieve wider national impact by scaling up efforts at the national level in order to strengthen the enabling environment for effective decentralization. In addition to directing more advisory resources to assist national-level partners, the project was also modified during project implementation to phase out two regions, while adding another (West Papua) in a public-private partnership with BP Berau, BP Indonesia's oil and gas company; and to extend work in Aceh, which had initially had only a two-year time frame as a special response to the December 2004 tsunami.

In the last year of implementation, LGSP focused on carrying to completion those activities which carried the greatest prospect of sustainability, preparing service providers and other partners to maintain the momentum of the reform efforts, and undertaking systematic measurement of program outcomes.

Participatory Planning

The LGSP project team was tasked with implementing a program that would engage citizens in the local government planning and decision-making process to produce results which reflected citizens' priorities, and to thereby produce better plans, budgets, and management effectiveness.

An initial diagnostic revealed weak local government capacity to understand and apply the national

Achievements in participatory planning

- Assisted drafting and adoption of five national regulations on participatory planning and development plan preparation
- Facilitated adoption of 49 local regulations related to participatory and transparent planning and budgeting
- Trained over 800 persons to work as facilitators in planning, of which nearly 200 are now capable of working as independent consultants
- Helped 29 local governments develop a strategic plan through a participatory process

regulatory framework for planning, to produce quality documents, and to manage the planning processes. LGSP therefore focused on enhancing the quality of citizen engagement and of the local planning document preparation process, as well as supporting development of a suitable regulatory framework for participatory planning. The capacity-development program targeted officials of the local planning agency (*Bappeda*), sector agencies, local council members, and facilitators who could support the use of participatory approaches and more effective involvement of citizens.

Diagnostic assessments carried out during and at the end of the project revealed significant improvements in the planning capacity of LGSP partner jurisdictions over the course of LGSP implementation. As a result, both the substantive quality of planning documents and the level of compliance with planning regulations were strengthened. The multi-stakeholder development planning consultation forum, known as the *Musrenbang*, which is the main entry point for citizen involvement in the formal planning process, also improved in quality of preparation, discussion, prioritization, consensus formulation, and follow-up.

The main contributors to improved planning processes and documents included: (i) a stronger legal framework, manifested by issuance of more supporting national regulations on citizen participation and implementing regulations on planning and budgeting and by issuance of local regulations on transparency, accountability, and participatory planning and budgeting; (ii) a pool of competent facilitators established to help local governments with the planning preparation process; and (iii) the capacity and competence of the planning office and sector departments in managing planning work.

LGSP was able to foster the sustainability of participatory planning approaches through development of an improved regulatory framework and institutional resources. Productive working relationships with the relevant department of the Ministry of Home Affairs (MOHA) provided a platform for strengthened capacity of the department and issuance of guidance to local governments on preparation and evaluation of local plans. LGSP also facilitated development of local regulations on participatory planning and on transparency and accountability. The institutionalization of planning clinics and planning forums, as well as development of service provider networks and a range of tools and training instruments, also worked toward increased sustainability.

Finance and Budget

Concurrent with devolution of responsibilities to local governments, Indonesia introduced a number of regulations governing local accounting and budget preparation and reporting processes. At project inception, LGSP found that few partner governments possessed more than limited basic knowledge or understanding of these regulations, and that they lacked the human resource skills to implement planning, budgeting, and accounting reforms necessary to modernize financial management systems. LGSP therefore designed a highly applied training program to develop core skills in budgeting, accounting, and asset management, with particular focus on performance-based budgeting. In addition to core training and technical assistance to local government finance agencies, LGSP also developed programs to improve the understanding of local councils, civil society, and media in budgeting processes and analysis.

End-of-project assessments of capacity improvements of LGs, which included proven ability to produce financial documents mandated under law, demonstrated that LGSP's approach yielded significant improvements in capacity. Partners were able to achieve very good results in setting logical and realistic budget targets, establishing pro-poor budgets, and developing methods of expenditure control.

Achievements in accounting and financial management

- LGSP assistance produced 121% improvement in local government performance in the accounting function, 55% improvement in performance-based budgeting, and 66% improvement in asset management
- The project trained 34 service providers from 10 universities, most of whom have gone on to provide independent consulting services to local governments
- 34 local governments produced a performance-based budget by 2009
- Timely approval of annual budgets (by December of prior year) doubled in three years, 2007 to 2009

Accounting results were particularly noteworthy in the areas of accounting institutions and human resources, accurate and timely data transactions, and integrated accounting and management reports. Fewer local governments engaged in asset management relative to the budgeting and accounting training, but those that did showed the strongest results in asset management information system support. Significant improvements were registered in even the weakest performance areas among the three core training topics: integrated planning and budgeting; asset policy, procedure, and control; and integrated accounting and management systems.

Once these building blocks of good financial management were established, LGSP was able to pursue with partners the development of performance evaluation systems. For example, LGSP initiated work in the area of strengthening budgeting frameworks and performance indicators in plan documents. Contextual factors (including weak socioeconomic and sector performance data) limited LGSP's reach in this area, but the project did receive a strong declaration from relevant MOHA officials of their intent to pursue it.

LGSP coordinated between local government partners and the Government of Indonesia in order to institutionalize improvements in finance and budgeting, including clearing up some regulatory and institutional conflicts concerning local government responsibilities. LGSP also facilitated the sharing of best practices among LG partners, leading to benchmarking between LGs and creation of support networks, as occurred in Aceh with establishment of a communications forum among finance staff across districts. LGSP also kindled the establishment of standing finance core teams and budgeting and accounting clinics in partner jurisdictions, buttressed by an extensive range of training manuals and materials produced by LGSP. A strong corps of university-based service providers (based in 10 university faculties in Sumatra, Java, and Sulawesi) nurtured by LGSP has gone on to provide independent consulting services to local governments.

Public Service Management Systems

To complement assistance aimed at improving general governance and local administration, LGSP also undertook a set of activities to strengthen selected improvements in local public service delivery agencies on a demand-driven basis. These activities in public service management (PSM) were necessarily more experimental than the budgeting and planning assistance—and conducted on a smaller scale—since this field was much less developed in terms of approach and tools.

LGSP introduced a generic action planning method (service improvement action plans, or SIAPs) to local working groups in each district to help them address a public service delivery challenge or issue that they chose in health, education, environment, economic public services, or organizational management. SIAPs were used to strengthen data management, service organization, and customer relations of the selected service. A number of the SIAPs proved highly successful and, as

importantly, were replicated in other regions. For example, an integrated public economic services center in one district of North Sumatra has now been replicated elsewhere in North Sumatra and in 10 LGSP-supported districts in three other regions. An electronic government procurement management unit established with LGSP assistance at the provincial level in West Java was picked

Taking e-procurement to scale

In collaboration with the Millennium Challenge Corporation's Indonesia Control of Corruption (ICC) Project, which installed hardware and systems for government e-procurement in several provinces, LGSP assisted in establishing a regional electronic procurement agency in West Java. LGSP documented the experience, and went on to help create similar units in West Sumatra and Aceh, providing guides for vendors and tender committees. In November 2009 the chairman of the newly created national procurement regulatory body announced that electronic procurement systems will be established in all government institutions, citing the 30% savings in West Java's provincial administrative budget resulting from implementation of the Internet-based procurement system.

up by the West Sumatra provincial government as well as five districts of West Sumatra and the city of Banda Aceh. And an electronic citizen information service, often referred to as “SMS gateway,” originally launched in one district of Aceh, was later introduced in five other districts of Aceh and the provincial government, and was spreading elsewhere in Indonesia at the time of closeout.

MOHA sought LGSP assistance on a number of regulations to support the districts to improve the delivery of public services, strengthen service contracting, and develop a framework for regional capacity development. The new Minister of Home Affairs requested that several of these guidance circulars be upgraded to ministerial decrees. The Ministry of Public Works planned to include LGSP's guidance on creation of a local government general service unit to manage water supply, piloted in a district in Aceh, in its technical training curriculum to be rolled out to 200 local governments.

Legislation to support improved public service delivery

LGSP assisted in drafting local regulations on improving service delivery in 29 local governments, and developed, field tested, and advised the Ministry of Home Affairs on legislation on the following—all of which were adopted as national regulations:

- Application of the service improvement action planning model
- Electronic citizen information service (e-CIS, or “SPIPM” as known in Indonesian)—which became one of five systems nominated for Indonesia’s 2009 ICT Award for Software Innovations in the category of “e-government,” and was showcased in international expositions
- Public service contracting and regional cooperation to prepare local governments to contract out local services to nongovernment entities
- Development of plans to achieve minimum service standards in provision of local public services

An important factor in implementing and sustaining reform was LGSP’s partnering with CSOs, universities, independent consultants, and small consulting firms to advocate reform, provide technical advice, and facilitate implementation of the reform agenda. LGSP’s development of a wide range of tools and methodologies on many public service management topics provided initial support to these SPs, which are now maintaining and updating these materials. LGSP also responded to Indonesia Procurement Watch’s request for development and revision of anti-corruption materials to distribute to interested governments and nongovernmental organizations across Indonesia.

Anti-corruption toolkit

The public procurement package prepared by LGSP for Indonesia Procurement Watch consists of five handbooks intended for local governments and councilors, oversight agencies, and civil society organizations.

- Anti corruption toolkit—tools for watchdog organizations
- Monitoring checklist—tracking of government procurement processes
- Basic principles and legal framework—primer to improve understanding
- National strategy on prevention and eradication of corruption—practical guidance
- Integrity pact implementation manual—how to adopt this instrument

Legislative Strengthening

Strengthening the core capacities of local governments in planning, financial management, and public service management was one pillar of LGSP’s support to good local governance. However, developing *accountable* governance necessitated improving the capacity of local legislative councils (DPRD) to perform their functions, as a second governance pillar. These functions include oversight of local administrations, representation of citizens’ interests, and development of sound policies and legislation. LGSP’s initial diagnostics revealed that the majority of council members were serving in their first terms with little or no prior experience in elected office and weak capacity in the skills needed to effectively oversee local governments. The political and regulatory framework was unclear, as were relations with the executive branch.

Achievements in local legislative strengthening

- A majority of local councils now use mechanisms to solicit citizen and stakeholder input into local plans and budgets, and 85% now analyze draft budgets: Local councils held more than 110 budget hearings during the period 2007–2009
- LGSP supported the drafting of 20 local regulations to promote citizen participation and transparency, six of which have been enacted to date, and the remainder are on the path to formal adoption
- 10,815 individuals participated in councilor training 2005–2009—translating into an average of 15 training interventions per council

To address these challenges, LGSP developed training packages and modules, identified and built up the capacity of service providers and partners, and delivered core training in budgeting, legal drafting, and public service oversight. After gaining local councilors' confidence and commitment, LGSP began involving them in public hearings, participatory planning events, and multi-stakeholder task forces, with the aim of creating an atmosphere of partnership and trust.

LGSP found evidence among some council members of a desire to reform and innovate. Progressive councilors in partner jurisdictions reached out to citizens and forged new relations. While abuse of power remained, new practices emerged in council/government and council/citizen relations. Positive developments in many jurisdictions included faster approval of budgets and regulations, greater feedback from citizens on the legislative process, and regulations of higher quality. LGSP training enhanced the capacity of legislators to interact with, and responsibly represent, their communities in performing their duties. End-of-project surveys of local government and CSO perceptions of local councils revealed improvements in responsiveness, timeliness, and citizen access to council processes. And council members perceived that the executive had become more responsive in accommodating council inputs, with more than 63% seeing an improved commitment by the government to listen to them.

Councils' involvement and effectiveness in the budget process was particularly important since they hold the final approval authority for the annual budget. With LGSP's support, participation by council budget committees in the executive-led development planning process doubled in one year. And councils in many partner jurisdictions collaborated with citizens groups and the local government to improve public access to local budgets by publishing them on posters and in local newspapers, and by holding talk shows, as occurred in districts in West Papua, a region known for closed and nontransparent budget processes. LGSP endeavored to ensure not only that the budgetary process was transparent and participatory, but also that funds were appropriately allocated. Council members began commenting much more vociferously on the composition of the budget and engaging in more meaningful dialogue with the executive on these issues.

LGSP strengthened the capacity of councils in drafting local legislation; the legal drafting handbook for council members was the most popular

Legal drafting handbook

LGSP's popular handbook for councilors—along with the companion facilitator's handbook—provides practical guidance to local councils on how to produce local regulations. It outlines the steps in the legislative drafting process, explains the legal framework for local regulations, and describes mechanisms for public consultations.

download of all LGSP publications. The project also encouraged citizen participation in preparing regulations. As a result of LGSP support, by the close of the project, 60% of councils were involving CSOs in preparation of draft regulations, and 70% routinely held public consultations on these. LGSP also extended support in the areas of overseeing public services, acting on citizen complaints, encouraging consultations with constituents, and strengthening the council secretariat and the council internal management framework.

Finally, LGSP facilitated the establishment of coalitions of reform-minded councilors and CSOs aiming to capitalize on good practices in council operations and constituency relations. These emerged as particularly strong in East and Central Java and South Sulawesi, where partnerships also permitted sharing across regions. This engendered greater sustainability of LGSP-supported reforms in the face of inevitable turnover of council membership as a result of elections, as occurred in 2009 in which an average of only 30% of sitting councilors won reelection.

LGSP-Link

In July 2009, LGSP service providers and partners agreed to create a network of civil society activists, reform-minded councilors, service providers, and former LGSP staff to continue multi-stakeholder partnerships committed to promoting good governance. Known as “LGSP-Link,” the network will function as a resource center and information-sharing hub for its members, thereby helping to maintain and update LGSP approaches, tools, and materials in computerized budget analysis, expenditure tracking, citizen report cards, and other tools.

Civil Society Strengthening

In line with the general mandate of LGSP to support effective and participatory governance, the civil society strengthening program sought to build the skills and self-confidence of civil society (and originally media) as a legitimate and effective third pillar of the good governance paradigm.

LGSP’s related Intermediate Results framework was “to improve citizen and CSO ability to demand better services and hold local government accountable.” While significant progress had been made by 2005 in popular participation in policy making, local civil society organizations were still characterized by weak capacity, fluid membership, and inexperience in interacting with local governments or local councils.

Through a flexible and demand-driven capacity-building package of technical assistance and training, LGSP strengthened the collective voice of organized citizens in three main fields: budgeting, legislative drafting, and public service oversight.

Achievements in civil society strengthening

- 131 CSOs now monitor and report on service delivery performance of local governments
- 148 CSOs have developed budget advocacy and monitoring plans and 22 of these have submitted their findings to LG officials
- 82% of civil society activists were involved in public consultation mechanisms in 2009, up from 35% in 2005
- 2006–2009: 224 public hearings; 80 advisory board meetings; 66 call-in radio and television shows

First, LGSP assisted CSOs to improve their capacity in the planning and budgeting process, ensuring consistency among budgeting documents and building the capacity of CSOs in budget oversight and budget advocacy. To improve the quality of citizen participation in this area, LGSP focused on equipping CSOs with a basic understanding of how the planning and budget process works and on helping them develop advocacy and analytical skills to negotiate effectively in these areas. As a result of LGSP assistance, CSO participation in development planning meetings increased by a factor of 2½ times, and two-thirds became able to access and analyze the budget. LGSP introduced software to assist CSOs to analyze the budget, a capability that local councils picked up on to enhance their dialogue with local governments. LGSP also supported the direct involvement of concerned citizens in the budget process through open budget hearings, town hall meetings, and publication of the budget.

Second, in the field of legislation, LGSP supported CSOs to independently analyze draft regulations as well as collaborate with local councils and government agencies in producing academic white papers. With citizen involvement in legal drafting, regulations in partner jurisdictions became more responsive to citizens' needs. LGSP was often able to bring stakeholders together in these negotiations to resolve contentious issues, as occurred in districts in West Sumatra and East Java in relation to increasing education enrollments and overseeing abuses in payment of school fees, respectively.

LGSP innovations in public accountability mechanisms

- Citizen report cards launched in 19 LGSP jurisdictions to survey citizen satisfaction with public services
- Citizen charters—public statements signed by a local service agency—launched in 41 health clinics and other public service provision points
- Electronic citizen information services (“SMS gateways”) established in 9 districts
- Local government budget analysis software piloted by CSOs in 12 jurisdictions

Third, LGSP supported more than 270 civil society organizations in monitoring basic public services such as health care and education, through direct oversight of public services and participation in multi-stakeholder groups working to improve basic public services. LGSP introduced a number of innovations, such as the citizen report card (CRC). As demonstrated in a district in South Sulawesi, progressive district heads harnessed the criticism raised in the CRC to encourage sector agencies to improve their performance. Monitoring public services using analytical instruments like the CRC became a powerful tool of community empowerment that led to changes in government policy and practices.

Until May 2007, LGSP implemented a media-strengthening program of capacity building by offering technical training for journalists, promoting law and ethics, encouraging media and journalist associations, and improving communication between government public information offices and civil society. Even after project resources were shifted to new regions and to national programs, some journalists who had been involved continued to participate in LGSP civil society strengthening programs.

Prospects for sustaining civil society strengthening efforts beyond LGSP are promising, with the recent establishment of four LGSP partner networks that will house LGSP materials and act as clearinghouses and service providers.

Cross-Cutting Areas of Support

Participatory Approaches in Training and Facilitation

LGSP was well aware that the inclusive approaches and consensus building that it was fostering through the workshops it facilitated were introducing a culture that ran counter to the norm within Indonesia's hierarchical government structure. LGSP trained staff, service providers, and stakeholders in interactive learning and participatory approaches to problem solving. The application of these approaches had a further benefit of facilitating the uptake of technical subject matter. In addition, LGSP trained a large corps of facilitators, some of whom were government staff but more who were from CSOs and ultimately service providers, who led a wide range of government statutory planning events to make them more participatory. The MOHA training institutions at national and provincial levels enthusiastically adopted LGSP's "technology of participation" in their trainer syllabus and other curricula. The program was so popular that a facilitative leadership course was offered under MOHA sponsorship to reach more senior leaders. By project end, a number of facilitator networks in participatory training had been established in several provinces.

Technology of participation

"Technology of participation," a registered trademark of the Governance and Local Democracy (GOLD) project in the Philippines, funded by USAID, seeks to foster a participatory approach to training, learning, and facilitation. It includes creative methods and tools for stimulating stronger group dynamics—such as divergent and convergent thinking, interpersonal communication, interactive methods, multiple intelligence, and consensus building.

Performance Monitoring and Evaluation

LGSP's project design called for an extensive monitoring and evaluation framework to identify proxies for good governance and track causality between project actions and changes in governance or citizen behavior. A number of initial assessments sought to provide baseline information, identify partner jurisdictions, and determine priority capacity-development needs. One of these assessment tools led to a request by the National Development Planning Agency (*Bappenas*) for LGSP support to develop a good governance index. A results framework and performance monitoring plan tracked USAID worldwide indicators and indicators identified specifically for LGSP activities and intended outcomes. Other assessments were undertaken periodically, some annually; and a more comprehensive end-of-project assessment sought to compare achievements over the life of the project. Despite some complications, by the end of the project, a wide range of observed results as well as changes in perceptions among the stakeholders could be measured.

Development of Service Providers

One of LGSP's objectives was to develop "strategic partners" who would become service providers carrying forward LGSP's accomplishments beyond the end of the project. However, the many existing institutional challenges in the supply of and demand for consultants by local

governments meant that simply recruiting and training a large number of consultants would not ensure their sustained viability. The project worked to address some of these constraints, such as helping MOHA establish guidelines for third-party contracting, and introducing local governments to the value of using consultants. The project also assisted SPs to establish networks and improve their marketing and skills. It provided a wide range of tools and materials that they could adapt for use with different clients.

Service provider development

Over 270 individual and institutional service providers with which LGSP partnered during project implementation requested that their profiles be loaded onto the LGSP website (www.lgsp.or.id) to further market their services by geographic region and area of expertise. Even before project end, many of these had begun providing independent services to local governments beyond those that LGSP supported. In addition to stimulating the formation of a number of service provider networks, LGSP worked extensively with the Faculty of Public Health at Diponegoro University in Semarang, Central Java, to form Indonesian Healthcare Planning Facilitators, with a pool of 700 dedicated health sector facilitators; and with the Center for Economic and Public Policy at Gadjah Mada University in Yogyakarta, Central Java, to train local governments in public service contracting.

Communications and Knowledge Sharing

LGSP made extensive use of communications and knowledge-sharing tools through its public outreach materials and development of technical briefs and monographs capturing lessons learned, as well as training manuals and materials. Its easily navigable website includes 172 publications, and in the final quarter of the project, the website received 110,000 hits and 40,000 document downloads. The website will remain active until late 2010 and its materials and service provider database will be uploaded onto the Decentralization Support Facility website. A DVD of LGSP publications, which includes a wide range of PowerPoint presentations, was made available to partners at the end of the project.

LGSP communications

- 172 publications posted on the LGSP website www.lgsp.or.id
- 10,000 copies of publications catalogue distributed
- 5,000 copies of LGSP publications DVD, containing 100 training and technical publications and 180 slide presentations, distributed
- 2005–2009: 1,460,000 website hits and 126,500 document downloads

Regional Variations in Outcomes

Technical assessments of progress in the various thematic areas in which LGSP worked generated data for each region. Aggregation of these performance indicators by region provided some insights in terms of overall variations in regional performance, but could not conclusively pick one region as “winner” since virtually all provinces exhibited a range of performance levels from low to high for different indicators. South Sulawesi performed slightly better overall than others in a small sample of indicators across technical areas, followed by

East Java. Aceh showed the greatest range of performance, but also the greatest improvement of all regions over time.¹

East and Central Java showed the best performance in local council strengthening, reflecting the stronger council composition in those provinces. North Sumatra may have been a “midlevel” performer but exhibited strength in finance and budgeting, as well as innovation in public service management approaches. And while West Papua had weaker performance than the others, this is attributable to the shorter time LGSP worked in the province, as well as the likely weaker capacity base there. Overall, variations across districts within regions tended to be greater than those across regions. Finally, gains were made in all technical areas in all regions, and variations across regions decreased over time, suggesting that LGSP was able to bring capacity in its partner regions to a more equal footing by the end of the project.

Leveraging LGSP work in Aceh

As a result of the strong performance and innovative programs in the five LGSP jurisdictions in Aceh, RTI International attracted \$2.5 million in additional funding from the World-Bank executed Multi-Donor Fund for Aceh and Nias under the auspices of the Support for Poor and Disadvantaged Areas (SPADA) program to work in an additional six districts of eastern Aceh. In addition, the provincial government of Aceh requested LGSP to advise it on provincial planning and financial matters, including the allocation criteria and inter-district dialogue for the Special Oil and Gas Fund. LGSP was also asked by USAID to work on the Aceh Green environmental program in Aceh, and by the United Nations Development Programme to join forces on an executive development program for new mayors and district heads.

Conclusions: Sustainability and Lessons Learned

Achievements in Sustainable Good Governance

LGSP was able to develop human resources and model practices for good governance across a wide range of jurisdictions and partners—local governments, local councils, CSOs, and service providers—to achieve its overarching objective of “expanding participatory, effective, and accountable governance.” Approaches that contributed to sustainability of the training and technical assistance provided include the following.

- ***Development of national and local regulatory frameworks.*** The explicit request by USAID in late 2006 to focus more on the enabling environment for good governance paved the way for intensifying work with national ministry partners, particularly MOHA. A number of guidelines developed with LGSP assistance have been or are expected to be upgraded from a Circular Letter to a Ministerial Decree. LGSP also assisted in developing a range of

¹ The original project scope was expanded in 2005 to include work in Aceh in response to the December 2004 tsunami, to assist with reconstruction planning efforts and the 2006 elections.

local regulations, including laws or administrative orders to promote participation and transparency in planning, budgeting, and service delivery.

- **Escalation of local-level successes to national level for subsequent leveraging.** Rather than beginning with a national edict for subsequent promulgation nationwide, the national regulations described above, as well as other innovative practices, were developed on the basis of local-level experimentation that subsequently captured the attention of MOHA officials (with LGSP's help). This supported sustainability of innovation due to their having been tried and tested before adoption and dissemination.
- **Establishment of informal institutions and networks within districts to provide continuing support.** Development of informal local institutions provided the opportunity for local parties to work together on a sustained basis. These included a planning clinic, core finance teams, budgeting and accounting clinics, and coalitions of CSOs and reform-oriented local council members.
- **Stimulation of networks of reformers and innovators across LGSP partners.** Replication of LGSP-assisted reforms took place when innovators in a particular domain observed a reform in another district or came together from across LGSP districts to discuss issues and approaches. A large project like LGSP provided the critical mass to undertake experimentation that led to innovations and subsequent development of these networks in a way that a small project simply could not.

Sustainable coalitions
<ul style="list-style-type: none"> • A CSO coalition in Palopo, South Sulawesi, worked with the government and local council to bring into being a Transparency and Participation Commission, composed of government and civil society members. • A coalition of CSOs and government officials in Kediri, East Java, brought together the local education agency and a teacher-parent education board to find common ground on the draft of an education regulation, leading to subsequent cooperation on other education matters such as overpayment of school fees.
- **Establishment of service provider networks.** In every thematic area in which LGSP worked, capable service providers were identified, trained (often through practical experience gained via twinning arrangements with LGSP staff), and supported through the use of LGSP materials and introduction to LG partners. A number of these have since been contracted directly by both partner and nonpartner local governments.
- **Creation of provincial champions as purveyors of services.** There were a number of successes in establishing provincial services to improve governance. These included facilitation of establishment of e-procurement agencies in three provinces, establishment of a Regional Development Center in Central Java to support small businesses, and creation of provincial mechanisms for distribution of the special oil and gas funds in Aceh.
- **Incitement of a “tide of rising expectations” among CSOs and reform-minded council members.** The analytical and practical skills imparted by LGSP gave council members and CSOs greater confidence in dealing with the executive branch, and are likely to be more

sustainable than might be the case with technical training provided solely to government staff.

- **Creation of tools and approaches that remain in demand and accessible after project closing.** LGSP is purported to have produced one of the most extensive libraries of training and technical tools among all USAID governance projects worldwide. These have constituted a knowledge-sharing base that has been perceived as valuable by government officials, council members, CSOs, and service providers. SPs are likely to help ensure continuing stewardship of them, as they are more likely than governments to update them when conditions change or new laws are issued, so as to use them as marketing materials.

Challenges

A number of institutional challenges confronted LGSP, many of which continue to confound policy makers, local governments, and other donor projects.

- **Labyrinth of conflicting, incomplete, or rigid regulations.** The weaknesses in decentralization legislation as well as other laws affecting local governments can create paralysis, given the strong reliance on rules and laws rather than on practices.
- **Fragmented financial allocation framework.** Budget allocations for local public services come from numerous sources, and are often transferred directly to the operating institution itself, such as a school or health clinic. The annual local government budget is earmarked largely for salaries and other nondiscretionary expenditures. This reduces the value of getting citizen input in deliberation of the annual budget.
- **Lack of integration between planning and budgeting.** As a result of weak linkages between annual planning and budgeting, priorities established in the planning process do not carry over sufficiently into the budget prioritization process, thereby rendering a highly participatory planning process less relevant.
- **Inadequate socioeconomic database on which to base performance planning and budgeting.** Even with a more coherent budget framework and stronger links between planning and budgeting, the weakness of data means that neither government nor citizens have an adequate information base necessary to establish priorities.
- **Highly political budget process.** Weak capacity and closed-door processes of the local councils, which may engage in abuse of power in approving the budget, lessen the potential impact of technical analytics or citizen inputs.
- **Weak articulation between province and district.** The roles and responsibilities of provincial and district administration do not necessarily mirror one another, nor is there a reporting/accountability relationship between the two in many areas of governance. District programs supported by LGSP were therefore not easily scaled up to the provincial level.

- **Difficulties in targeting meaningful areas of collaboration with some strategic partners.** Local government associations and national and regional training institutions were expected to leverage and disseminate LGSP-supported innovations. However, the associations remained splintered and focused more on attaining political voice for their members. And the MOHA training institution was not always able to adopt LGSP's technical training modules due to the need for all courses to be vetted through different technical departments of MOHA.
- **Weak initial capacity and high turnover in local councils.** The institutional and individual capacity of councils and councilors respectively is understandably still fragile, corruption is still a challenge, and turnover of council members is very high at elections.
- **Limited technical capability and fluid membership of CSOs.** As a result of their short history and underfunding (and not so different from CSOs worldwide), the enthusiasm and commitment of CSOs generally ran ahead of their analytical capabilities. This is one challenge that LGSP was able to turn into an opportunity, as partner CSOs were very eager to acquire skills in budget analysis, legislative drafting, and public service oversight that LGSP was able to offer.

Lessons Learned

Based on achievements, institutional challenges, setbacks, and other observations, LGSP's experience yielded the following lessons related to (i) the overall conceptual framework for governance projects; (ii) project design approaches and content; and (iii) measurement in governance programs.

(i) Conceptual framework for governance projects

- **Governance projects should be designed to engage all governance “pillars” to enable them to gain practice working together.** If functioning democracies are predicated upon healthy relationships among the executive, legislature, and citizenry, then governance projects need to have as their primary objective the building of relationships among the parties. Process is the product. As such, supply and demand for good governance remains a valid concept.
- **Trust building requires time and long initial gestation.** Time is needed at project inception to build trust among stakeholders before more substantial tasks can be undertaken in the area of governance. Initial gains are modest and setbacks are inevitable. Promoting means to build trust, as LGSP endeavored to do through use of **participatory learning approaches**, can be helpful in bringing parties together.
- **Political commitment is indispensable, but identifying sure “winners” in advance is risky.** In no jurisdiction could LGSP make sustained progress without the political commitment of senior leadership. However, some ultimately strong proponents were not initial adherents to local governance reform but came on board later. In contrast, initially strong candidates as advocates for good governance were subject to derailment: They could

be turned out of office through election or diverted for other reasons. And some were “dark horses”: Despite having had to overcome the effects of the tsunami and years of civil conflict, Aceh had some of the most prolific adopters of innovations among LGSP partners. Finally, not all the reformers were concentrated in the same regions or province—They were scattered across the eight provinces supported by LGSP. A large enough cohort of provinces and local jurisdictions is therefore required to allow for identification of sustained leadership.

- **Governance projects are building blocks for sector-based projects, but do not replace them.** As envisaged by the original project design team, LGSP aimed to provide fundamental skills and opportunities that cut across sectors, rather than to achieve service-delivery targets. The consensus at inception was that hard-wiring the project with service-delivery objectives would severely reduce the element of local choice.

Collaboration between LGSP and USAID sector projects

A governance project can support and enrich the work of sector projects if the programs are designed in parallel and there is dialogue between the implementers. LGSP worked with a number of USAID sector projects:

- With Decentralized Basic Education I (DBEI) to advise partners on the preparation of strategic education plans and provision of free education in Aceh
- With the Health Services Program (HSP) to improve the quality of local health departments’ strategic medium-term and annual work plans, for which LGSP produced a guide and two training modules
- With the Environmental Services Program (ESP) and Aceh peace-building project (SERASI) on the Aceh Green program.

(ii) Program design approach and components

- **Actions and activities based on locally identified issues and tangible deliverables and goals create greater focus.** Ideas that originate locally, use of local policy documents, and plans that have tangible products or outcomes to address locally identified priorities, stand a better chance of engendering local commitment and follow-through (although they do not guarantee it). This makes conditions messier for establishing baseline data and outcome criteria or targets across districts, but creates greater focus and urgency to solve the problem.
- **Multi-stakeholder groups can enhance buy-in and creative solutions but require careful design and management, and are not fail-safe.** LGSP found that multi-stakeholder groups to address service delivery improvements could generate innovative ideas and strengthen commitment to achieve results, but were subject to risks that needed to be managed.
- **Progressive leaders will use citizen criticism to their advantage, especially if they can use technology to spark attention.** Rather than shy away from citizen criticism, progressive leaders will use innovative or well-informed CSO products to prod their

subordinates into action. The citizen report card, electronic citizen information services (SMS gateway), e-procurement, and citizen charter are examples of these. Use of state-of-the-art technology enhances the attractiveness of these instruments, as when the mayor of Banda Aceh announced, when launching the SMS gateway, that Banda Aceh was on its way to becoming a cyber-city.

- ***Learning across jurisdictions can be powerful.*** Much of LGSP's successful replication of innovations was the result of stakeholders learning from one another and observing new practices and institutions for themselves. This learning can take place through exchanges, visits, and topical workshops. However, it does require a reasonably large project to generate a range of innovations that will be of interest to different partners.
- ***Performance-based budgeting and evaluation processes, as well as performance targeting more generally, merit further development.*** Performance-based budgeting and evaluation require further understanding and political commitment among higher leadership of both local and national government. Improved socioeconomic and performance data are needed, however, to provide the basis for evaluation against tangible, rather than financial, performance.
- ***Budget processes may provide better opportunities for citizen engagement than formal planning processes.*** Given the challenges cited earlier in integrating planning and budgeting processes, which when separated limit the translation of citizen input at the planning stage into budget priorities, citizen inputs directly into the district budget process—through town hall meetings and access to budget documents—may be a more straightforward means of generating impact on budgets.
- ***Citizen engagement in village and subdistrict-level planning processes may provide greater prospects for ensuring citizen voice than at district level.*** Musrenbang held at these lower levels can focus on issues of immediate interest to citizens, and citizens can more easily track whether their priorities have been acted upon by government.
- ***Media and investigative journalism can play a crucial role in government transparency and accountability.*** Improving journalists' understanding of public interest issues and their ability to analyze them is a first and critical step to strengthen accountability.

(iii) Measurement in governance projects

The greatest challenge confronting a decentralized good governance program like LGSP is measuring and documenting the change brought about by the program. Local governance projects introduce new processes that promote local self-determination. This makes it difficult to identify in advance which direction local choices will take, and it makes it especially hard to target specific service-delivery outcomes. Determining and isolating causality between distinct governance indicators and specific policy or reform measures—or between improved governance and service delivery—can also be difficult to prove.

As the LGSP mandate altered over time—adding new provinces and shifting attention to national-level impact—the monitoring and evaluation system also evolved. More focus was placed on documenting lessons learned while continuing to measure key changes in performance among the LGSP partner municipalities.

The key lessons in measuring LGSP's impact can be summarized as follows:

- ***The designs of assessment and monitoring frameworks need to be realistic*** in terms of determining what is attributable to the program and what can be readily monitored and updated.
- ***Cost-effectiveness trade-offs must be understood*** as decisions are made about what kinds of data (especially expensive polling surveys) will generate useful measurement and analysis of governance program impacts.
- ***Establishment of annual targets needs to engage both management and technical project staff*** to ensure realistic targets and to get buy-in for meeting the targets.
- ***Monitoring frameworks should be accompanied by periodic assessments*** in greater depth to evaluate project accomplishments.

Governance projects are predicated on the rationale that a pluralist system that brings more views and voices into decision-making is preferable, on grounds of responsiveness and ultimate sustainability, to authoritarian systems in which the executive makes all the decisions. LGSP was designed to support the paradigm shift embodied in Indonesia's decentralization efforts not only to delegate authority to the local administrations but also to bring local councils and citizens into planning, budgeting, and service delivery processes that had heretofore been reserved to the executive branch of government. While it could not substitute for strong and committed leadership, it was able to bring parties together, share tools and lessons, break bottlenecks, and help create networks and markets that can promote sustained reform.

I Introduction

This final report documents the achievements and lessons learned from the U.S. Agency for International Development (USAID) Contract Number 497-M-00-05-00017-00 for the Local Governance Support Program (LGSP) in Indonesia, covering the period March 2005 to September 2009.

The contract between USAID and RTI International, the contractor selected to implement the project, was signed March 2, 2005. Partnering in the contract were the following subcontractors: International City/County Management Association (ICMA), Democracy International (DI), Computer Assisted Development Incorporated (CADI), and Indonesian Media Law and Policy Center (IMLPC).

The report first presents an overview of the project's inception, a review of the objectives, and a chronological review of its evolution through its 4½ years of implementation. Following this introductory chapter, Chapters 2–6 cover the achievements in the five principal technical areas in which LGSP worked: planning, finance and budget, public service management, legislative strengthening, and civil society strengthening. In each chapter, the institutional environment affecting the relevant technical area at the beginning of the project is described, followed by a description of LGSP's design approach, an analysis of significant outcomes of LGSP interventions, and conclusions in terms of sustainability, lessons learned, and recommendations.

Chapter 7 covers four cross-cutting areas of the program, namely the participatory approach to training, performance monitoring and evaluation, development of service providers, and communications and knowledge sharing. Chapter 8 on regional variations revisits some of the regional performance indicators presented separately for each technical area in earlier chapters, to discern any regional trends in project outcomes and provide other regional perspectives. The final chapter (9) presents overarching achievements, challenges, and lessons that were drawn from LGSP's experience in fostering good local governance in Indonesia and that may be applicable to similar efforts in other countries.

Project Objectives

The USAID/Indonesia Local Governance Support Program implemented by RTI International directly supported “***expanding participatory, effective, and accountable governance***,” as described in USAID's Strategic Objectives Grant Agreement (SOAG) with the Government of Indonesia dated July 11, 2005. Through the introduction of participatory processes, improved local government (LG) management, and transparent and accountable local legislative practices, it was expected that Indonesians could fully experience the benefits of democratic governance.

LGSP was an integrated set of assistance activities designed to support both sides of the good governance equation—namely supply of *and* demand for good governance. Its objectives were therefore twofold. First, it supported local government to become more democratic, more competent at the core task of governance, and more capable of supporting improved service

delivery and management of resources. Second, it aimed to strengthen the capacity of local legislatures and civil society to perform their legitimate roles of legislative representation and oversight, and citizen participation in the decision-making process.

Indonesia's Governance Environment at Inception of LGSP

Indonesia's decentralization initiative enacted in 1999 and launched in January 2001 fundamentally altered the country's system of governance, shifting power and resources from the center to the regions. Two laws (Law 22/1999 and Law 25/1999) rapidly transferred substantial responsibilities to cities (*kota*) and districts (*kabupaten*). On January 1, 2001, approximately 2 million employees, almost two-thirds of the central government workforce, were transferred to local governments. Local governments assumed responsibility for management and delivery of 11 key services and, by default, any residual responsibilities not explicitly covered in these laws, as further defined in 2004 by Law 32/2004 and Law 33/2004 (Chapter 2 contains more information about these laws and their effects).

Contrary to concerns of a nationwide breakdown of government functions, the transfer of authority was relatively successful and a positive step toward solidifying Indonesia's democracy. The reform provided the platform for democratically elected local councils to hold local administrators accountable and for communities and nongovernmental organizations (NGOs) to access greater opportunities to participate in local government decision-making.

Although significant progress had been made with implementation of decentralization through 2005—assisted by the successful USAID-funded programs Performance-Oriented Regional Management (PERFORM), led by RTI; and Building Institutions for Good Governance (BIGG), led by ICMA—local governments and other local-level democratic institutions were still weak and in need of capacity development, particularly in the areas of planning, budgeting, and management expertise. Newly elected local councils had particularly weak capacity and were frequently characterized by corruption and abuse of power. Civil society organizations had begun to emerge at the local level following the creation of a legal framework for civic engagement but were still shaking off a history of distrust of government. These still-fragile institutions operated in an environment of incomplete administrative and regulatory reform, absence of devolution of tax authority, conflicting legislation, and poorly defined articulation of authority between levels of government.

USAID Design Approach

The contract directed LGSP to focus on the district level, as it was expected that most national-level policy work in decentralization would be undertaken in a separate program (the Democratic Reform Support Program [DRSP], under design at the time). Field experience from LGSP, however, was expected to inform decentralization policy aspects of DRSP. In addition, the contract noted that the previous USAID strategy had had a significant portfolio of programs aimed at strengthening local government management and service delivery. In a change of

course under the prospective 2005–2009 strategy, these service-delivery-focused programs were “spun off and expanded under the Mission’s Education and Basic Human Services SO [Strategic Objective] programs.... [LGSP was to focus on] strengthening the core governance processes such as budgeting and participatory planning...to be incorporated into the new Democratic and Decentralized Governance SO, where LGSP would serve as the ‘flagship’ activity for DDG [Democratic and Decentralized Governance] local governance technical assistance incorporating these issues.”¹

The contract further stipulated that LGSP provide a “menu” of assistance to:

- Enable administrations to engage citizens in planning and strategic decision-making
- Strengthen the local legislative process
- Link planning, budgeting, and service delivery in a performance-based management system
- Increase the role of citizens in decision-making
- Strengthen communications between local government and citizens.

In addition to, or in support of, assistance in these areas, the contract included project components to:

- Assess the strengths and weaknesses of local governance
- Strengthen local media
- Support local leadership elections
- Establish a local government data bank.

LGSP Design Response

Program Areas

To respond to the objectives and scope of the contract, the project work program and staffing were structured for implementation of a program under the following main objectives and associated program areas:

(i) Strengthening the core competencies of local administrations

- Enhancing ***strategic and participatory planning*** to facilitate citizen input into local government resource allocation decisions, with particular focus on improved multiyear and annual local development plans

- Improving the **finance, budgeting, and accounting** function of local governments, through development of performance budgets based on public consultation and realistic resource allocations with measurable outcomes to achieve community priorities; timely and accurate financial and performance reporting; and improved stewardship of public assets
- Strengthening **management systems for service delivery**, including creating minimum performance standards for core functions, strengthening procurement and service contracting, and improving the environment for local economic development

(ii) Strengthening democratic governance at local level

- Improving the capacity and performance of local **legislative councils** (*Dewan Perwakilan Rakyat Daerah, or DPRD*) to perform their functions of oversight of local administrations, representation of citizens' interests, and development of sound policies and legislation
- Strengthening the capacity of **civil society and the media** to reflect the priority needs of citizens vis-à-vis local administrations and legislatures

(iii) Cross-cutting areas to enhance good governance in the areas of performance assessment and participatory training approaches

Financial and Geographic Scope

The original contract amount was \$57.1 million. In September 2005 the contract was amended, and the contract ceiling raised to \$61.8 million, to provide support to five districts devastated by the December 2004 tsunami in Aceh province, as well as for elections work in Aceh. In 2006 USAID and BP Berau Ltd entered into an agreement to jointly undertake a 36-month “Bird’s Head Governance Initiative” in five districts of West Papua; BP Berau contributed \$1.5 million for the initiative, with LGSP providing a matching amount of \$1.5 million (to be financed within the existing contract ceiling).

With these additional districts added to the project’s geographic scope, LGSP’s assistance over the period 2005–2009 ultimately reached 62 district governments in nine provinces²: Aceh, North Sumatra, West Sumatra, Banten, West Java, Central Java, East Java, South Sulawesi, and the Bird’s Head region of West Papua. In addition, varying levels of assistance were provided to seven provincial governments, for a total of 69 subnational governments supported by LGSP.³ With programs in two regions phased out in 2007 and discontinued in one additional district, the final number of targeted district governments benefitting from USAID funding for the final two years of the project was 45.

Based on the success achieved in LGSP’s work in Aceh, RTI International received a grant of \$2.5 million in September 2007 from the Multi Donor Fund for Aceh and Nias to expand LGSP activities into six districts in eastern Aceh under the auspices of the Support for Poor and Disadvantaged Areas (SPADA) project. The total number of jurisdictions in which LGSP

undertook interventions of some nature during the period 2005–2009 therefore reached 76. Annex A provides a map of Indonesia showing the districts in which LGSP worked and Annex B provides a list of partner districts with further information on service improvement areas and other USAID projects operating in the same jurisdiction.

LGSP Management Framework and Roles

In addition to a chief of party and field operations advisor, LGSP's national office in Jakarta retained technical advisors and specialist staff in the core professional fields of planning; finance and budget; management systems; legislative, civil society, and media strengthening (one in each of the three specialties); performance measurement; and participatory training, along with administrative/finance staff and specialists in communications and publications. Financial and administrative transactions were facilitated by the Indonesia regional office of RTI International. Regional activities were carried out by specialists in professions mirroring those at the national level, based in eight provincial offices, each under the leadership of a regional coordinator. District coordinators were placed in most of the districts to provide continuity of dialogue with local partners. The LGSP organization chart is provided in Annex C.

The roles of the national office specialist staff were to develop technical and training materials, work with national government counterparts, identify service providers (SPs) for technical assistance, test experimental programs, and provide advice and technical oversight of program delivery at regional or district levels. The regional staff were the key interlocutors with local governments, councils, and civil society organizations (CSOs) for development and delivery of work plans. (See “2005–2006: LGSP Rollout” below for a further description of how LGSP delivered the program.)

The sections that follow provide highlights of LGSP's implementation during 2005–2009, focusing on those that fall outside the accomplishments in the specific thematic areas that are covered in subsequent chapters. The chronological review provides a perspective on the overall evolution of priorities and challenges confronting LGSP in the course of implementation. Since LGSP's work plan was developed on the basis of the USAID fiscal year, reference to specific years below refers by and large to the fiscal year (FY), but accurately conveys trends and achievements for the calendar year as well.

2005–2006: LGSP Rollout

The first 18 months of project implementation were devoted to staff recruitment and establishment of seven offices, and a heavy work program of assessment and launching of a large volume of technical assistance. The project design attached high importance to undertaking extensive local governance diagnostics at project inception to identify partner districts to be included in the program as well as to determine priorities for assistance content. (See the section of Chapter 7 on performance monitoring and local governance benchmarking for further details.) The final decision on site selection was taken by USAID, on the basis of consultation with LGSP and Government of Indonesia (GOI) staff. In the first selection round in

mid-2005, 25 local governments were identified, plus an additional five districts in Aceh. In a second round in early 2006, 27 local governments were selected, this time to target districts in which other USAID sector programs were located, to increase prospects for synergies among projects, for a total of 57 districts undertaking programs in a staggered time frame.

Project start-up consisted of undertaking “road shows” to brief local partners on a menu of possible assistance under LGSP, followed by a district prioritization workshop to identify up to two areas where service improvement action plans (SIAPs⁴) would be developed and implemented by multi-stakeholder groups. On the basis of priorities for capacity development and SIAPs, the partners articulated a district work plan that highlighted activities and associated costs. These were appended to memoranda of understanding signed between district governments and LGSP describing commitments and financial contributions; as an indication of their commitment, local governments contributed directly and indirectly to the costs of implementing the work plans, sometimes more than 50% of the total.⁵

The modus operandi for delivery of LGSP assistance was tailored to needs and priorities of each region, and some technical training was timed to coincide with the district planning and budgeting cycle. It also varied considerably by technical area and changed over time as competencies improved. In participatory planning, LGSP focused early training on briefing partners on the planning documentation and process, training facilitators, and actually facilitating planning processes during the key periods—particularly January–May of the district work plan formulation. The finance and budget work was the most structured, consisting of delivering core training modules to bring district finance staff up to a basic standard of performance in budgeting and accounting. These were also timed to precede the statutory deadlines for districts to complete required budgeting and accounting documents. The SIAP work entailed facilitating multi-stakeholder groups through a problem-solving process, followed by advisory assistance on specific management or technical sector issues entailed in the SIAP. Assistance to councils and CSOs initially required exploratory work to determine which council members or CSOs had the potential and interest to engage in the areas in which LGSP worked, and then to hold workshops to develop skills in areas of expressed interest.

Training or problem-solving workshops facilitated by LGSP staff or service providers were the most common delivery mode, as they provided the most efficient means of delivering training, and were also conducive to building trust and constructive working relationships among stakeholders for those activities requiring consensus building. As competencies and confidence were built, LGSP added advanced topical workshops and more diverse interventions, including cross-district or cross-regional workshops, exchanges, clinics, one-on-one briefings on technical topics, monitoring of application of new tools, and development of various feedback loops to build a body of lessons learned and refine the materials. Subsequent interventions also brought district-level stakeholders from different offices together for joint training and strengthened linkages on topics of mutual interest—for example, district planning office staff with heads of the district sector agencies on consistency between sector and district plans; finance office staff with councilors on the budget; or councilors with CSOs on measures to strengthen oversight of the executive.

In addition to the program work with districts, described in greater detail in subsequent chapters, during this period LGSP also worked actively to develop and train officials on election

management tools for use in the Aceh district elections held in December 2006; these were subsequently shared with all local governments in Indonesia.

LGSP's successes in 2005 and 2006 were matched by a number of challenges emanating from the new demands on the project to meet changing circumstances and opportunities, as well as to respond to the lessons of experience. In reviewing the first year's experience of LGSP and emerging opportunities, RTI and USAID agreed midway through FY06 that the program could achieve a wider national impact at both local and national levels by modifying the rollout and timetable of planned activities. Recent changes in the national policy environment (for example, the passage of Law 32/2004 on Regional Governance) made it necessary for LGSP to engage more effectively at the national level, particularly in the preparation of decentralization-related government regulations and guidelines. Finally, some of the tools and practices being developed and tested in LGSP's 57 target local governments showed promise of being "taken to scale" earlier than originally planned—i.e., widely disseminated through several mechanisms that might not require as intensive LGSP technical assistance at the local government level as the program had been providing to target jurisdictions. USAID and LGSP management therefore concluded that a number of adjustments would be made in the scope of LGSP.

2007: Refocusing for Greater Impact

2007 was in many respects a transitional year for LGSP. First, the scope of LGSP was modified to increase its impact at the national level, following the discussions cited above with USAID in mid-2006. Specifically, instead of taking on a third round of 40 LGs with which LGSP would work, to reach a total of about 100 LGs as envisaged in the original project scope, it was agreed that LGSP would continue working with the 57 LGs with which it was currently working, while channeling more project resources to work at the national level. Essentially, the goal was to remain responsive to local priorities while supporting systematic and scaled-up efforts to **strengthen the enabling environment for effective decentralization**, including greater engagement with national partners—national government and other multilateral efforts—in response to national priorities.

Second, USAID and LGSP concluded that the project required financial refocusing in FY07. First, USAID requested LGSP to increase the use of core funding not only for national-level work, but also for work in two new regions, namely Aceh and Bird's Head (West Papua).⁶ This necessitated phasing out LGSP in two existing regions—West Sumatra and West Java/Banten—in the course of 2007. Second, the rapid expansion of program activities in response to very strong demand was recognized as unsustainable, requiring the scaling back of the level of program expenditures in the remaining regional programs. And finally, information received in January 2007 on the reduction in USAID funding levels to be available for FY08 expenditures required further belt-tightening during the year in order to have a viable staffing and expenditure position going into FY08.

As a result, 2007 work plans with all LGs had to be reformulated; and phaseout plans for West Sumatra and West Java, the two offices to be closed (in June and September 2007 respectively) were established. In addition, financial considerations required that the project phase out the

media strengthening program and staffing in April 2007, including the September 2007 completion of contracted media and law work with IMLPC.

Nevertheless, there were very positive developments in the two regions in which LGSP was asked either to begin work (Bird's Head) or to refocus the nature of the intervention (Aceh). In the latter, the program orientation moved increasingly from a "recovery initiative"—the original title of the Aceh program—to one of more broad-based good governance in the decentralized governance efforts in the province. In fact, LGSP attracted additional funding of \$2.5 million from the Multi Donor Fund for Aceh and Nias for work in collaboration with SPADA in Aceh, beginning in early FY08. And in Bird's Head, while getting off to a later-than-expected start due to logistical challenges as well as the need to further clarify the status of donor agencies working in the region, the West Papua Regional Office was largely fully staffed by early April 2007 and began its program activities in mid-2007.

In addition, the National Development Planning Agency (*Bappenas*) and other national partners welcomed the increased emphasis on assistance to GOI, and collaboration expanded significantly with several departments within the Ministry of Home Affairs (MOHA), described in thematic chapters that follow. LGSP also witnessed greater participation of GOI officials in national and regional workshops organized by LGSP, which strengthened the linkages between national and regional players in the decentralization process. A *Bappenas* evaluation of LGSP released in early 2007 generally spoke highly of the program.

2008: Consolidation in Pursuit of Sustainability

LGSP's overarching objective for FY08 was: **consolidation in pursuit of sustainability**. As the embarkation on the second half of the project's 2005–2009 implementation period, the year was pivotal for creating the conditions, services, and products to help ensure the program's sustainability. With LGSP having developed the trust of its partner local jurisdictions as well as a repertoire of practice, training modules, and capacity-building approaches after 2½ years of implementation, it was imperative to capture and refine the best of these with a view to wider dissemination and institutionalization, so that LGSP would be prepared to move toward a sustainability phase in the last year of the project. The project's focus remained on fostering good local governance in the areas in which LGSP had the greatest expertise and experience—namely at the intersection of good practice and policy.

The **programs in the regions** aimed to provide more targeted technical assistance and clinics, following an emphasis in preceding years on district-level training workshops. LGSP-supported initiatives also sought—and achieved—more integration across program areas, as well as more extensive learning across districts once experience had been gained and innovations developed by local partners eager to share them. A number of workshops and conferences across themes and districts worked to develop formal and informal coalitions and networks; examples include a successful workshop for 15 jurisdictions undertaking service improvements for small and medium enterprises; a workshop to build DPRD—citizen coalitions for more innovative DPRD practices; a national conference on citizen engagement and participatory governance to improve public service delivery; and development of a province-district communications forum of finance

officials in Aceh to strengthen intergovernmental linkages between the two tiers of government.

LGSP organized⁷ a study tour of district managers and mayors from LGSP-supported districts to the ICMA annual conference and neighboring cities in the state of Pennsylvania, USA, which energized these reform-minded mayors to carry through further innovations in their home districts thereafter.⁸

LGSP also extended several **province-level programs** during the year. Implementation of small provincial programs for West Sumatra and West Java extended LGSP achievements in those provinces following the close of district-supported LGSP programs the previous year. In Aceh, at USAID's request, LGSP instituted collaboration with the provincial government by placing two planning and finance specialists in the planning/finance service office. And in West Papua, where LGSP began implementing the USAID-BP Berau Ltd Bird's Head Governance Initiative in FY07, discussions were launched to assist the provincial government, and the program was expanded from three to five districts. Some limited provincial-level activities were also initiated in South Sulawesi, East Java, and Central Java.

At the **national level**, progress was made in consolidating accomplishments in assistance to national partners to further strengthen the enabling environment for effective decentralization, which had been added to LGSP's Intermediate Results (IR) objectives in FY07. In addition, LGSP documented good practice and experience gained in a number of areas and finalized a wide range of training materials and technical publications during the year. Finally, the program continued to collaborate with other USAID programs (notably the Health Services Program [HSP] on health planning) and other donors, placing a full-time advisor in the Decentralization Support Facility (DSF), as well as with a wide range of institutions—associations and universities included—to disseminate its practices and materials.

2009: Project Completion—Making a Difference

Moving into its final year of implementation, priority moved from consolidation of actions that supported these objectives, to targeted measures that would best ensure sustainability of project initiatives. The project's overarching theme—and objective—for FY09 was therefore **making a difference**. The guiding principle in 2009 was to identify those activities which carried the greatest prospect of sustainability, and to prioritize actions which offered some hallmarks or “indicators of continuity” following the close of LGSP. This included “marketing” replicable products—materials and approaches—already produced by LGSP, and addressing gaps and remaining weaknesses in practices and materials developed and tested to date that were amenable to completing within the remaining time period. Despite the measurement challenges inherent in governance programs, the project also sought to systematically measure and assess LGSP's impact.

At the regional level, in addition to completion of work plans, end-of-program assessments were carried out in all districts during the first quarter of 2009, comparing findings with diagnostics undertaken at project inception, and soliciting information from partners on their

perceptions of changes over the project period. The findings were presented at district closeout workshops held in 51 districts. These workshops were a critical part of the overall strategy for ending the LGSP program of assistance to partner districts, as they included a review of their accomplishments and challenges, and the establishment of a district action plan for sustaining the activities and progress achieved under the program. These workshops were followed by regional closeout workshops in all six regions to highlight progress achieved with key stakeholders from each district. This process was well received and should be an enduring contributor to increased technical capacity, better interaction between stakeholders, and other outcomes related to LGSP's work with local governments.

All regions completed their program reporting by finalizing district reports, which included the end-of-project assessments, results of the district closeout workshops, and action plans. A final regional report was prepared to summarize the accomplishments of LGSP in each region.

LGSP completed its programmatic work with a concurrent set of national thematic workshops to bring together key partners and service providers to share the final technical and training materials developed by LGSP, finalize lessons learned during project implementation to strengthen prospects for sustainability, and assist service providers working in the area of governance to strengthen their capacity to provide freestanding services to local governments and to create networks of practitioners. A series of closeout meetings and seminars was held to brief the GOI, USAID, and other donors on the conclusions and lessons learned from LGSP.

To ensure continued access to the library of LGSP materials (169 publications consisting of technical publications, training manuals, and program reports and newsletters), LGSP's website www.lgsp.or.id will remain active until September 2010; in addition, the Decentralization Support Facility plans to upload LGSP's technical and training materials to its site www.dsfindonesia.org. In the final quarter of LGSP, the LGSP website received 110,000 hits and recorded almost 40,000 document downloads.

LGSP adhered to the demobilization plan established at the beginning of the year for phased completion of staff contracts, asset disposition, and closing of regional offices and the national office—a formidable task for a project the size of LGSP. USAID agreed to a one-month no-cost extension, to October 30, 2009, for a limited number of staff, to permit preparation of a final report and quarterly reports; finalization of the Bird's Head report; completion of other reporting tasks; website consolidation; and handling of final financial, administrative, and asset disposition matters.

Endnotes to Chapter I

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- ¹ USAID Contract No. 497-M-00-05-00017-00, p. 6.
 - ² LGSP undertook critical diagnostic work in Nias, North Sumatra, but did not pursue further technical support in the district.
 - ³ Annex B contains a full list of LGSP partner jurisdictions.
 - ⁴ *Skema Tindakan Peningkatan Pelayanan (STPP)* in Indonesian.
 - ⁵ At the request of the Ministry of Home Affairs, memoranda of understanding were not signed with second-round partner districts because agreements between subnational governments and foreign entities providing official development assistance were deemed to violate GOI law.
 - ⁶ Aceh's special funding covered only a two-year period, finishing in mid-2007.
 - ⁷ ICMA was responsible for organizing the program in the United States, with financial support from the USAID-supported Human Institutional Capacity Development Project.
 - ⁸ For example, the mayor of Gowa district collaborated in 2008 with citizens groups undertaking citizen report cards (CRCs) in his district, and the mayor of FakFak, with LGSP support, publicized the 2009 budget in poster form around the district.

2 Participatory Planning

Citizen engagement in the local development process is the key feature in implementing decentralization policy. It gives citizens greater opportunities to influence policy-making processes and the implementation of local policies and programs. Citizen engagement in the local planning and budgeting decision-making process is vital for making local governments accountable in the allocation of local resources, setting development policies that meet citizens' needs and aspirations, supporting pro-poor policies, improving public service delivery, and monitoring the utilization of resources and impact of local policies and programs.

LGSP was tasked with implementing a program that responded to the need for citizen engagement—i.e., “to engage citizens in the local government planning and decision-making process to produce results which reflect citizens’ needs and aspirations and priorities, and to ultimately produce better plans, budgets and management effectiveness of the executive and legislative arms of local government.” The specific objectives of LGSP’s participatory planning support were to:

- Expand the role of citizens and csos in the planning and decision-making processes
- Institutionalize an effective method for citizen participation in decision-making
- Build stronger links among annual, medium-term, and long-term planning
- Enhance the integration of the local government planning and budgeting process.

This chapter describes how LGSP effectively accomplished this task, based on a series of assessments undertaken periodically over the life of the project (see Box 2.1) and on qualitative assessment by LGSP staff through analysis and focus group discussions with implementing partners. After reviewing the general situation at the inception of LGSP, the chapter discusses generic capacity building developed to respond to the needs and challenges, followed by a review of the overall outcomes in capacity and competence in participatory planning. That is followed by sections on specific outcomes in the local development planning process, citizen engagement in the planning process, the quality of local planning documents, the link between planning and budgeting, and the development of a regulatory and institutional framework for sustainability. The chapter closes with lessons learned and recommendations for central government, local government, and donors.

Box 2.1. LGSP participatory planning diagnostics

LGSP developed and implemented two principal assessments under its capacity-building program for participatory planning in local government:

Participatory Planning Diagnostic Assessment (PPDA). This assessment aimed to identify the capacity-building needs of the local government for managing participatory planning in a sustainable manner. The assessment covered eight functional areas critical for participatory local planning—regulatory framework for planning and budgeting; system, mechanism, and procedures; organization and management of planning work; completeness and quality of planning documents; management

competency of planning staff; budget allocation for planning; citizen involvement; and adequacy of technical assistance. This assessment was conducted in 2006 in 20 districts. A follow-up assessment was carried out in 2009, modified to measure changes in (i) organization of planning document preparation and quality; (ii) capacity and competence in managing participatory planning; and (iii) institutionalization of good local planning practices in local regulations. In 2009, the assessment was expanded to cover all 45 partner districts. Focus group discussions were organized in each district to solicit inputs and views from the local planning agency (*Bappeda*), sector agencies, local councils, and civil society organizations. Results were shared with local government, councils, and CSOs at LGSP district closeouts.

Evaluation of annual development planning forum (annual work plan or development plan [RKPD] *Musrenbang*) implementation. LGSP evaluated RKPD implementation in three consecutive years (2007, 2008, and 2009) to help understand the changes in the quality of the annual *Musrenbang* (a multi-stakeholder development planning consultation forum) in particular, and the annual development planning process in general. The survey instrument was developed in collaboration with the Directorate General for Regional Development (*Bangda*) as part of MOHA Decree 50/187/Kep/Bangda/2007. It evaluated four main stages of RKPD *Musrenbang* implementation: preparation; discussion and priority setting; consensus formulation; and post-*Musrenbang*. The evaluation covered nine districts in 2007, 22 districts in 2008, and 41 districts in 2009. The findings were reported in the 2008 LGSP annual report and in a subsequent technical brief on the district planning process.

Situation at Inception of LGSP and Program Approach

This section gives a brief overview of the situation, opportunities, and constraints faced at inception which influenced the approach and strategies used by LGSP to deliver its participatory planning program.

Policy and Regulatory Framework for Citizen Participation

The regulatory environment at the inception of LGSP was characterized by the adoption of a new paradigm as well as new approaches and processes for national and local planning and budgeting.

New paradigm for local planning process

Two laws marked a new era in the local planning approach and process. The first was Law 32/2004 on Regional Governance, which devolved authority in a number of sectors to regional governments, and made public participation a primary means to address community welfare objectives. This law aimed to create a sense of public ownership in local governance, ensure greater transparency and accountability, and emphasize the public good by shaping community needs and aspirations into tangible programs and services. The second was Law 25/2004 on the National Development Planning System, which institutionalized the creation of a multi-stakeholder consultation forum (the aforementioned *Musrenbang*) at all levels of government for annual, medium-term, and long-term planning. It emphasized the need to synchronize all

approaches—political, democratic, participatory, technocratic, bottom-up, and top-down—in regional planning preparation.¹

Performance budgeting introduced into local financial management

The issuance of Law 17/2003 on State Finances, Government Regulation 58/2005 on Regional Government Financial Management and its implementing directive, and MOHA Regulation 13/2006 on Guidelines for Local Financial Management (Regulation 13), was an attempt to institutionalize accountability, transparency, efficiency, and performance-based budgeting to support more effective public resource allocation and fiscal sustainability, and good governance in general.

Unfortunately, the new planning paradigm was not accompanied by an implementing regulation to integrate the new approaches and processes. Regulation 13 was not accompanied by any implementing guidelines on local planning. This made it difficult for local governments to apply the new approaches and processes in local planning and budgeting.

Local governments thus faced a major task. They had to implement a new planning paradigm and the participatory approach to local planning, and a new performance-based methodology for preparing local plans and budgets, but without the tools to develop entirely new capacities and competencies.

Local Government Capacity to Engage Citizens in Planning Process

LGSP's diagnostic assessment in 2006 found that local government capacity and competence in managing planning work was low. Local governments could be characterized as follows:

Poor level of understanding of national regulatory framework for planning and budgeting due to limited dissemination by central government

Fewer than half of the local governments had a good understanding of the new planning paradigm, or had sufficient capacity and competence to translate it into management of local planning practices.

Lack of local regulatory framework for participatory planning and budgeting

Only a quarter of local governments had attempted to translate the new national regulations into local regulations.

Low level of compliance in producing planning documents

Less than 60% of local governments met the requirements for producing planning documents of sufficient quality. The absence of an implementing regulation from the national government to provide guidance for local planning preparation, and a lack of facilitators, were the main contributing factors.

Low capacity and competence of staff to manage participatory planning

The implementing regulation on citizen participation in local planning did not include sufficient guidelines or tools for identifying and organizing stakeholders; developing the format and criteria for compiling, analyzing, and prioritizing issues, citizens' aspirations, and needs; or administering the *Musrenbang* consensus and integrating it into the budgeting process. Local staff also lacked participatory skills, techniques, and experience.

Low level of community and CSO involvement in planning process

Only about 55% of local governments incorporated citizen participation into the planning process. Contributing factors to this low level of citizen participation were equally low levels of political commitment by top management and the DPRD; insufficient funds budgeted to implement citizen participation; limited interest among citizens and CSOs to participate in the planning process and *Musrenbang*; and poor relations among the local government, citizens, and CSOs.

Program Approach

In view of the program objectives, the situation at program inception, and the diagnostic findings discussed above, the program for participatory planning was organized along the following lines:

- ***Enhancement of quality of citizen engagement*** in order to increase the role and involvement of citizens and CSOs in the planning and budgeting decision-making processes, and to encourage effective communications among the local government, local council (DPRD), and citizens in the local development process.
- ***Enhancement of quality of local planning document preparation*** in order to encourage local governments to produce better-quality planning documents; integrate the local government planning and budgeting process; develop stronger links between annual, medium-term, and long-term planning; and strengthen the capacity and competence of local government sector departments (SKPD; e.g., departments of health, education, and public works) to prepare participatory development plans and manage public participation.
- ***Development of regulatory and institutional framework*** to sustain implementation of strategic, performance-oriented, and participatory local planning. This addressed the need to institutionalize and sustain strategic, performance-based, and participatory planning and budgeting through national policy and regulations, while targeting local governments.

Capacity-Building Program

LGSP developed a capacity-building program to achieve these goals and objectives; to respond to the diagnostic results; and to respond to recent developments in the regulatory environment for planning and budgeting. The capacity-building program was developed at both the national and local government levels.

At the **national level**, the capacity-building program consisted of advocacy and facilitation to the Directorate General for Regional Development (*Bangda*) on a broad range of local government planning documents. LGSP facilitated *Bangda's* development of **guidelines** for planning document preparation, including annual and medium-term development plans, and sectoral department work plans. LGSP also facilitated *Bangda's* formulation of a **national policy and regulation** on the local government planning preparation process, procedures, and mechanisms.

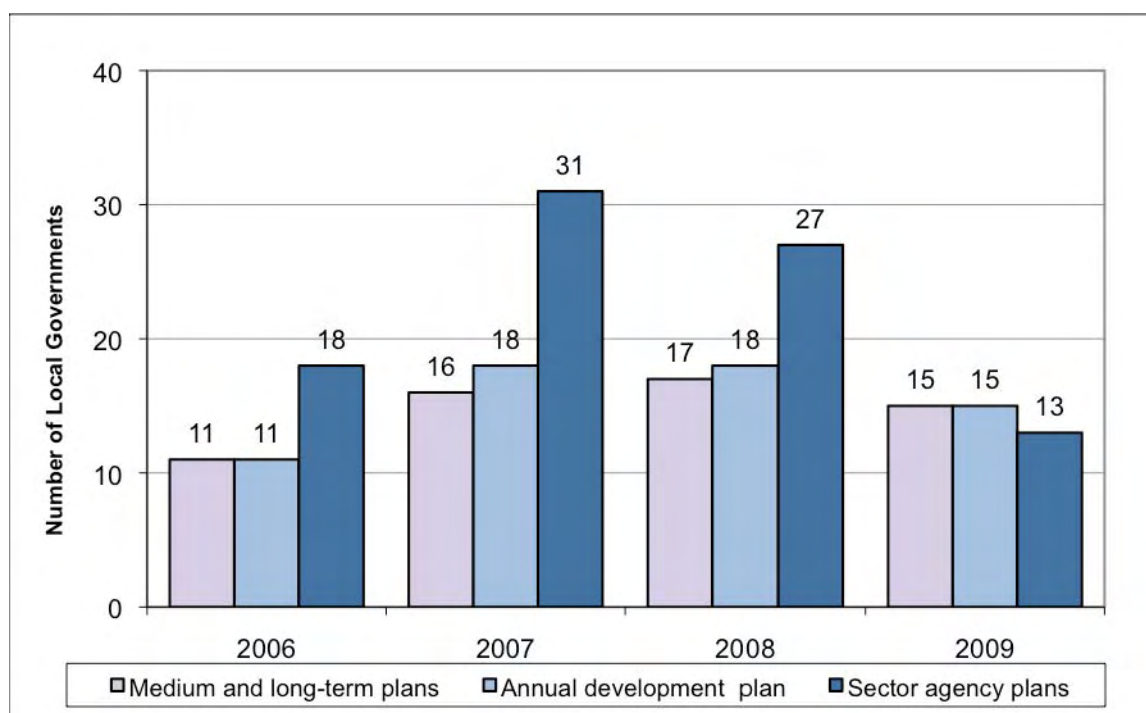
At the **local level**, the capacity-building program was organized as follows.

Training and Facilitation on Broad Range of Planning Processes and Documents

This included the preparation of a broad range of regional development plans, including long-term plans (RPJPD), medium-term plans (RPJMD and *Renstra SKPD*), and annual development plans (RKPD and *Renja SKPD*), as well as the preparation of sector department (SKPD) planning documents, particularly in the health and education sectors. This training and facilitation covered all aspects of the planning process and also included facilitation techniques.

Figure 2.1 shows the number of local governments for which LGSP facilitated preparation of planning documents.

Figure 2.1. Number of local governments preparing participatory planning documents, by document type, 2006–2009



Training facilitators on local planning

LGSP trained facilitators from government and nongovernment stakeholders in *Musrenbang* and sector planning. The training covered basic techniques and skills for facilitating participatory planning, the planning process, annual planning preparation at the district and sector department level, and accommodation of the *Musrenbang* consensus in the budgeting process.

Training and facilitating local council (DPRD) planning processes

LGSP facilitated preparation of local council work plans (*Renja DPRD*) in 18 local governments. The training and facilitation included a review of the role and functions of the DPRD in the local governance process, the process of *Renja DPRD* preparation and its integration into the annual planning and budgeting process, an evaluation of DPRD performance, and public consultations on the work plan draft. In collaboration with CSOs, LGSP also facilitated the DPRD's review of the local government's draft medium- and long-term planning documents before they were submitted for ratification.

Technical assistance to local planning agencies (Bappeda) on planning oversight: Clinics

These planning clinics, which were supported by service providers, were intended to strengthen the coordinating role of the *Bappeda* in ensuring SKPD compliance in strategic and annual work

plan preparation, and to provide better-organized assistance to sector departments in developing these drafts, reviewing progress, and enhancing their substantive quality.

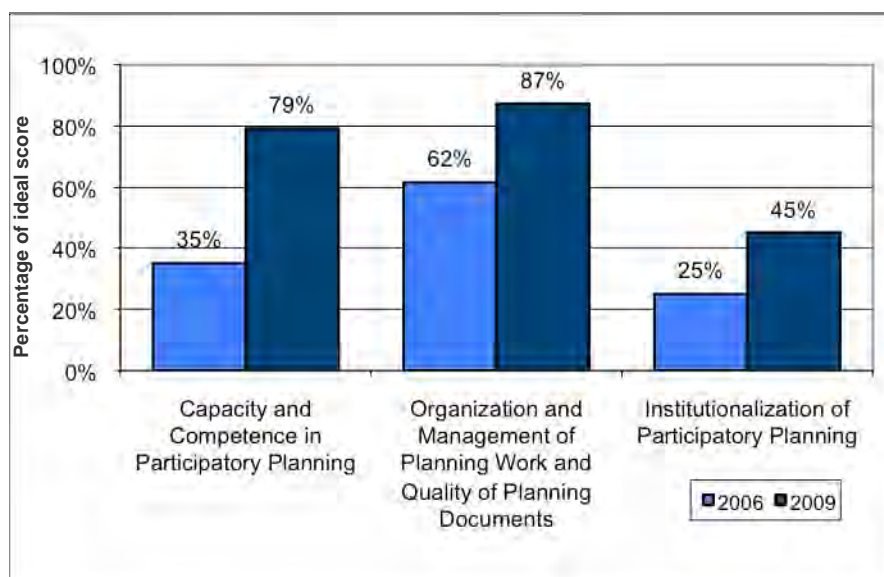
Overall Outcomes in Participatory Planning Capacity and Process

The participatory planning diagnostic assessment and end-of-project evaluations of *Musrenbang* implementation (described above in Box 2.1) revealed significant improvements in the planning capacity of LGSP partner jurisdictions over the course of LGSP implementation. These findings are described more fully in the following two sections.

Changes in Local Planning Capacity

As Figure 2.2 illustrates, LGSP's capacity-building programs significantly improved local planning capacity, in the areas of general competence in participatory planning, quality and management of planning documents and document preparation, and creation of a regulatory framework to institutionalize participatory planning.

Figure 2.2. Changes in local planning capacity from 2006 to 2009



The main contributors to these changes included (i) a **stronger legal framework**, manifested by issuance of more supporting national regulations on citizen participation and implementing regulations on planning and budgeting, as well as by issuance of local regulations on transparency, accountability, and participatory planning and budgeting; (ii) a **pool of competent facilitators** established to help local governments with the planning preparation process; and (iii) the **capacity and competence of Bappeda and sector departments** in managing planning work.

Stronger legal framework

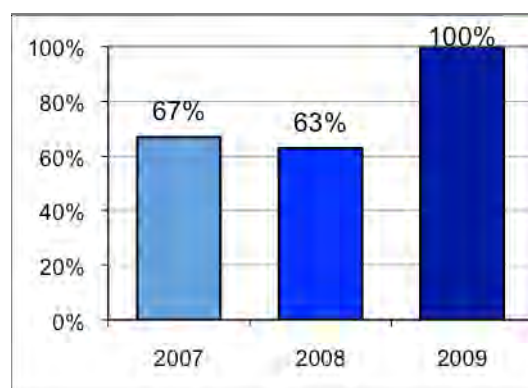
The legal framework became more robust in three areas:

- *Stronger legal basis for citizen participation in the local development process.* Law 14/2008 on Transparency of Public Information, Government Regulation 3/2007 on Accountability Reports by Local Government Heads, and Government Regulation 65/2007 on Guidelines for Local Budget [APBD] Accountability Reports provided a strong foundation for citizens to be involved in all stages of the development planning process, in the preparation of local regulations, and in formulating public policy. They also provided for the application of the principles of accountability, transparency, and performance-based local financial management.
- *More comprehensive implementing regulation for participatory planning.* Government Regulation 8/2008 on Regional Development Planning Preparation, Stages, Monitoring and Evaluation of Implementation and a new MOHA Regulation on Guidelines for RKPD Preparation were both developed in collaboration with LGSP. These regulations helped stimulate local governments to improve the quality of the process, substance, and output of planning documents, and to introduce local regulations on citizen participation in planning and budgeting.
- *Increased number of local regulations on participatory planning.* Local government and DPRD commitment to implement good governance in planning and budgeting was reflected in the increased number of local regulations that were drafted and enacted on participatory planning and budgeting. LGSP facilitated 49 local regulations² on participatory planning and budgeting, transparency and accountability, establishment of transparency commissions, and long-term and medium-term regional development plans.

More and better-trained facilitators

LGSP trained about 800 facilitators in all partner jurisdictions on stakeholder mapping and organization, developing criteria for prioritizing issues and annual program and activities, reaching consensus on program and indicative funding allocations, reaching consensus on funding allocations, and holding public consultations in relation to the drafting of the APBD regulation. By the end of LGSP implementation, most partner jurisdictions were using independent *Musrenbang* facilitators (Figure 2.3).

Figure 2.3. Percentage of local governments using independent Musrenbang facilitators, nine locations, 2007–2009



Enhanced capacity of Bappeda

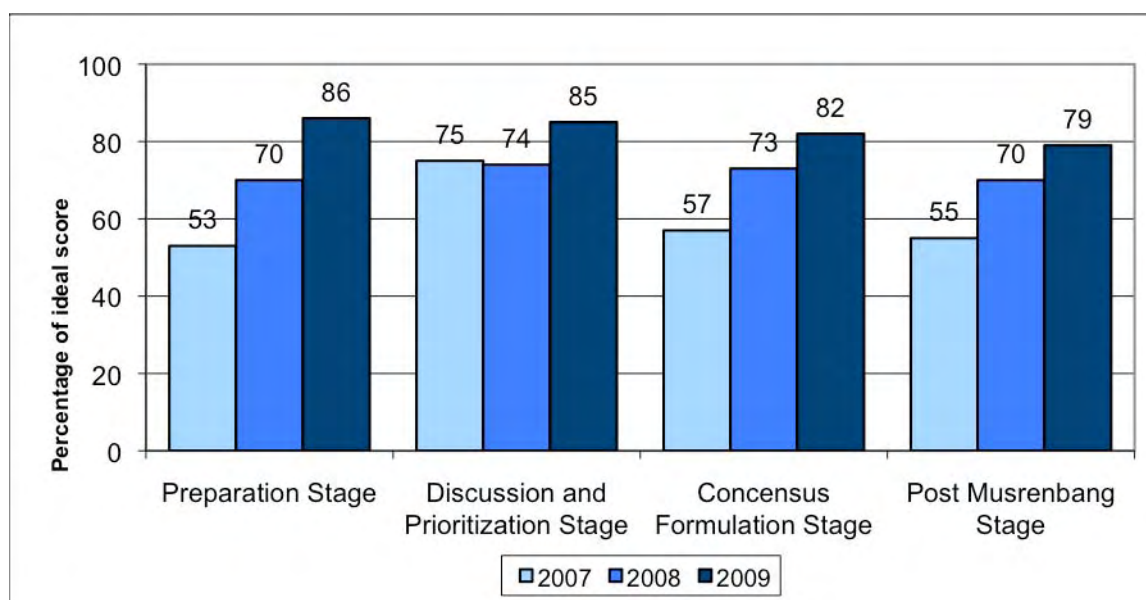
The enhanced role and capacity of *Bappeda* in coordinating and guiding planning document preparation helped to create better-quality planning and budgeting processes and outputs. LGSP's clinic consultation helped to create effective communication between the SKPD and *Bappeda* during the planning preparation process. It enabled *Bappeda* to monitor and review the quality of the SKPD strategic plan and annual work plan preparation and to better synchronize the medium-term and annual development plans with the sector department strategic plans and annual work plans.

Changes in *Musrenbang* Implementation Process

The *Musrenbang* plays a critical role in enhancing citizen engagement in the planning and budgeting process. Over the 4½ years of the project, the quality of *Musrenbang* implementation improved consistently.

As shown in Figure 2.4, improvements occurred in all four phases of *Musrenbang* implementation (i.e., the preparation, discussion and prioritization, consensus formulation, and post-*Musrenbang* phases). The overall score for *Musrenbang* quality increased by more than 40% from 2007 to 2009. The performance of each *Musrenbang* phase is discussed in more detail below.

Figure 2.4. Musrenbang performance, 2007–2009



Preparation phase

The performance indicators for this phase included, inter alia: (i) the existence of a commitment from the local government, especially from *Bappeda*, to organize an effective *Musrenbang*; and (ii) the availability of adequate planning information in the draft LG work plan, describing the development program priorities, the program funding indicative ceiling for each sector department, and the indicative ceiling for the Village Fund Allocation for each village. Noteworthy results for this phase are illustrated below.

Proportion of local governments that:	(figures in percentages)	
	2007	2009
provide information on indicative budget ceilings	44	78
conduct SKPD forums or joint SKPD forums	28	78
include performance targets for all RKPD program activities	33	100

Variations among districts were mainly determined by the degree of political commitment, the turnover of *Bappeda* heads, and the completeness of information provided by the local government for *Musrenbang* discussions.

Discussion and prioritization phase

The performance indicators for this phase included the development of a common perception among the stakeholders, the local government, and the DPRD about issues and problems encountered; local development priorities, programs, and activities; and synchronization among the programs, activities, and available budget. Noteworthy results for this phase were:

Proportion of local governments that:	(figures in percentages)	
	2007	2009
provide information on deconcentration fund	39	56
provide information on task assistance fund	33	75
provide information on Village Fund Allocation ceiling	56	70
provide information on provincial development plan	67	100
Proportion of local councils involved in <i>Musrenbang</i> discussion phase (i.e., DPRD deputy leader and Budget Committee)	56	100

Variations between districts were largely determined by the quality of citizens' representatives involved in this phase, especially the degree of inclusion of women and marginal groups.

The changes in this phase illustrate how far local government organization of *Musrenbang* implementation improved. LGSP assistance to local governments in applying the *Musrenbang* guidelines³ was a contributing factor to these improvements.

Consensus formulation phase

The performance indicators for this phase were the consensus itself, which becomes the main input for updating the annual development plan draft and the sectoral work plan drafts; and the establishment of a *Musrenbang* delegation forum that is tasked with safeguarding the *Musrenbang* results during the budgeting process. Noteworthy results for this phase were:

- All local governments included the *Musrenbang* consensus results in their official report in 2009, compared with only 50% in 2007.
- The proportion of local governments agreeing on the Village Fund Allocation increased from 67% in 2007 to 89% in 2009. This reflected serious efforts by local governments to retain community proposals adopted at the village *Musrenbang*, and to simplify the *Musrenbang* process through fund allocations that were more oriented toward the village, serving to increase community trust in the *Musrenbang* results.
- The substance of the agreement became more complete and covered the draft RKPD finalization material, the sectoral work plans, the priority list of activities according to funding source, and the funding plan for the Village Fund Allocation. The agreement also accommodated the main concerns presented by the DPRD as well as proposals for regulations and policies required at the district, provincial, and national levels to support the implementation of the local development plan.
- The proportion of local governments establishing a *Musrenbang* Delegation Forum (in Indonesian, *Forum Delegasi Musrenbang*) increased from 67% in 2007 to 78% in 2009. This reflected increased district commitment to involve citizens in the budgeting decision-making processes by obliging the DPRD to include the delegation in the budget document discussions. In Sumedang province, for example, a local regulation on participatory budgeting that clearly specified the role and responsibilities of the

Musrenbang Delegation Forum contributed significantly toward citizen supervision of the annual budget formulation and implementation process.

Variations among districts were mainly determined by the level of completeness of the consensus formulation stage.

Post-Musrenbang phase

The performance indicator for this phase was clear follow-up measures to ensure that the recommendations of the *Musrenbang* are carried into the budgeting process. To improve the prospects for sustaining commitment, LGSP encouraged the drafting of a local regulation on participatory planning and budgeting to enshrine the right of the *Musrenbang* delegation forum to participate in the budgeting decision-making process. An important change noted in this phase was the proportion of local governments having a clear schedule to submit *Musrenbang* results to the DPRD, which increased from 67% in 2007 to 89% in 2009. In contrast, the number of local governments that had a clear schedule for involving citizens in the budget review dropped from 70% in 2008 to 33% in 2009. This drop may have been due to changes in the commitment of regional heads and the DPRD toward transparency, accountability, and the use of participatory budgeting. A change in the regional leader and head of *Bappeda* may directly affect LG commitment to participatory planning and budgeting. Variations among districts were mainly due to the turnover of key *Bappeda* officials (e.g., Nagan Raya and Semarang).

The translation of *Musrenbang* priorities into clear budget line items remains a big challenge. Political will to cooperate between the head of the executive and council leadership, as well as good working relationships at the operational level and informed citizens groups, can help. However, even with good will among the players and better information sharing, it is difficult to effectively link the planning and budgeting processes due to the disconnect between the preparation of the annual work plan by the executive and the preparation of the budget framework documents by the legislative. The integration of planning and budgeting is explored more fully in a subsequent section.

Enhancement of Citizen Engagement in Local Planning Process

There were significant changes in the level of citizen involvement in the planning process over the 4½ years of LGSP program activities (see Box 2.2). Changes occurred in the following areas.

More “Entry Points” for Citizens and CSOs to Engage in the Local Planning Process

LGSP capacity building significantly expanded “entry points” for citizens and CSOs to engage in the local planning process. CSOs and citizens not only were involved in the formal *Musrenbang* review of the draft development plan; they also were involved in most other stages of the

planning process. These included issue identification; vision and mission formulation; objective, policy, and strategy formulation; discussion on the draft plan; and review of the legal drafting process.

Box 2.2. Good practices in community engagement in planning

- With LGSP assistance, Banda Aceh city conducted a city-wide survey of community aspirations involving the media and CSOs. The local government then formulated strategic issues, vision, mission, and items for its long-term development plan.
- In the city of Bogor, CSOs and community organizations were involved in the development of a regional profile as part of the long-term development plan process.
- Kediri city government explored alternative long-term development scenarios by involving CSOs and the private sector.
- In Pacitan, the DPRD and CSOs were active in all stages of the medium-term development plan preparation, with a CSO submitting a concept paper on health and education issues for consideration in program formulation.
- In Madiun city, a CSO was active in the preparation of the DPRD's annual work plan and budget.
- Aceh Jaya used independent facilitators to guide *Musrenbang* implementation and to facilitate annual development plan preparation.
- The Madiun city council (DPRD) sought CSO assistance in reviewing the annual development plan before formulating the general budget policy and budget allocation.

Enhanced Involvement of Women's Groups in Local Planning and Decision-Making Processes

A total of 23,000 people—mostly members of CSOs and the local community—were involved in the public consultations related to development plan preparation during the course of LGSP. Not only did greater numbers of people participate, but also community representation in the local planning process was of better quality. The proportion of women participating in the planning process increased from 19% in 2006 to 29% in 2009.

More Intense Communication Among SKPD, CSOs, and DPRD in Planning Document Preparation and Dissemination

Local governments held an increasing number of public consultations, focus group discussions, and sectoral coordination meetings that were attended by DPRD and CSO members to review the draft planning documents at different stages in the planning process. LGSP facilitated 43 public consultations, 54 sectoral coordination meetings, and 109 focus group discussions, involving 8,298 people.

Better Management of Community Participation by SKPD

Evaluation of pre-*Musrenbang* implementation showed encouraging trends in the number of SKPD that involved members of the community and CSOs in formulating their vision, mission, and medium-term planning program, and in reviewing and formulating the SKPD program and budget to be included in the annual development plan. Through clinic consultations facilitated by service providers, SKPD capacity was strengthened in mapping stakeholders, compiling and reviewing community proposals coming from village and subdistrict *Musrenbang*, preparing draft work plans for *Musrenbang* discussion, and revising the work plan to accommodate *Musrenbang* results.

Enhanced Quality of Planning Documents

This section provides an overview of the changes in the quality of the local planning process, the arrangements for planning preparation, the substance of the local development plan, and the links between planning and budgeting documents. The following changes were generated from the capacity-building program.

Better-Organized Local Planning Team

LGSP advocacy to *Bappeda* resulted in greater awareness of the need to involve representatives from CSOs, universities, and practitioners in organizing the annual development planning team and establishing working groups to focus on the mandatory sectoral functions and services in each local government. This allowed *Bappeda* to better understand the key issues and formulate better development policies, programs and activities, and funding allocation priorities.

Good Local Government Compliance with Regulation on Local Document Preparation

The evaluation of the 2008 planning and budgeting documents rated how far each document complied with the regulations. Compliance levels were as follows:

- Annual development plan or work plan (RKPD): 73%
- General Budget Policy Document (KUA): 89%
- Budget Priorities and Ceiling Document (PPAS): 88%
- Consistency between RKPD and KUA: 80%
- Consistency between KUA and PPAS: 62%

Contributing factors to the lower level of consistency apparent between the KUA and PPAS documents were:

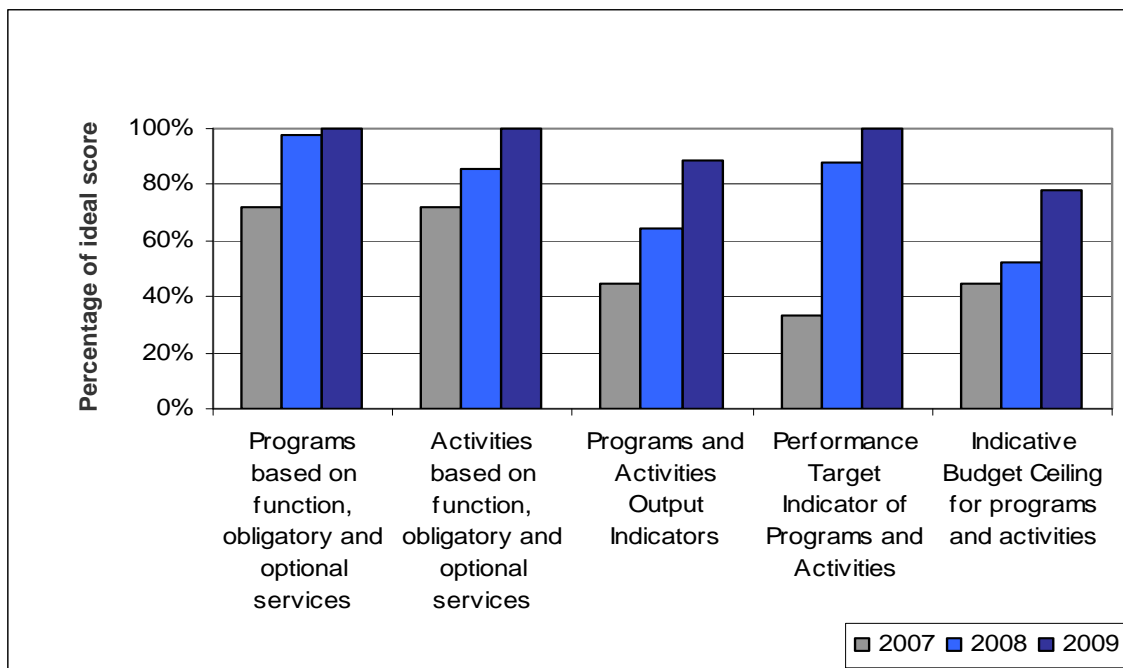
- Lack of an explicit explanation on performance targets for each obligatory function and service, or on how the budget ceiling for the SKPD was established

- Failure to evaluate the previous year's performance
- No explanation for changes made to the performance targets in the RKPD, KUA, PPAS, and APBD documents.

Improved Substance of Planning Documents

Quality of annual development plans (RKPD) and sector department plans (*Renja SKPD*) improved (see Figure 2.5 and Box 2.3). The evaluation found greater compliance of annual planning documents with the planning and budgeting regulations. The new documents had better information, including a summary of the program and activities according to mandatory local government functions and services, program and activity output indicators, performance target indicators, and indicative budget ceilings.

Figure 2.5. Change in quality of annual development plan (RKPD), 2007–2009



Box 2.3. Good practices in improving quality of planning document preparation

- In Probolinggo and Malang, a good working relationship between the executive and legislative resulted in high consistency among the key documents (RKPD, KUA, PPAS, and APBD). Their average consistency rating was 74% in Probolinggo and 78% in Malang.
- In Aceh Jaya, synchronization between RKPD and *Renja* SKPD in relation to the preparation of general budget policy and budget allocation for SKPD was significantly improved with the assistance of a facilitator.
- In Enrekang, the work of the RPJMD technical team was more effective with the inclusion of a competent local CSO as team member.
- In Pacitan, Pinrang, Jeneponto, Pangkep, Kediri, and the city of Parepare, better-quality planning documents were produced with the involvement of a CSO forum or citizen forum.
- The Aceh Barat planning office organized training of subdistrict staff to improve the quality of subdistrict sectoral plans (*Renja SKPD Kecamatan*).
- West Sumatra's provincial government issued a decree establishing provincial facilitators using provincial training institute (*Diklat*) staff to assist and advise local governments on how to improve the quality of their local development plan and budget documents.
- In Nagan Raya and Aceh Jaya, an agreement between the executive and legislative on the annual planning and budgeting calendar helped ensure the timely approval of the budget.

Greater Sector Agency Capacity to Produce Participatory Planning Documents

The proportion of local governments that had held an SKPD forum rose from 28% in 2007 to 78% in 2009. There were encouraging trends in the number of SKPD involving the local community and CSOs in formulating the vision, mission, and medium-term programs for the medium-term plan and sectoral plans, and in reviewing and formulating the sectoral program and budget. Clinic consultations facilitated by LGSP service providers strengthened SKPD capacity in mapping stakeholders, compiling and reviewing community proposals from village and subdistrict *Musrenbang*, preparing draft sector agency work plans for *Musrenbang* discussion, and revising the drafts to accommodate the *Musrenbang* results.

Good Conformity of Annual Development Plans with Key National Priorities

The evaluation of 2008 planning documents found that they all included pro-poor and pro-growth program and activities, and measures to eradicate corruption, collusion, and nepotism, while 81% incorporated pro-job programs and activities, and 56% addressed disaster mitigation.

Improved Linkage Between Medium-Term and Annual Plans

The RKPD documents clearly incorporated medium-term plan objectives into the annual development plan. However, the degree of conformity of the annual work plan and budget contents with medium-term programs and activities varied among districts. Contributing factors

included availability of budget resources, competing political interests and priorities, and frequent budget changes during the year.

Greater Awareness of Need to Improve Quality of Planning Documents

LGSP advocacy and facilitation led to greater awareness among local governments, particularly in the local planning office, of the need to review and revise their existing medium-term plans to make them more strategic, participatory, and performance-based so as to more effectively guide preparation of the other planning documents.

Integration Between Planning and Budgeting

Weak linkages between annual planning and budgeting posed the greatest challenge to the effectiveness of participatory planning. A number of factors contributed to this, many of which were linked to ineffective opportunities for citizen access to information and involvement on a continuous basis in the process.

Fragmented Financing System for Local Development Limited the Effectiveness of Participatory Planning

The different top-down funding sources, procedures, and mechanisms reduced the influence of participatory planning processes on budgeting and the budget allocation process. Funding for local government activities comes from a variety of sources, such as the deconcentration fund, coadministration fund, special allocation fund, revenue sharing fund, and special autonomy fund, as well as special funds allocated directly to local institutions such as schools. All of these contribute significantly to local development financing but are outside the annual APBD budget process. In addition, LGSP found that most information on the availability and magnitude of these funds usually was received by the local government only very late in the budgeting cycle, once the *Musrenbang* process had been completed. This reduced the influence of the *Musrenbang* on the budget allocation process.

Limited Local Budget Resources for Discretionary Expenditures

Linked to the above fragmentation was the limited funding available for discretionary operational expenditures. In general, local governments spent almost 70% of their budget on indirect expenses, including staff salaries and routine local government operational expenses, leaving only a small portion of the budget for direct discretionary expenditures. From this limited budget, local governments still had to put aside a considerable amount in matching funds in order to access top-down funding sources such as the special allocation fund and sectoral development fund. This left a very small envelope of funds to debate and discuss—and to open up for citizen input.

Lack of Regulatory Framework in Participatory Budgeting

The progress of citizen involvement in the planning process was not matched in the budgeting process, where citizen participation still does not yet play a significant role. Citizens have very limited or no access to knowledge about fund allocations obtained from central government transfers.

High Degree of Political Influence in Budgeting Process

The budgeting process, which involves general budget formulation and indicative budget ceilings for SKPD formulation and draft APBD preparation, were uncertain and highly influenced by political process (LG head and DPRD). This resulted in frequent changes to the KUA, budget instructions to local government sector departments (RKA-SKPD), PPAS, and policy blueprint for budgets (RAPBD). DPRD members were likely to have development priorities that were different from those emanating from the executive branch. In addition, many DPRD members were not familiar with some of the complexities of the budget. The process therefore fell largely beyond the scope of citizen oversight, and reduced the opportunity for citizen needs and aspirations to be accommodated by the local budget.

Weak Data for Planning and Cost Projections

Most SKPD had little reliable data for planning purposes, and poor records on service performance, output and productivity, or outcomes. This led to difficulties in establishing a proper budget ceiling for SKPD, and difficulties for citizens in tracking how much money had been spent in response to citizen proposals made at the *Musrenbang*.

There are no straightforward solutions to easily solve the complexity and political character of the problems confronted in implementing improved linkages between planning and budgeting. Nonetheless, an integrated effort by governments at all levels, starting with the central government that determines the enabling framework, is urgently needed. A key to overcome the problem is *simplicity* and *consistency*. The following measures should be envisaged to help improve the links between planning and budgeting.

Simplification of Central Government Fund Transfer System

This would allow local governments to achieve more effective regional development policy, planning, and implementation, and to achieve better consistency among long-term, medium-term, and annual planning, as well as between the annual plan and budget. This would contribute to a more conducive environment for effective citizen engagement in planning and budgeting.

Greater Integration and Simplification of National Regulations on Planning and Budgeting

Greater coordination between the relevant ministries and directorates in issuing directives and guidelines related to local planning and budgeting would reduce the confusion and difficulties that local governments face in trying to apply the various rules. Annual changes in directives on local budget use make it difficult for local governments to maintain consistency between planning and budgeting. The regulations on planning, budgeting, implementation, monitoring, evaluation, and performance reporting need to be synchronized.

Consistent Involvement of Citizens Groups to Bridge the Divide Between Planning and Budgeting Process

To strengthen the continuity of citizen involvement in the planning and budgeting processes, aimed at keeping government and council discussions focused on citizen priorities, LGSP supported local partners in the development of local regulations that clarify the roles of citizens and CSOs in the budget process, particularly through the creation of a *Musrenbang* delegation forum. The delegation consists of *Musrenbang* attendees who follow the budget development and approval process and then advocate for the inclusion of *Musrenbang* results in the budget. This group can ensure that decisions made in the *Musrenbang* are actually funded. Half of the regions assessed at the end of the project had established such a delegation; now the challenge is seeing its role maintained into the budget cycle.

Improve the Council's Involvement and Knowledge of Planning and Budgeting

LGSP worked to increase the council's involvement in the earlier stages of the *Musrenbang* process, and helped build commitment to carry through results. LGSP also worked on bringing local councils up to speed—more informed, more analytical, and more committed—to enhance their role in translating plans into budgets.

Strengthen the Establishment of Substantive Program Targets in the Formulation of Budgets

The plan-budget linkage is also approached from the budget stage of the cycle. In the budget formulation process, performance targets can be identified for substantive program achievements based on citizen priorities.

Sustainability: Development of Regulatory Framework and Institutional Resources

National Policy and Regulations on Local Planning

At the national level, LGSP established productive working relationships with MOHA's *Bangda* for developing decrees, regulations, and guidelines that significantly enhanced the capacity and competence of *Bangda* to guide and supervise provincial and district governments in Indonesia in planning document preparation, and to inform local governments on the approach, methodology, and process for preparing their medium-term and annual development plans and for implementing *Musrenbang*. Changes as a result of LGSP assistance included the following,

Enhanced capacity and competence of Bangda

The Directorate of Planning at *Bangda* noted that LGSP guidelines and materials had significantly assisted them to guide, nurture, and supervise provinces, districts, and cities in medium-term and annual development planning document preparation, review, and consultation. As a result, *Bangda* received more requests from provincial and local governments for advice and consultations on local planning issues. One LGSP publication that contributed to this change was a guideline on the assessment and evaluation of medium-term regional development plans.

More effective Bangda supervision and evaluation of Musrenbang quality at both provincial and local levels

The Directorate of Planning reported that the guideline developed in collaboration with LGSP on the assessment and evaluation of *Musrenbang* implementation was an improved tool for supervising and evaluating *Musrenbang* implementation at both provincial and local government levels.

Incorporation of good governance values in national regulations and guidelines on annual development planning

In collaboration with LGSP, *Bangda* issued a MOHA decree⁴ containing guidelines for annual development plan preparation. This decree incorporated a better strategic, performance-based, and participatory approach, as well as transparency, accountability, and good local planning and budgeting practices. The decree was later elevated into a MOHA Regulation⁵ for use by all provincial and local governments throughout Indonesia.

Improved awareness of the importance of establishing better links between annual plans and budgets

As a result of LGSP advocacy, *Bangda* identified the need for better coordination with the Regional Financial Management Administration (BAKD) and *Bappenas* to streamline and integrate policy and guidelines on the mechanism, process, and institutional aspects of local

planning and budgeting. With assistance from LGSP-recommended service providers, *Bangda* began preparing a draft MOHA regulation on regional development planning preparation, stages, procedure, monitoring, and performance evaluation in an effort to harmonize the links among planning and budgeting, their implementation, performance monitoring, and evaluation under the related regulations.⁶ LGSP was requested to assist with formulation of annual development plans. In addition, the LGSP-produced guidelines and modules on regional development plan preparation were used as the main reference for development of the MOHA modules.

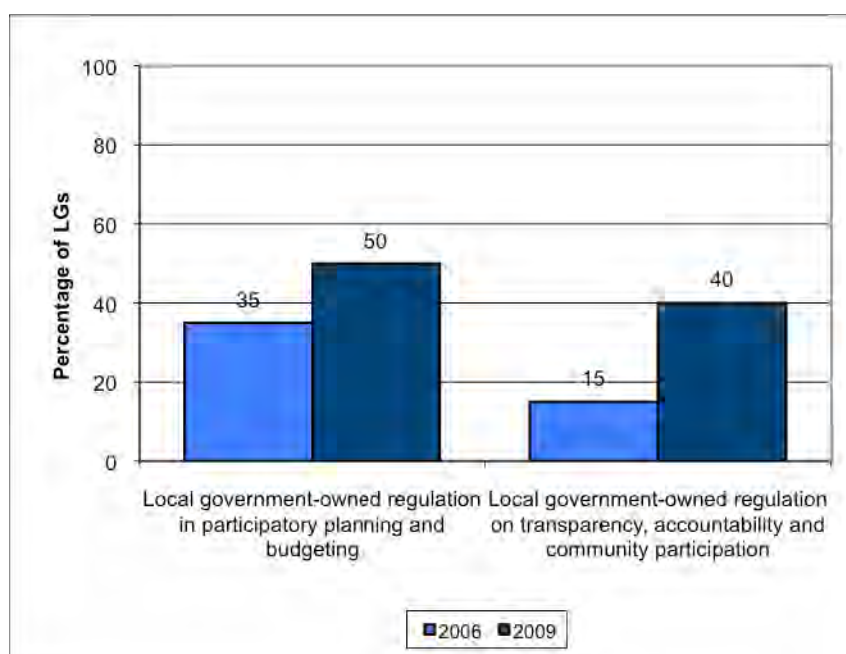
Local Planning Initiatives

At the local level there was significant development in local government adoption of good governance values of transparency, accountability, and participatory planning to guide and optimize community participation in the planning and budgeting process. This generated significant changes in the roles, contributions, and involvement of the local government, DPRD, and CSOs in the planning and budgeting decision-making processes, including the following:

Increased number of local regulations on participatory planning

As Figure 2.6 illustrates, local government and DPRD commitment toward implementation of good governance in planning and budgeting was demonstrated by the increased number of local regulations drafted and enacted on participatory planning and budgeting.

Figure 2.6. Percentage of partner jurisdictions that produced local regulations on participatory planning



LGSP facilitated the development of 49 local regulations on participatory planning and budgeting, transparency and accountability, and the establishment of transparency commissions. Among them were:

- A local regulation on transparency and participation in regional development in the city of Madiun to ensure community involvement in all stages of the planning and budgeting process
- A local regulation on participatory planning and budgeting in Pinrang that specified the role of the *Musrenbang* Delegation Forum in the budgeting process and the need to publicize discussions on budget formulation and review, and the need to disseminate the draft and final APBD on local television and radio
- Local regulations on participatory planning in Kebumen, Solok, and Boyolali that specified “entry points” for members of the community and CSOs to participate in the formulation, implementation, and monitoring and evaluation of public policy and programs related to planning, budgeting, and procurement.

Institutionalization of planning clinics and planning forum

In Central Java, most LGSP partner jurisdictions institutionalized planning clinics during annual development plan preparation to enable SKPD to make constant improvements in the quality of the sectoral planning documents.

- Planning clinic consultations were conducted in Boyolali, Klaten, and Sukoharjo to produce better-quality sectoral planning documents.
- Malang *Bappeda* established a Planners’ Forum (*Forum Perencana*) comprising all *Bappeda* and SKPD staff to enhance their responsibility for managing planning work.

Development of Service Provider Networks

With respect to service providers, LGSP trained over 800 persons to work as facilitators and helped to develop a pool of service providers with the capacity and competence to assist local governments, DPRD, and CSOs in the planning process, and with planning document preparation. Of these, by the end of the project, 194 facilitators were capable of working as consultants to assist local governments, DPRD, and CSOs with plan preparation. Networks of facilitators were established at Papua State University for West Papua; Hasanuddin University for South Sulawesi, Surabaya Institute of Technology and Brawijaya University for East Java, Universitas Sebelas Maret Surakarta (UNS) (in Solo) for Central Java, and West Sumatra Provincial Training Center (*Diklatprop*). To sustain their services to local governments on health sector development planning, service providers at the Faculty of Public Health, Diponegoro University, formed the Indonesian Health Care Planning Facilitators (*Fasilitator Kesehatan Indonesia*, web: <http://faskesin.wordpress.com>), with a pool of 700 dedicated health sector facilitators.

A number of LGSP service providers were asked by non-LGSP partner governments to provide advice and assistance in planning document preparation. They included UNS consultants, who

facilitated the Bali provincial government in its medium-term development plan preparation and were hired by *Bangda* to assist it in preparing a draft MOHA decree containing guidelines on regional development plan preparation, monitoring, and evaluation.

Tools and Methodologies

In response to progress in the regulatory framework and demand from local governments, LGSP developed a series of planning guidelines. These guidelines were used by *Bangda* to assist and facilitate provincial and local governments in planning document preparation and *Musrenbang* implementation, while local governments, DPRD, and CSOs used these tools to help them determine and perform their duties and responsibilities related to local planning and budgeting. For more details about these planning publications, please see Annex D.

In addition, LGSP worked with the university association of planning faculties and specific universities to adapt LGSP tools and methodologies into their course curricula. Specifically, UNS, an active LGSP partner in Central Java, incorporated LGSP guidelines and manuals into the syllabus and course modules for its urban and regional planning courses at the bachelor-degree level. UNS developed six course modules, covering participatory planning, research methodology, planning analysis methodology, planning law and administration, public policy analysis, and strategic planning for local government. This initiative was part of a UNS effort to develop and strengthen its capacity to sustain its planning and budgeting services to local governments. Around 150 students had successfully completed these courses by project end.

Lessons Learned and Recommendations

Lessons Learned

Policy and regulatory framework

The existence of consistent, integrated policy and regulations on local planning and budgeting is critical to the success of participatory planning and budgeting in local government. Better coordination of central government agencies, particularly between *Bangda* and BAKD at MOHA, in issuing integrated national guidelines on the local planning and budgeting process, mechanisms, and institutional reform will ensure greater compliance of local governments in linking the medium-term and annual programs and budgets, enhancing the effectiveness of planning in satisfying local community needs and aspirations.

Political commitment for participatory planning and integrated planning and budgeting

LGSP learned that political commitment from the top management in both local government and DPRD is critical to the success of participatory planning in local government. Frequent changes and turnover of key leaders and staff were found to significantly affect commitment and attitudes to participatory planning. LGSP assistance to build a consensus between local

government and DPRD on the annual planning and budgeting calendar, and to help local governments draft local participatory planning and budgeting regulations, helped to institutionalize good practices to bridge changes in leadership, but cannot replace committed leadership.

Local regulations on participatory planning and budgeting

Local regulations on participatory planning and budgeting can help in enhancing the ability of *Musrenbang* to influence the budget allocation process, through specifying the involvement of a *Musrenbang* Delegation Forum at all stages of budget preparation, formulation, approval, and legalization.

Citizen engagement in village and subdistrict-level planning processes

Given the challenges cited earlier in integrating planning and budgeting processes—the lack of which limits the translation of citizen input at the district level planning stage into district budget priorities—consideration should be given to putting greater priority on getting citizens’ voices heard effectively in village and subdistrict planning processes. Although this is not an area for which LGSP provided direct hands-on support, the project did train district-level facilitators who worked at this level. At the village and subdistrict levels, citizens can more easily track whether their priorities have been acted upon by government. For example, citizen input into the uses of the Village Fund Allocation has greater visibility and relevance for citizens than does the annual district planning process. *Musrenbang* held at these lower levels can focus on issues of immediate interest to citizens.

Citizen voice in medium-term planning

Longer-range issues can—and should—also be addressed most effectively if citizen input is solicited on multiyear plans that can be more priority-oriented than can annual plans. However, means need to be found to present socioeconomic data to citizens in a manner that has meaning for them; for example, showing local health or education indicators relative to other jurisdictions or describing tangible ways to improve education for their children.

Planning clinics

LGSP experience showed that *Bappeda* planning clinics can be an effective method for improving SKPD capacity and competence in both planning and budgeting. This method can have an impact on overall local government capacity, resulting not only in improved quality of planning documents and greater SKPD regulatory compliance in producing planning documents, but also in improved relationships among SKPD and between SKPD and *Bappeda*. The clinic can enhance *Bappeda*’s coordinating role, and provide *Bappeda* with an instrument for routinely monitoring and evaluating SKPD performance.

Capacity-building approach and instruments

Strategic, performance-based, and participatory approaches to planning require longer, concerted and integrated capacity building efforts. Local government staff reported that the LGSP guidelines and manuals, assistance, and facilitation significantly improved their capacity and competence to handle the planning document preparation process and outputs. The integrated technical assistance in planning and budgeting introduced by LGSP in later years seemed to facilitate faster comprehension by local government staff of performance-based planning and budgeting, and contributed to better linkage and consistency between planning and budgeting. The association of DPRD secretariats especially appreciated the LGSP guide to *Renja DPRD* preparation, which it said had significantly improved the quality of the document preparation process as well as the output of a number of DPRD in LGSP partner jurisdictions.

Good service providers can provide sustained service

Service providers played an important role in LGSP program achievements. The pool of service providers and facilitators established and closely linked to local universities had the capacity to make sustainable improvements and expand their services to local governments. Specialization of service providers as introduced in Central Java helped them to focus their assistance on specific planning documents (e.g., long-term, medium-term, or annual plans); comprehend the knowledge, skills, and facilitation approach faster; and produce better-quality services for local governments. Concerted capacity-building efforts are needed for local service providers in more remote areas such as West Papua due to limited availability of service providers with a local planning background, qualifications, and experience.

Recommendations

LGSP's participatory planning program significantly contributed to the institutionalization of participatory planning in target jurisdictions, with scope for expansion throughout Indonesia. To leverage its impact, the following recommendations are offered.

For central government

- Support integration and simplification of national regulations on planning and budgeting through greater coordination between ministries and directorates general in issuing directives and guidelines related to local planning and budgeting. This will reduce confusion and mitigate difficulties faced by local governments in implementing these directives. In addition, annual changes in the directives on budget utilization should be avoided in order to encourage consistency between planning and budgeting. Attention should be given to synchronizing the regulations on local planning and budgeting, including implementation, monitoring, evaluation, and performance reporting.
- Establish timely dissemination of information on central government fund transfers to enable local governments to more efficiently and effectively plan and allocate budget resources and more closely match community needs and aspirations.

For local governments

- Develop local regulations that remove the inconsistencies in planning and budgeting, provide greater transparency and accountability on local financial management, enhance citizen involvement in planning and budgeting decision-making processes, improve the effectiveness of *Musrenbang* in influencing budget resource allocations, institutionalize the *Musrenbang* Delegation Forum, and give greater priority to citizen inputs in subdistrict and village level *Musrenbang*.
- Improve socioeconomic, performance, and financial data for each mandatory government function and service so that SKPD can prepare better-quality plans and develop proper performance standards, outputs and outcomes, and unit costs for service activities. This would also enhance medium-term planning and priority-setting.
- Set aside sufficient local budget funds to hire competent facilitators for planning document preparation, to conduct planning clinic consultations, and to support continued improvement in SKPD capacity and competency in planning.
- Donors can assist both central and local governments in streamlining and integrating national regulations and guidelines on planning, budgeting, implementation, and monitoring and evaluation of local government performance.
- Donors also can help local governments, through both sector and overall governance programs, to improve both the consistency of their planning and budgeting regulatory framework and their analytical capacity to develop performance-based plans and budgets.

Endnotes to Chapter 2

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- ¹ These two laws laid a clear foundation for citizen participation in various aspects of the development process, including: clear specification of the need for citizen involvement in all stages of the development planning process; a citizen's right to provide oral or written input into the preparation, review, and approval process for local regulations; application of principles of accountability, transparency, and performance based on local financial management; mandatory involvement of the community in monitoring implementation of spatial planning; and the right of citizens to be involved in the public policy preparation, formulation, and implementation process.
- ² This figure covers 2 local regulations and 1 decree on participatory local planning and budgeting, 8 draft local regulations on participatory local planning and budgeting, 9 draft local regulations on local governance transparency, and 29 local regulations (including in draft status) on RPJPD or RPJMD.
- ³ MOHA Decree Number 050-187/Kep/Bangda/2007 on Guidelines for Monitoring and Evaluating Annual *Musrenbang*.
- ⁴ MOHA Decree 050/200/II/Bangda/2008 on Guidelines for Annual Development Plan (RKPD) Preparation.
- ⁵ MOHA Regulation 640/751/SJ on *Musrenbang* Implementation and 2010 RKPD Preparation.
- ⁶ The relevant regulations are: Government Regulation 8/2008 (on planning), MOHA Regulation 59/2007 on guidelines for local financial management (on budgeting), Government Regulation GR 65/2005 on Minimum Service Standards, and MOHA Regulation 59/2007 (on implementation) and GR 6/2008 (on performance monitoring and evaluation).

3 Finance and Budgeting

Beginning in 2000, a number of laws and regulations¹ were passed concerning local government funding and financial management. The national government then implemented fiscal decentralization by issuing further policies and regulations for local government to become more transparent, participatory, and accountable.

LGSP was tasked by USAID to support the strengthening of the core competencies of the local administration in budgeting, accounting, and financial management while at the same time supporting integrated planning and budgeting, and budgeting for local councils, CSOs, and local media. This chapter highlights some of the new practices introduced in local governments; explains how LGSP supported the capacity building of the local administration in budgeting, accounting, and financial management; and reviews the changes achieved in this area during 4½ years of capacity-building assistance. It also discusses the budgeting support given to other program components, and regional and national conferences that were held to support better financial management policy and implementation.

After looking at the initial state of finance and budgeting in partner jurisdictions, this chapter reviews the overall outcomes in finance and budgeting, encompassing the core areas of performance-based budgeting, accounting and financial reporting, financial management of revenues, internal audits, and asset management. (Box 3.1 presents the assessment approach used to establish outcomes.) This is followed by reviews of the institutionalization of finance and budgeting improvements, and variations between regions. The chapter closes with an assessment of sustainability prospects, lessons learned from LGSP experience, and recommendations for further action.

Box 3.1. Assessment approach for finance and budgeting

The assessment of the effectiveness of LGSP's work in local administration strengthening presented in this chapter is based on two data sources as well as qualitative assessments made by LGSP's finance and budgeting specialists.

Public Financial Management (PFM) diagnostic. A Public Financial Management diagnostic was carried out in March–April 2006 and again in February–April 2009. The 2006 PFM diagnostic was done to assess the state of local government partners in financial management, to be used as a baseline for the technical assistance model to be provided by LGSP. The diagnostic focused on the three specific areas of technical assistance to be provided by LGSP—planning and budgeting, accounting and reporting, and asset management. The end-of-project PFM diagnostic conducted in 2009 was intended to assess the changes that had taken place during three years of LGSP technical assistance. The PFM diagnostic interviews with the relevant local government staff in all partner districts included 94 specific questions on finance and budget practices. LGSP specialists verified responses by checking the quality of the budgeting documents in the particular district.

Performance measurement and deliverables. The project included performance measurement indicators and local government deliverables. The LGSP Intermediate Results framework (Annex E) featured various indicators that were routinely updated by performance monitoring staff in the field. The finance and budgeting component had one main indicator: building capacity and improving local

government performance in planning and budgeting resources and public services, in a transparent and participatory manner. This was made up of two subresults: (i) capacity improvement for development of integrated planning and budgeting, focusing on public priorities; and (ii) more effective and transparent financial management. Meanwhile, the deliverables requested from the local government constituted documentary evidence of the training and technical assistance. These performance measurements and deliverables were used by LGSP to supplement the PFM analysis and conclusions.

Initial State of Finance and Budgeting in Partner Local Governments

Institutional and regulatory challenges, human resource capacity, and the findings of LGSP's diagnostic assessment of partner jurisdictions are discussed in this section.

Institutional and Regulatory Challenges

Local governments face a variety of challenges in implementing fiscal and financial reforms under the laws and regulations, above and beyond the conflicts in the regulations issued by different national ministries cited above. The full fiscal cycle of local governments—from budget adoption through to financial reporting—faces major challenges arising from complex regulations, lack of suitably qualified staff, poor coordination, and inadequate use of technology.

Integration of planning and budgeting

The linkages among the main laws (Law 25/1999, Law 17/2003 and Law 32/2004) on annual planning, budget policy, the annual budget, and the medium-term expenditure framework remained unclear even at the end of the project. LGSP was affected somewhat by further regulations issued after 2004 in an attempt to link planning and budgeting (Government Regulation GR 58/2005 and MOHA Regulation 13/2006). For example, Regulation 13 required that certain planning and budget documents be prepared by the local government sector department (SKPD). However, a lack of technical competency among staff at that level proved a major obstacle. Regulation 13 did not define any indicators for achieving the service delivery targets set at the planning stage, nor did it establish links with the existing target indicators in the annual performance-based budget.

Budget preparation and adoption

Decree 29/2002 provided for the local legislative councils (DPRD) to establish General Budget Policy (KUA), which acts as a broad policy guideline for the executive branch to prepare the draft annual budgets. However, Regulation 13/2006 required the DPRD to issue a different guideline requiring significantly more detail on the budget programs and activities. This constrained the executive branch in preparing the budget draft, which could create conflict between the two branches of local government, and contributed to late approval of the annual budget.

Budget execution

Regulation 13 prescribed that appropriations be made at the activity level rather than the program level²—i.e., at the local sector department (SKPD) level. As with the planning stage, this level of detail made budget execution inflexible, and significantly diffused accountability for budget execution.³ The late adoption of the budget often precluded a work plan from being completed within the fiscal year, since this required advance planning and mobilization of resources. Finally, while cash-based budgeting was simple, it often meant that the sector department had to wait until the cash was available before performing its work. Balancing funds from the central government were often transferred late in the year, resulting in delays in work and the compression of activities into the last few months of the year. This funding lag was reflected in the substantial cash surpluses that many local governments accrued by the end of the fiscal year.

Budget reporting

Expenditures by all local governments in Indonesia accounted for about 30% of total general government expenditures in 2004–2005. Although they were required to do so by law, local governments did not routinely provide their approved budgets and budget execution reports to the central government in a timely manner. Limited capacity, particularly in the more remote regions, was an important factor. But there were also weaknesses in coordination between the Ministry of Finance and MOHA to establish consistent reporting standards. At the start of 2006, the central government still had not received 10% of local government budget reports for the 2004 fiscal year—a lag of more than 12 months. This led the Ministry of Finance to instruct all local governments to submit their 2007 budgets by March 2007 or face a drop in their general allocation from the central government.

Accounting

The new government accounting system, which maintained transaction records on a cash basis, was adapted to allow delivery of financial statements using accrual-basis accounting formats. Full accrual accounting was expected to be in place by 2008. Reports on budget realization were compiled from transaction records, but the process of converting cash-based transactions to accrual reporting required an examination of thousands of individual transactions, which was very time consuming.⁴

Human Resource Constraints

The limited availability in the civil service of university graduates, particularly in the areas of budgeting, accounting, and financial management, created a challenge in implementing local governance regulations that introduced performance-based budgeting and accrual accounting. Indeed, among LGSP's local government partners, only one local government finance department staff member had a university degree in accounting. Under Regulation 13, the devolution to sector departments of responsibility for planning, budgeting, accounting, and reporting created an enormous technical challenge. LGSP found that attempting to explain the concepts of accrual accounting to staff with little or no training in accounting was extremely

difficult. Furthermore, staff in the internal auditor's unit lacked the necessary competency to advise on implementing the new government accounting standards.

Diagnostic Assessment of Partner Jurisdictions

LGSP conducted diagnostic assessments of 62 local governments from 2005 to 2007 using the Public Financial Management diagnostic tool.⁵ These reviews revealed that the local governments lacked the basic knowledge of the regulations to implement planning, budgeting, and accounting reforms. They also lacked suitably qualified financial management staff, needed to strengthen their financial management systems to improve performance, and needed to implement effective internal controls in order to curb corruption. The initial PFM results for LGSP partner regions are summarized in Table 3.1.⁶

Table 3.1. Public Financial Management initial assessment results

<i>Region</i>	<i>Performance-based budgeting</i>	<i>Accounting</i>	<i>Asset management</i>
Aceh	23%	19%	34%
North Sumatra	39%	28%	21%
Central Java	34%	35%	41%
East Java	28%	34%	36%
South Sulawesi	37%	38%	50%
West Papua	34%	21%	n/a
All LGSP	33%	29%	36%

Source: LGSP PFM assessment, 2006 and 2007

<i>Ranking methodology</i>	
Excellent/Fully acceptable	80–100%
Very good/Substantially acceptable	60–79%
Good/Fairly acceptable	40–59%
Moderate/Partially acceptable	20–39%
Poor/Not acceptable	00–19%

Implementation Strategy to Address Capacity Constraints

In response to these diagnostic results, LGSP's training materials were designed to assume little or no knowledge of the subject matter. The training approach was also adapted so as to minimize learning barriers. To ensure effective knowledge transfer, LGSP's approach to technical assistance and workshops was to require participants to complete certain deliverables after each workshop (e.g., formulate a performance-based budget, or implement a new

accounting practice) before they could progress to the next workshop in the series. LGSP also offered technical assistance to help participants complete each module in the series. The aim was to deliver training in tandem with the planning and fiscal cycle, with special seminars that encouraged elected officials and local councilors to put the training to practical use immediately.⁷

To assist LG partners to increase their finance and budgeting capacity, LGSP developed three main training components: budgeting, accounting, and financial management. This was complemented by regional and national conferences to build institutionalization among partner jurisdictions.

Core program

In budgeting, LGSP continued to develop the BIGG program modules and manuals, especially for performance-based budgeting. In accounting, training focused on the shift from single-entry to double-entry bookkeeping, and the decentralization of financial reporting to LG sector departments. Financial management covered revenue management, internal audits, and asset management.

Joint program

Integrated planning and budgeting included preparing the medium-term expenditure framework, strengthening the performance indicators in the planning documents, and connecting annual planning with annual budget policy. A budgeting course enhanced the budgeting capacity of civil society and the local media, including budget transparency and analysis. Local councils were trained in legislative budget oversight and budget policy formulation. Public service delivery training included the establishment of local government finance institutions and assistance in local economic development.

The ***regional and national program*** shared best practices among LG partners in budgeting and financial management, facilitated links between the financial management regulations, and introduced performance evaluation as the final step in performance-based budgeting.

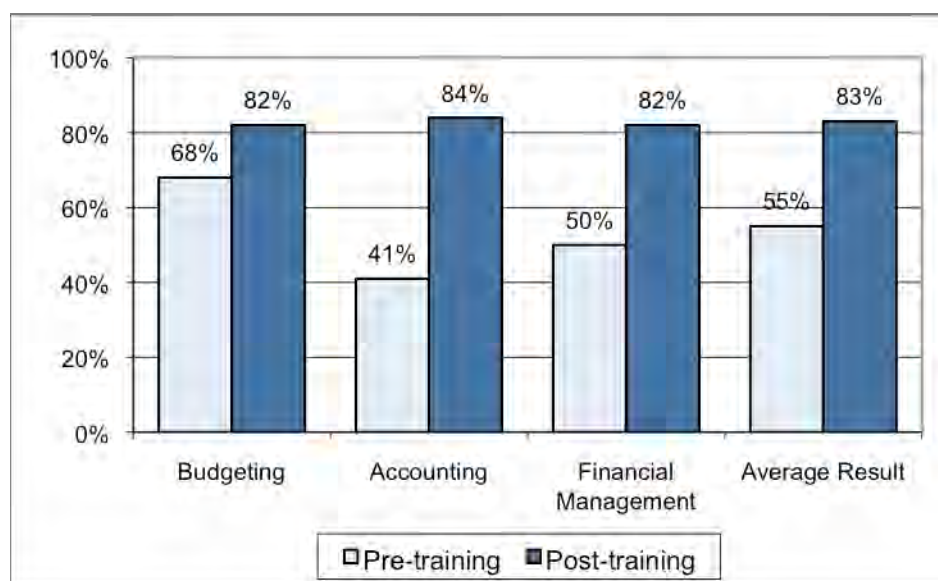
Overall Outcomes in Finance and Budgeting

Achievements in finance and budgeting as a result of the training and subsequent technical assistance, and the deliverables created by partner LGs, were measured using the PFM diagnostic tool in order to assess the changes in selected outcomes over the course of the project.

Training Output

As Figure 3.1 shows, finance and budgeting scores based on training results (pre- and post-tests on material covered) rose by 28 percentage points as a result of the LGSP program of training and technical assistance—from 55% before the training to 83% after the training.

Figure 3.1. Finance and budgeting pre/post-training test results, by topic



Source: Finance and Budgeting Data Bank, 2005–2009

Understanding of budgeting increased from 68% to 82% after the training, which included a budgeting overview, performance measurement, performance reporting, and performance evaluation. Accounting awareness and understanding increased from 41% to 84%, including government accounting standards, basic accounting, and accounting and financial reporting for local government sector departments (SKPD). In financial management, there was an increase in general understanding from 50% to 82%, with training on revenue management, internal audits, and asset management.

Product Deliverables

Tangible finance and budgeting products and outcomes in LGSP partner jurisdictions showed that participants not only understood the training topics, but also could apply their knowledge by successfully creating a budgeting product. Table 3.2 shows the local government deliverables resulting from the LGSP program of assistance in budgeting, accounting, and financial management, sorted by region and product.

Table 3.2. Number of completed deliverables, by region

Local government product/deliverable	Region						Total
	Aceh	North Sumatra	Central Java	East Java	South Sulawesi	West Papua	
Public Information and Involvement Plan (PIIP)	1		1				2
Budget calendar	6	6	9	6	8	3	38
Budget instruction to sector departments (RKA-SKPD)	5	8	9	8	9	4	43
Budget policy documents (KUA-PPAS)	4	6	9	8	8	3	38
Financial management regulation (P3KD)	5	7	7	6	7	2	34
Financial management decree	4	5	3	4	5	2	23
Accounting policy and procedures	3	5	4	5	5	2	24
Regulation on local taxes and fees	2		3	3			8
Performance reporting (LKPPD)	1	2	4	4	4	1	16
Local finance department or agency established (BPKD/DPKD)	4						4
Asset management regulation	5	3	3	3	3	1	18

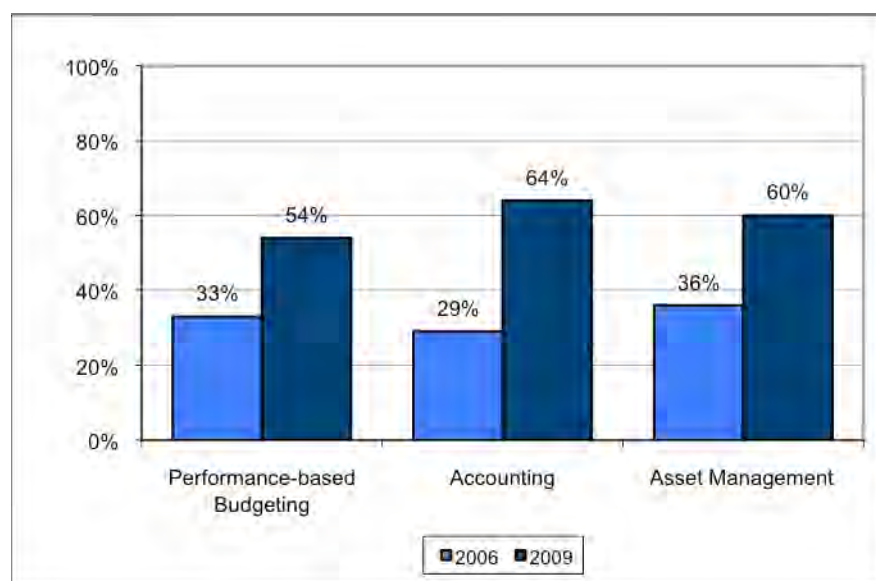
Source: Finance and Budgeting Data Bank, 2005–2009

Accomplishments

While Figure 3.1 shows capacity results based on tests taken immediately before and after each training, Figure 3.2, based on the PFM diagnostic tool readministered in 2009, indicates substantial capacity improvements in the areas of performance-based budgeting, accounting, and asset management in partner local governments, areas supported by LGSP training and technical assistance.⁸ These improvements were evidenced by the deliverables produced (Table 3.2).

As shown in Figure 3.2, the PFM score for performance-based budgeting improved from 33% to 54%, accounting improved from 29% to 64%, and asset management improved from 36% to 60%. A more detailed analysis of these results can be found in the sections that follow.

Figure 3.2. PFM diagnostic results by topic, for all regions, 2006 and 2009



Source: PFM diagnostic 2006 and 2009

Performance-Based Budgeting

While performance-based budgeting had been introduced in 1999, it was not formally implemented until the 2003 budget. By 2005, two-thirds of LGs were applying performance-based budgeting.

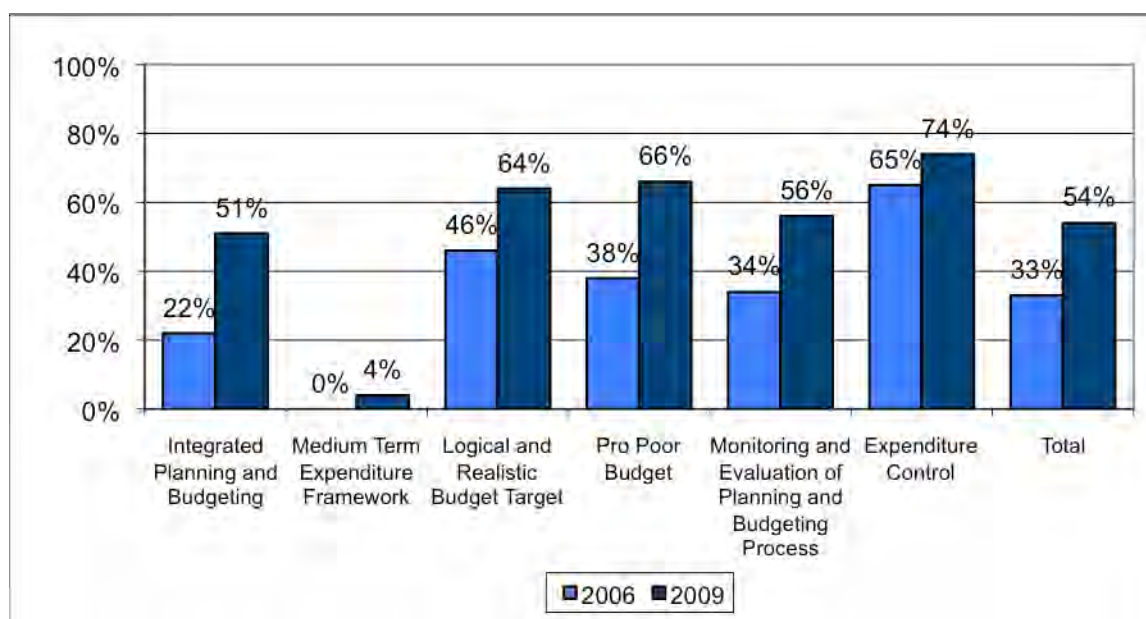
Regulatory Background

GR 105/1999 had indicated that the budgeting system for governments in Indonesia should be based on performance. Performance-based budgeting was formally implemented in the 2003 budget through MOHA Decree 29/2002. Through the BIGG program (2001 to 2005), USAID assisted LGs to prepare and implement performance-based budgeting. In 2005, nearly 70% of LGs in Indonesia had implemented performance-based budgeting by referring to Decree 29/2002. In 2006, MOHA updated the performance-based budgeting guidelines by issuing Regulation 13/2006. LGSP assisted partner jurisdictions in implementing the full performance-based budgeting process, from preparation through to execution, reporting, and evaluation.

Program of Assistance

LGSP prepared and delivered a series of budgeting assistance efforts to build the capacity of LGs in performance-based budgeting concepts, as well as their application and integration into planning and budgeting; budget preparation and adoption; budget execution; budget reporting; and evaluation. At the end of the program, substantial improvements were recorded by the PFM tool (see Figure 3.3).

Figure 3.3. Performance-based budgeting results by component, all regions, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

As shown in Figure 3.3, all budgeting indicators rose from 2006 to 2009, including overall budgeting capacity, which rose from 33% in 2006 to 54% in 2009 (ranked “good/fairly acceptable” using the PFM assessment tool). The changes in each component are described below.

Integrated Planning and Budgeting (Transparent and Participatory)

The success of performance-based budgeting depends on the quality of the indicators for specific programs and activities. Since these indicators come out of the planning process, good planning documents can lead to good budgeting documents. So integration of the planning and budgeting processes is the means to achieve good results in performance-based budgeting.

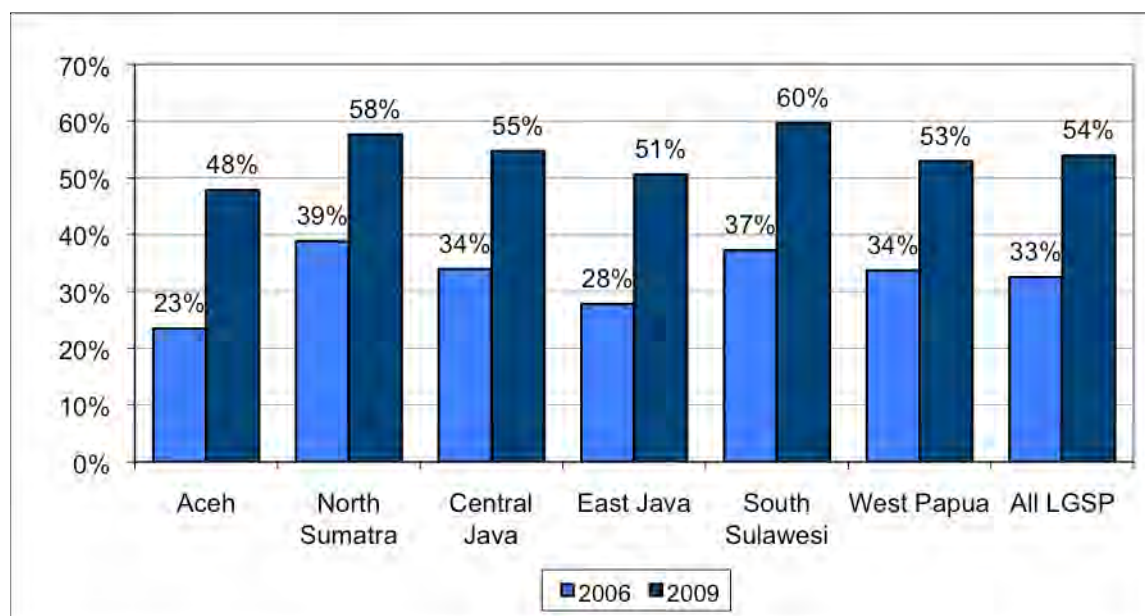
The assessment of integrated planning and budgeting used 17 indicators. There was a significant relative increase of 132% (from 22% to 51%) in integrated planning and budgeting outcomes over the course of the project. A gray area in the articulation between planning and budgeting is budget policy and ceilings (KUA-PPAS), and the key to this is the performance indicators used in planning and budgeting.

LGSP assisted LGs to prepare their planning documents using more appropriate and measurable performance indicators, particularly for their medium-term and annual plans. The medium-term expenditure framework (MTEF) was introduced to achieve realistic budget ceilings for planning document preparation. Technical assistance in how to prepare the budget framework documents (KUA-PPAS) was provided to the executive budget team and the legislative budget committee in 38 partner districts. Planning and budgeting clinics were used in all partner

regions to help LG sector departments make clearer connections between their annual plans and budget proposals.

In terms of regional variation, as Figure 3.4 illustrates, integrated planning and budgeting outcomes increased by the highest margin in Aceh, where they more than doubled from 23% to 48%, followed by East Java (80% increase). South Sulawesi achieved the highest overall score of 60%.

Figure 3.4. Integrated planning and budgeting outcomes, by region, 2006–2009



Source: LGSP PFM diagnostic, 2006 and 2009

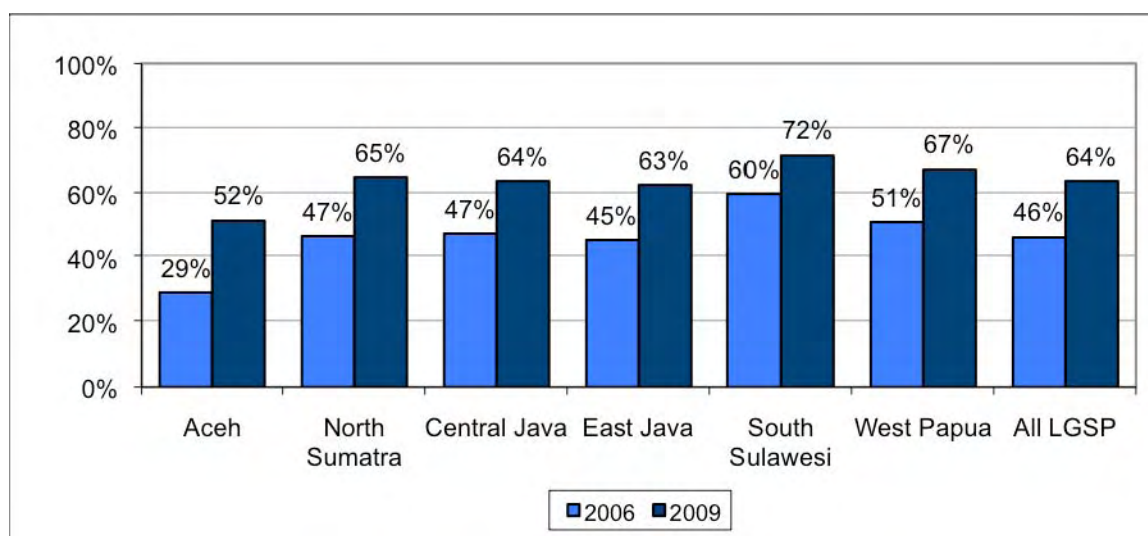
Medium-Term Expenditure Framework

As Figure 3.3 shows, MTEF outcomes barely increased during the project, only rising from 0% in 2006 to 4% in 2009. The indicators were the use of MTEF in the planning and budgeting cycle, and performance reporting in the annual accountability report from the local government. Only two districts (Karo in North Sumatra and the city of Malang in East Java) applied MTEF in their planning and budgeting.

Realistic and Logical Budget Targets

LGSP assisted partner governments to understand performance-based budgeting concepts, apply realistic performance measurement targets to their programs and activities, revise their budget preparation process in line with Regulation 13, adopt principles of regional finance management (P3KD), disseminate the planning and budgeting calendar, and ensure transparency and consistency in the planning and budgeting schedules. As a result of this technical assistance, the score for this component increased from 46% to 64%. Figure 3.5 shows the regional variation in this measure.

Figure 3.5. Results for logical and realistic budget target and process, by region, 2006 and 2009

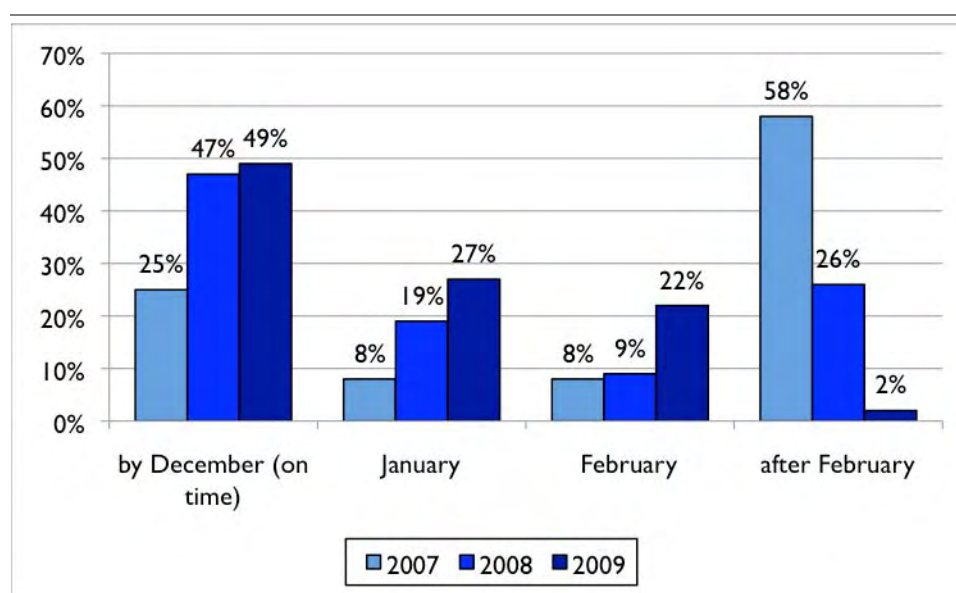


Source: LGSP PFM diagnostic, 2006 and 2009

While South Sulawesi had the highest score, the biggest increase was recorded in Aceh (29% to 52%), where political will was strongest and the baseline had been lowest.

The improved timeliness of budget approvals is illustrated in Figure 3.6, which indicates that the proportion of partner governments approving their budgets by the month of December, as regulated, increased from 25% in 2007 to 49% in 2009. Further, while 58% of LGs approved their 2007 budgets after February, in 2009 only 2% were this late.

Figure 3.6. Month of annual budget approval, all regions, 2007–2009

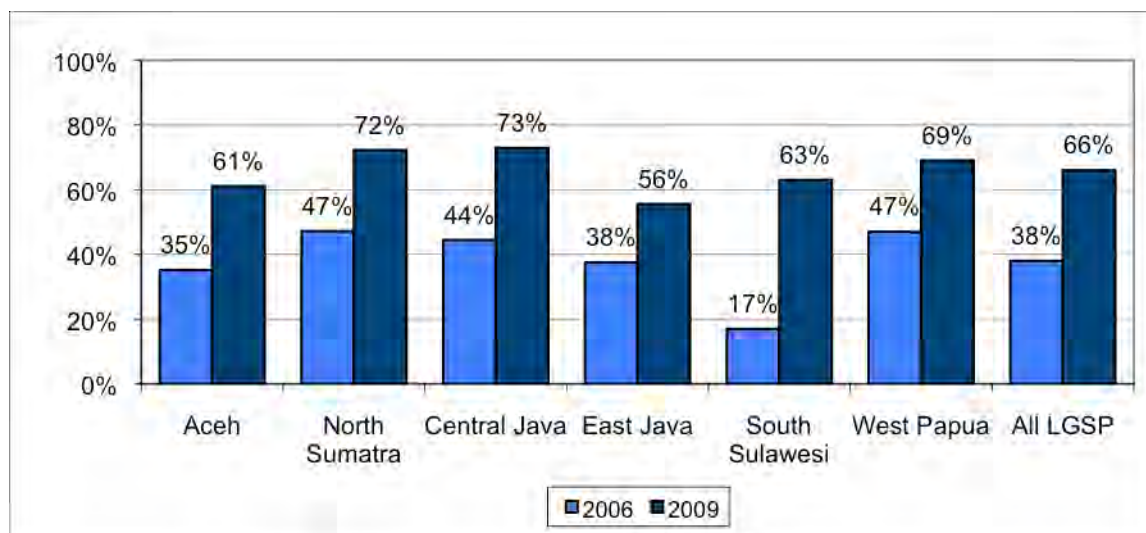


Source: Finance and Budgeting Data Bank, 2006–2009

Pro-Poor Budget

Pro-poor budget outcomes rose from 38% in 2006 to 66% in 2009—an increase of almost 74% (Figure 3.7). This outcome was a result of more effective integration of planning and budgeting, which led to budgets that conformed better with public aspirations, greater consistency in budget policy priorities, and clearer allocations to poverty alleviation programs. The indicators for this component were the LG data bank and model, and the budget allocation for poverty alleviation.

Figure 3.7. Pro-poor budget results, by region, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

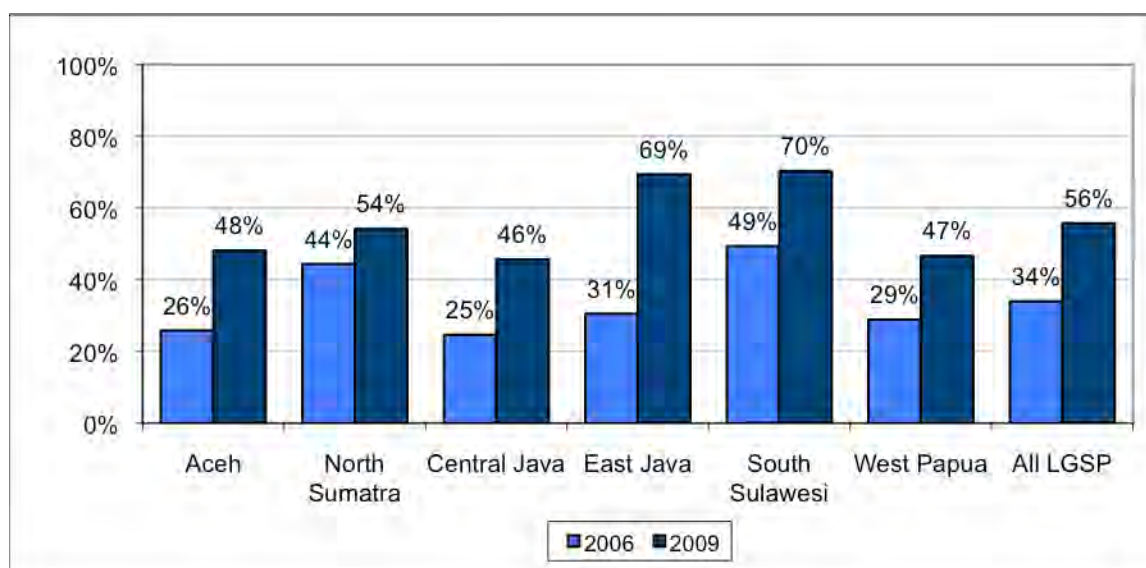
Regionally, the highest pro-poor budget outcome was found in Central Java (Kebumen, Boyolali, and Sukoharjo). The highest regional increase was in South Sulawesi (from 17% in 2006 to 63% in 2009). In 2008 and 2009, South Sulawesi districts (especially Gowa, Parepare, and Palopo) integrated poverty alleviation into their education, health care, and local economic development programs. The province also introduced a free education program.

Budget Monitoring and Expenditure Control

The outcome for monitoring and evaluation of the planning and budgeting process increased from 34% in 2006 to 56% in 2009 (Figure 3.8), suggesting improved transparency in the planning and budgeting process and greater accountability of the indicators and targets set during implementation.

The highest increase was experienced in East Java, whose score rose from 31% to 69%. A key factor in this increase was the feedback given to the public on the budgeting process using the Public Information and Involvement Plan,⁹ especially in Probolinggo, Mojokerto, and the city of Kediri. This also happened in the city of Banda Aceh, in Boyolali and Kebumen in Central Java, and in Parepare, Gowa and Enrekang in South Sulawesi.

Figure 3.8. Budget monitoring and evaluation results, by region, 2006 and 2009

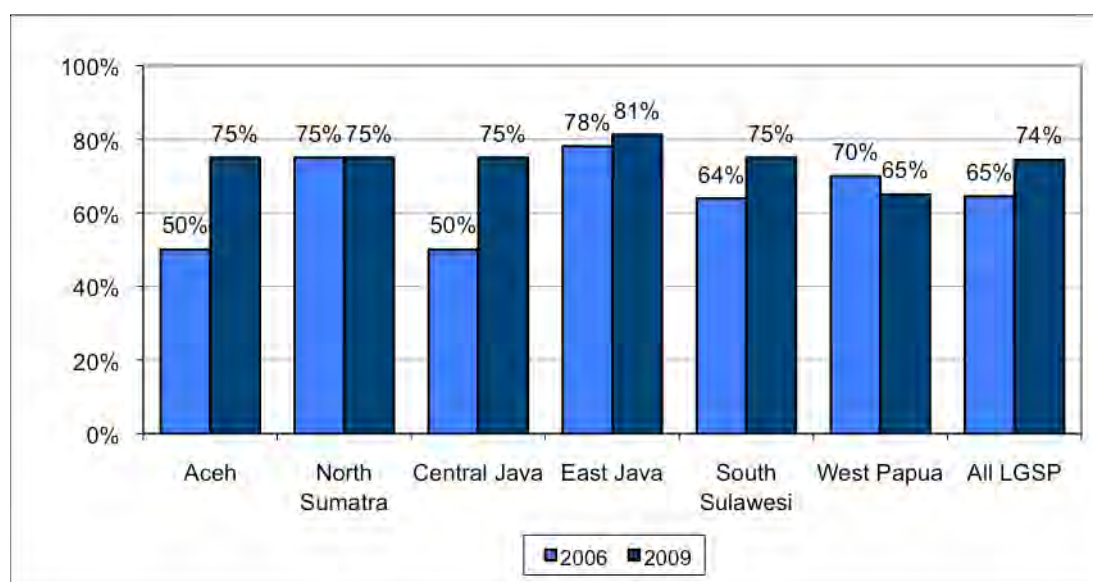


Source: LGSP PFM diagnostic, 2006 and 2009

Expenditure Control

Expenditure control outcomes increased from 65% in 2006 into 74% in 2009 (Figure 3.9), reflecting improved LG capacity to administer their budgets and avoid leakages and other inefficiencies. They were also better able to manage their budgeted expenditures. With LGSP facilitation, most LGs understood and became more prudent in administering their budgets, in terms of both revenues and expenditures. In tandem with the accounting process, budget administration became easier and the LGs became more accountable, which was needed by the district to achieve a satisfactory external audit result.

Figure 3.9. Expenditure control outcomes, by region, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

Regionally, the greatest improvement in expenditure control was in Aceh, whose score rose from 50% to 75%. After receiving a disclaimer from the auditor in 2007, the city of Banda Aceh achieved a qualified opinion (WDP) in 2008 and an unqualified opinion (WTP) in 2009, when it was recognized as having one of the top seven district financial reports in Indonesia.¹⁰

Summary of Local Government Achievements in Performance-Based Budgeting

All six key performance-based budgeting outcomes increased over the course of the project, with substantial regional variation. The outcomes in budget implementation (monitoring and control) were particularly impressive, and there was a significant improvement in the integrated planning and budgeting process. However, the database and planning process remained weak (especially the medium-term expenditure framework), as did the performance indicators for the planning process, which affected budgeting.

Empowerment of Local Councils, Civil Society and Media in Budgeting

Joint programs served to strengthen demand-side stakeholders with respect to LG budgeting performance, and directly or indirectly supported improved budgeting outcomes by empowering local stakeholders. Table 3.3 lists these joint programs and their results.

Table 3.3. Number of joint programs and results, 2007–2009

<i>Joint program with...</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>Results</i>
Planning	23	37	8	Measurable planning documents, KUA-PPAS, integrated planning and budgeting clinics
Local council	26	20	—	Legislative budget oversight, KUA-PPAS
Civil society	30	9	4	Budget transparency, budget advocacy, budget tracking for CSOs
Media	5	0	0	Local government budgeting for local media
Management systems	12	7	1	Local finance institute (BPKKD) establishment, asset management, revenue management

Source: Finance and Budgeting Data Bank, 2005–2009

For integrated planning and budgeting, a joint program on planning document preparation endeavored to ensure that the performance indicators and expected expenditures were made available for the budgeting process. The planning and budgeting calendar and budget policy formulation were also the subject of joint programs in all partner regions. There were specific programs on budgeting and budget oversight for local councils, and a program of technical assistance for the DPRD budget committee. Budgeting for civil society included budget transparency using the PIIP and budget analysis, including pro-poor and gender analysis—especially in East Java and South Sulawesi. There was also a course on local budgets for the media.

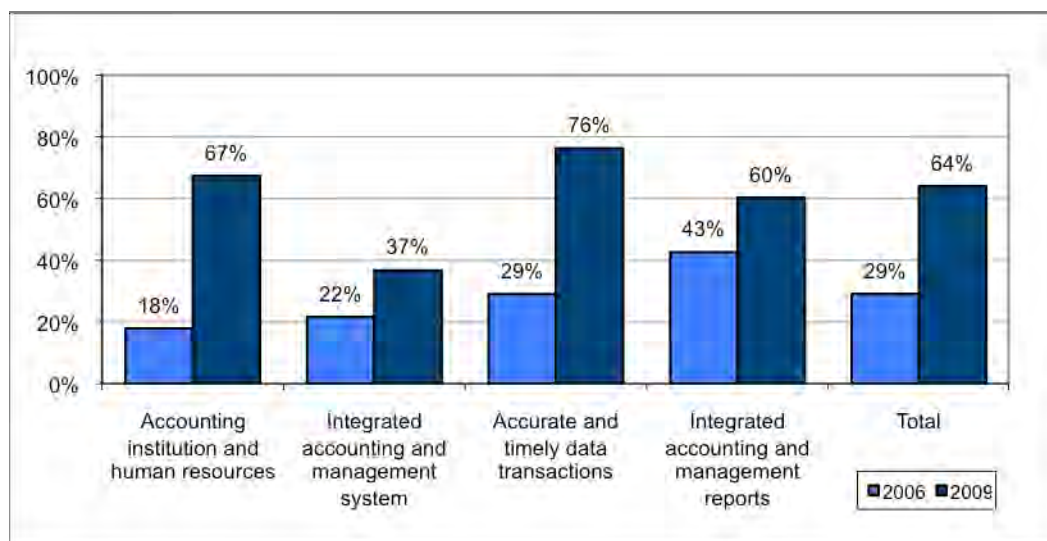
Accounting and Reporting

Local government accounting changed in 2002 after Decree 29/2002 was issued to confirm that the accounting system would shift to double-entry bookkeeping. GR 24/2006 on government accounting standards formalized the change, and asked local governments to decentralize accounting from the finance department to the individual sector departments (SKPD). LG partners thus required substantial assistance in order to strengthen their accounting capacity and implement the new accounting procedures.

The 2009 PFM diagnostic highlighted improvements in the accounting institution, human resources, backup policy, accuracy, and timeliness in recording transactions and reporting, and the use of accounting reports for management decisions.

As Figure 3.10 shows, all accounting outcomes improved. The overall accounting capacity of LG partners more than doubled in relative terms, from 29% to 64%. Accounting training and technical assistance for all sector department (SKPD) staff enhanced their ability to handle the accounting process, from data recording to preparing financial reports. This helped to accelerate the decentralization of the accounting process to the SKPD level. The highest increase was in accounting institution and human resources capacity, while the lowest was in integrated accounting and management.

Figure 3.10. Accounting results, by component, 2006 and 2009

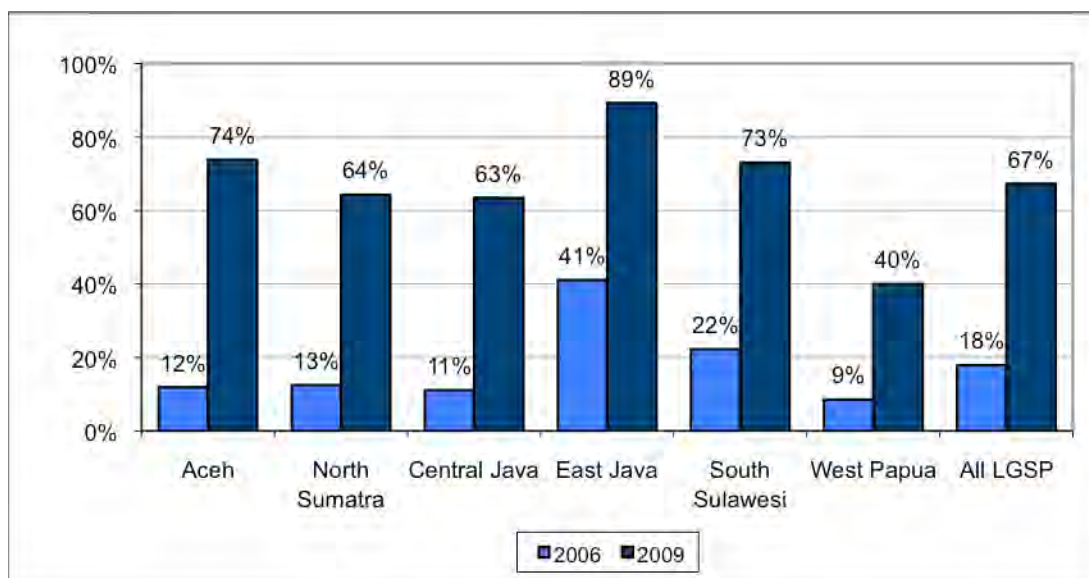


Source: PFM diagnostic, 2006 and 2009

Accounting Institution and Human Resources

The accounting institution and human resources indicator improved by a factor of almost four, from 18% to 67%, i.e., from “poor” to “very good” (Figure 3.11).

Figure 3.11. Accounting institution and human resource results, by region, 2006 and 2009



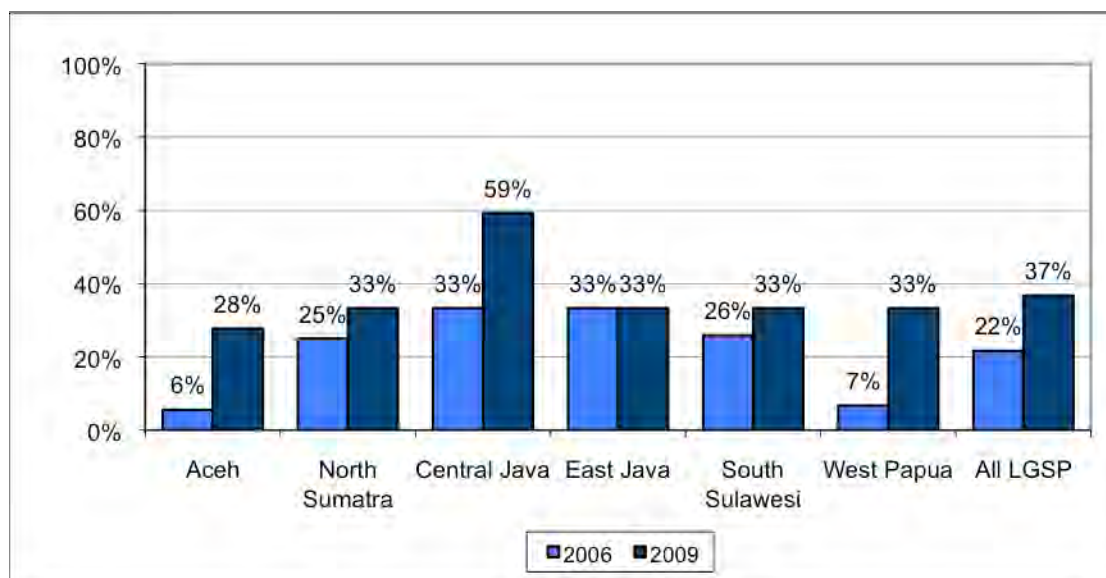
Source: PFM diagnostic, 2006 and 2009

East Java was the highest scoring region with 89%, while Aceh experienced the biggest increase (from 12% to 74%). In Aceh, local finance units (BPKKD) were established in five districts.¹¹ The human resource capacity of accounting staff was raised to a level where at least 70% of SKPD staff could handle the full accounting process. Accounting clinics were established in all regions to support these staff.

Integrated Accounting and Management Information System

Integrated accounting and management information system outcomes almost doubled, rising from 22% to 37% (Figure 3.12). LGSP offered LGs technical assistance in creating accounting reports that could be incorporated in the management information system.

Figure 3.12. Accounting and management information system results, by region, 2006 and 2009



Source: PFM diagnostic, 2006 and 2009

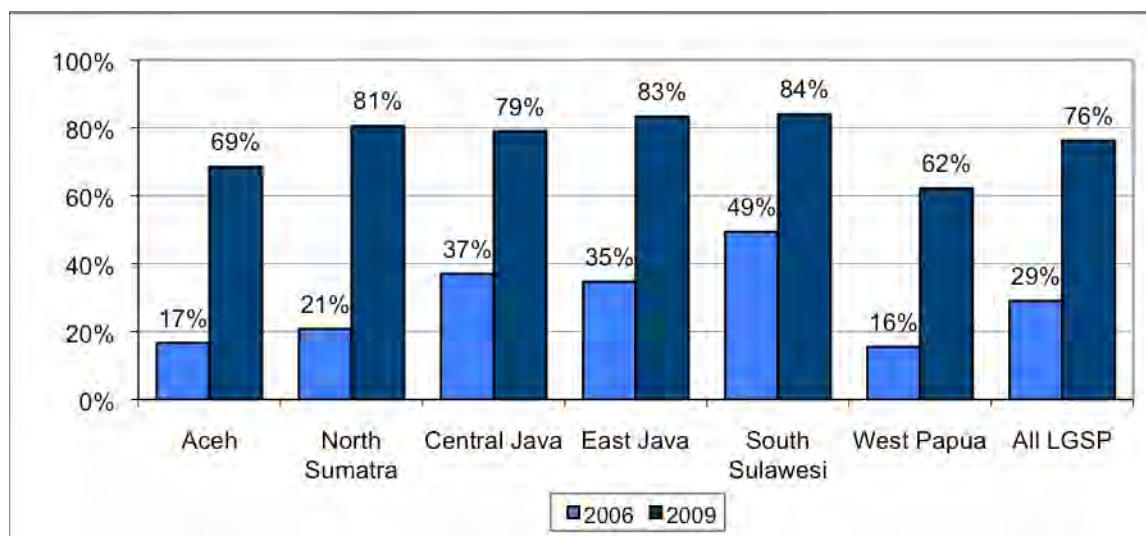
LGSP trained staff in accounting concepts and mechanisms so that they could become systems analysts who understood the procedures and mechanisms of the accounting system. This helped to accelerate the integration of the accounting and management systems in LG partners in Aceh, North Sumatra, South Sulawesi, and West Papua.¹²

Accurate and Timely Transaction Recording

The performance of the accurate and timely transaction recording outcome more than doubled, rising from 29% to 76% during the program. Technical assistance and accounting clinics helped accounting staff become more accurate in recording journal entries and better able to verify accounting transaction records.

Regional variations are shown in Figure 3.13. After intensive technical assistance in North Sumatra, this region achieved the highest increase, rising from 21% to 81%.

Figure 3.13. Accurate and timely transaction recording results, by region, 2006 and 2009



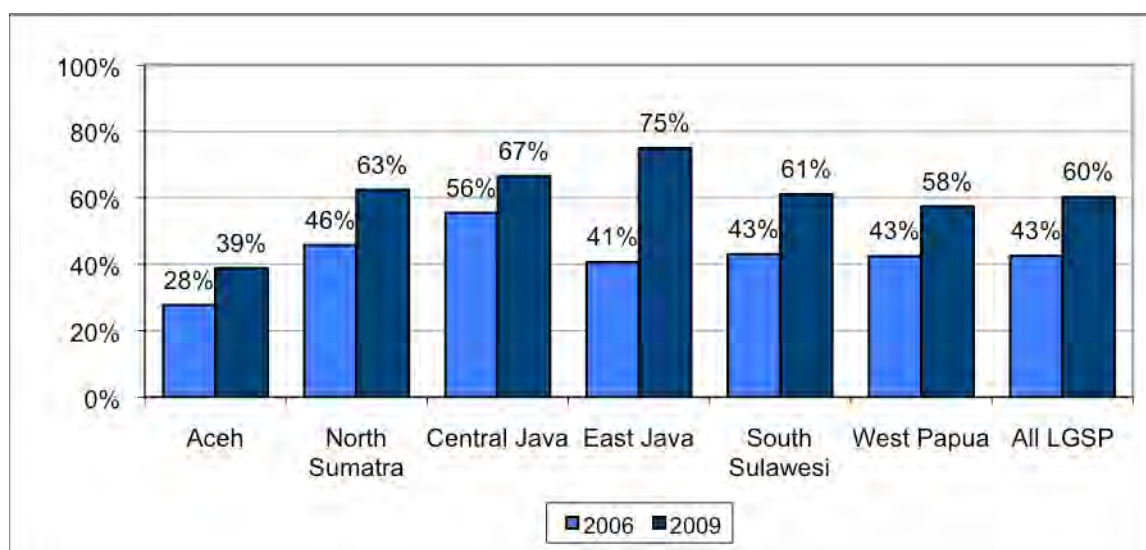
Source: PFM diagnostic, 2006 and 2009

The accuracy and timeliness of transaction recording is evaluated by the National Audit Board (BPK) before it issues its opinion on LG financial reports. LGSP developed simple accounting software to make it easier for local governments to process and report accounting transactions.

Good Accounting and Management Reporting

This outcome increased from 43% to 60% in partner jurisdictions. The basic indicator was the financial reporting capacity of SKPD, as reflected in complete and accurate reports for review and feedback by LG managers. East Java scored highest among partner regions (75%) and also showed the largest improvement, from a starting point of only 41% (Figure 3.14).

Figure 3.14. Accounting and management reporting results by region, 2006 and 2009



Source: PFM diagnostic, 2006 and 2009

Summary of Accounting and Reporting

Overall, the accounting and reporting process in LG partners progressed well during the project. The success in the training of LG staff (especially SKPD staff) and the establishment of accounting clinics enhanced LG capacity to perform the accounting process, from bookkeeping to financial reporting.

Financial Management

Financial management capacity building was delivered to selected LG partners based on the results of the initial assessment. Components included revenue management, internal audits, and asset management.

Revenue management training was delivered to nine selected districts in Aceh, Central Java, and East Java. Eight of these districts¹³ revised their regulations on local taxes and fees (as reported in Table 3.2 above).

Training on **internal auditing** was only provided to the local government of Karo in North Sumatra, which wanted to revitalize its internal audit unit. No other district partners expressed interest.

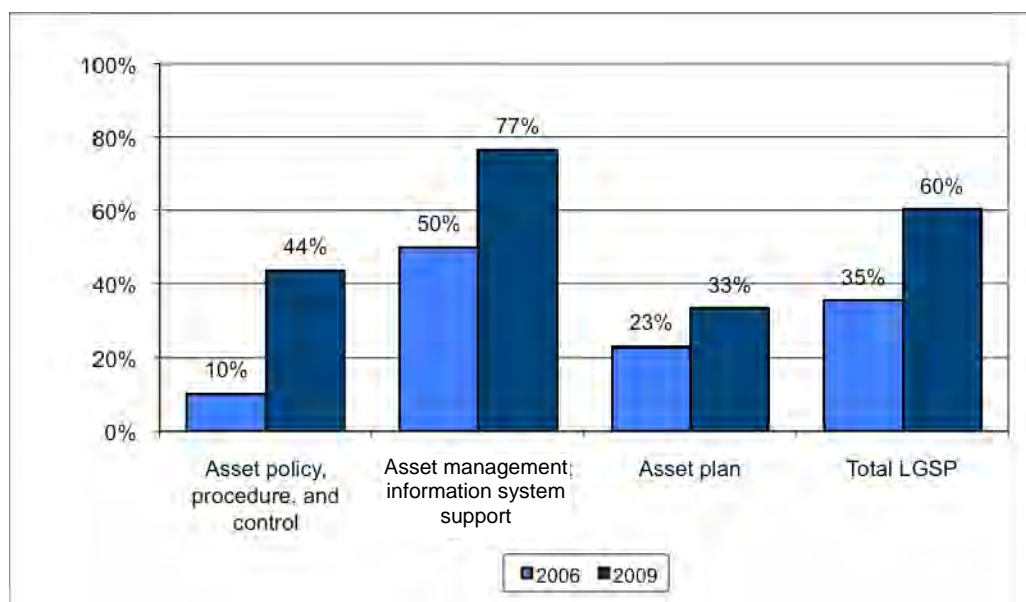
Asset Management

An **asset management**¹⁴ program was implemented in 17 districts from all partner regions. Basic asset management covered the asset management process from planning to evaluation.

This was followed by asset management planning, which aimed to optimize the use of locally owned assets to obtain local revenues. All 17 districts produced their own asset reports, and 15 issued a local regulation on asset management.¹⁵

As Figure 3.15 shows, asset management outcomes increased from 35% to 60% during the program. There were three main outcomes: asset management policies, procedures, and controls; asset management information system support; and asset management planning.

Figure 3.15. Asset management results by topic, 2006 and 2009 (all regions)



Source: LGSP PFM diagnostic, 2006 and 2009

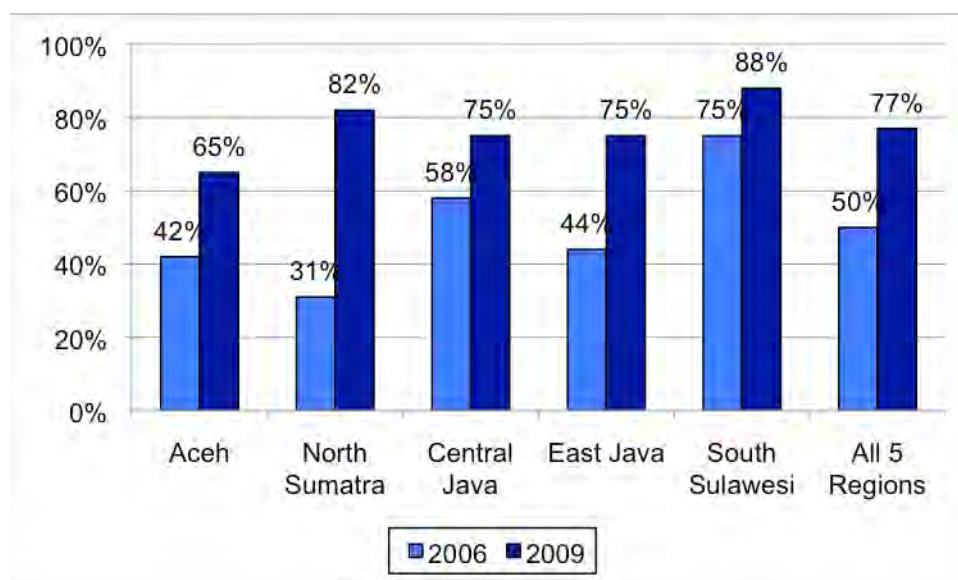
Asset Management Policies, Procedures, and Controls

Asset management policy, procedure and control outcomes rose from 10% to 44% following LGSP assistance in formulating local regulations on asset management formulation and undertaking inventories.

Asset Management Information System Support

The asset management information system support outcomes rose from 50% to 77% (see Figure 3.16). Most LGs were already using *Simbada* (a local asset information system provided by MOHA), but had never updated their asset data or administration. Following LGSP assistance, all sector departments reappraised and then administered their assets more effectively. Regionally, the highest outcome was achieved by South Sulawesi, with a score of 88%. The biggest increase was in North Sumatra, which rose from 31% to 82%.

Figure 3.16. Asset management information system support results in five partner regions, 2006 and 2009

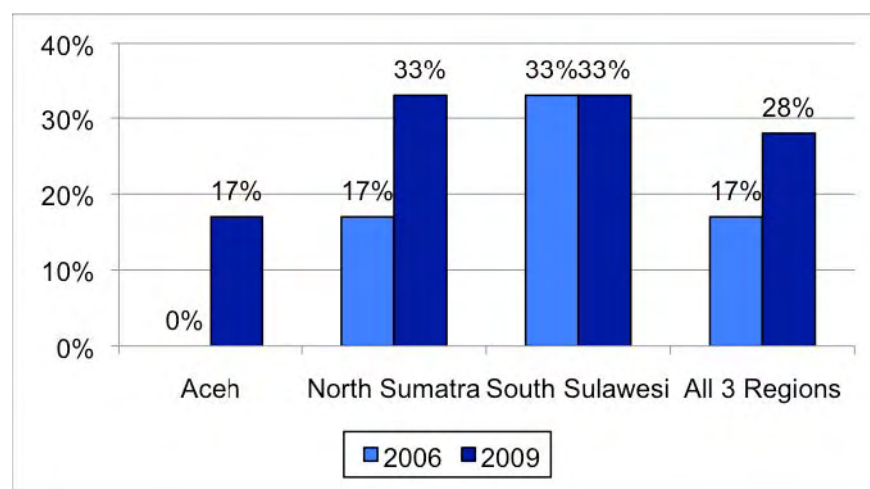


Source: LGSP PFM diagnostic, 2006 and 2009

Asset Management Plan

Asset management planning was introduced by LGSP to make a connection between medium-term plans for asset procurement and the LG's planned level of services. This new concept was intended to create efficient and effective asset management at the SKPD level. However, although asset management planning performance improved in two of the three regions (Figure 3.17) in which it was implemented, overall performance levels remained a modest 28% on average—considered moderate or partially acceptable. Most district governments were simply unable to effectively estimate their future asset needs and service levels.

Figure 3.17. Asset management planning outcomes in three regions, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

Institutionalizing Improvements in Finance and Budgeting

LGSP coordinated and facilitated between local government partners and the Government of Indonesia in order to institutionalize improvements in finance and budgeting. In database development, Financial Trends and Fiscal Indicators (FTFI) were introduced. LGSP helped to clear up regulatory and institutional conflicts concerning local government responsibilities.¹⁶ LGSP also facilitated the sharing of best practices among LG partners.

Introduction of FTFI as a Database for Decision-Making

LGSP developed the FTFI system as a policy and budgeting information tool that was based on an analysis of trends in financial and socioeconomic indicators for particular jurisdictions. The resource enabled local officials to identify emerging problems and formulate policy responses to rectify them. The system also incorporated indicators relating to local government creditworthiness that were used by international credit rating agencies.

LGSP successfully piloted FTFI with six local government partners across six provinces, and discussed developing FTFI further with seven universities and two LG associates. FTFI assistance ended in 2007 when the Decentralization Support Facility assumed responsibility for it under the Multi Donor Fund.

Synchronization Between Regulation 13/2006 and GR 24/2006

In implementing performance-based budgeting and financial reporting, partner governments were confused by the conflicting provisions on financial reporting issued by MOHA and the Ministry of Finance, specifically MOHA Regulation 13/2006 on budget preparation, administration and reporting; and GR 24/2006 on Government Accounting Standards. LGSP facilitated resolution of this issue among MOHA, the Ministry of Finance, local governments, and other observers at a workshop in Jakarta in May 2007, which was followed by a policy brief on financial management reform.¹⁷

Best Practices in Finance and Budgeting

LGSP facilitated three regional conferences for local governments to share their experiences in implementing LGSP programs in budgeting and financial management. These conferences took place in Aceh for North Sumatra and Aceh provinces, in Surabaya for Central Java and East Java, and in Makassar for South Sulawesi and West Papua. This sharing of experiences led to benchmarking between LGs, good practices for replication, and comparative studies between districts and regions.¹⁸

Early Studies on Performance Evaluation

In developing the performance evaluation module, LGSP facilitated a performance evaluation workshop in Surabaya at which MOHA, Ministry of Finance, *Bappenas*, and BPK (representing the national government) shared their strategies and policies, while West Sumatra province and

Probolinggo district were invited to share their experiences in performance reporting. It was found that performance reporting (the basis for performance evaluation) required that local governments prepare over 10 different reports.

At a second performance evaluation workshop held in July 2009, local governments (again represented by West Sumatra province and Probolinggo district) presented their experience in preparing performance reports (LKPPD) using the Key Performance Indicators issued under GR 6/2008 to the national government's internal audit agency (BPKP), BPK, and MOHA, which reported on their evaluations of LG performance reports. At the workshop, MOHA advised that it would be flexible as to which key performance indicators were still required, and which may be optional given the difficulty LGs would have in establishing them as part of their performance reporting.

Regional Variation

While data presented earlier in this chapter show variations by region for specific areas of budgeting and financial management, this section describes some of the overall variations between regions in the major areas in which LGSP provided assistance, and explores some of the general and content-specific factors which influenced performance.

General Factors

Political will

In terms of delivering the finance and budgeting work plan in regions, the political will of senior management was the key to the success of the program. In general, the political will of LG partners was good, since the program directly assisted them in their work and they found that LGSP assistance improved their performance. But there were two aspects that affected LG political will. The first was *project orientation*, and the second was *(un)willingness to embrace transparency and participation*.

In West Java, LGs already used local consultants for their budgeting, so they did not need LGSP assistance with their budgeting. In East Java, especially Madiun, the LG had engaged auditors from BPKP for the planning, budgeting, and accounting processes. Consequently, there was no finance and budgeting program in Madiun for the executive. Likewise, West Papua districts had also engaged BPKP auditors.

Reluctance to be transparent and participatory related to the publication of the budget calendar and the PIIP. Some of the LGs that issued a budget calendar for planning and budgeting preferred to keep it an internal document. This was the case in North Sumatra (Karo and Binjai), East Java (Madiun and Malang), and West Papua (city of Sorong and Manokwari).

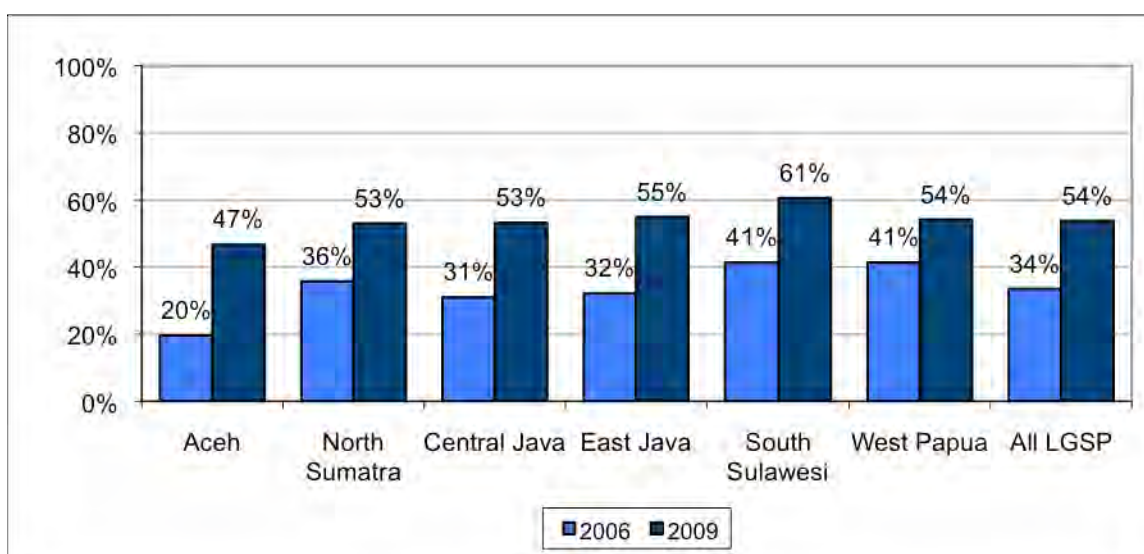
Level of participation in training and technical assistance

There were two training models: one for senior management and the other for operational staff. Training for managers included performance-based budgeting overview, government accounting standards, performance reporting, and performance evaluation. LGSP found strong commitment in Aceh, West Sumatra, Central Java, and South Sulawesi. In contrast, weaker commitment in North Sumatra, East Java, and West Papua led LG managers there to send more junior staff to the management training courses. Meanwhile, training for operational staff was generally attended by the appropriate staff in all regions.

Variation in Budgeting

In budgeting, the average achievement in 2009 was 54% (see Figure 3.18), with regions scoring from 47% to 61%.

Figure 3.18. Planning and budgeting by region, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

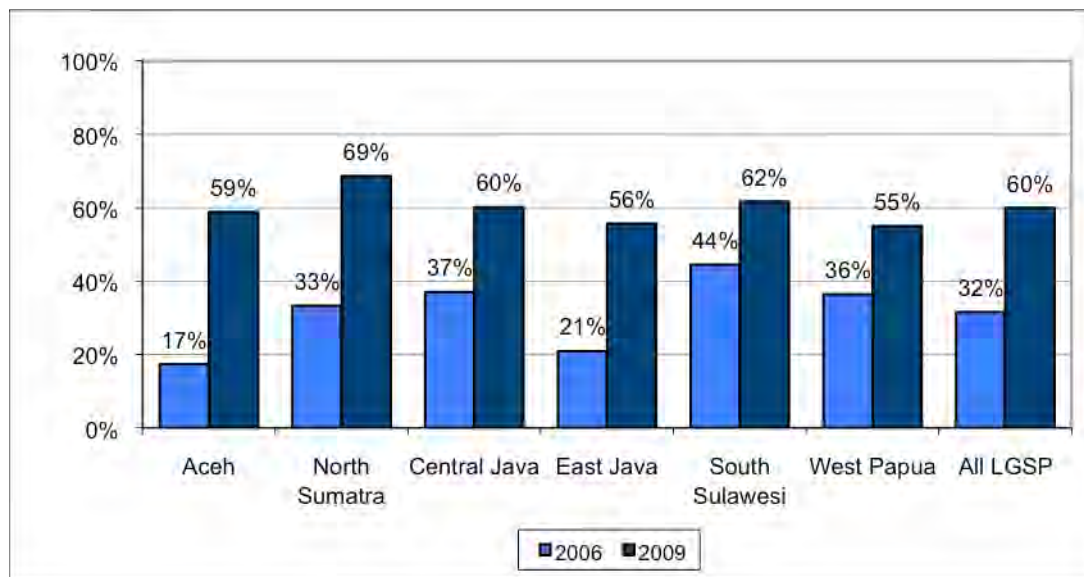
Although Aceh had the lowest score in 2009, it also had the largest increase (from 20% in 2006 to 47% in 2009)—more than doubling its performance in all planning and budgeting outcomes. Following Aceh, Central Java and East Java showed the greatest improvement, performing well in most budgeting outcomes except for MTEF. West Papua had the lowest increase (from 41% to 54%), but the figures are somewhat misleading since this high starting point did not reflect LG staff capacity, as most planning and budgeting work was (and still is) handled by consultants. North Sumatra showed a moderate improvement in pro-poor budgeting, monitoring, and evaluation, but was stagnant in budget expenditure control.

Variation in Accounting

The average result in accounting was 60% (see Figure 3.19). North Sumatra was the highest achiever in accounting in 2009, supported by better human resources, especially the capacity of

its accounting staff. But the largest increase was in Aceh, whose score increased from 17% in 2006 to 59% in 2009. Aceh staff underwent intensive training, the LGs learned from one another, and they improved their accounting systems.

Figure 3.19. Accounting and reporting results, by region, 2006 and 2009



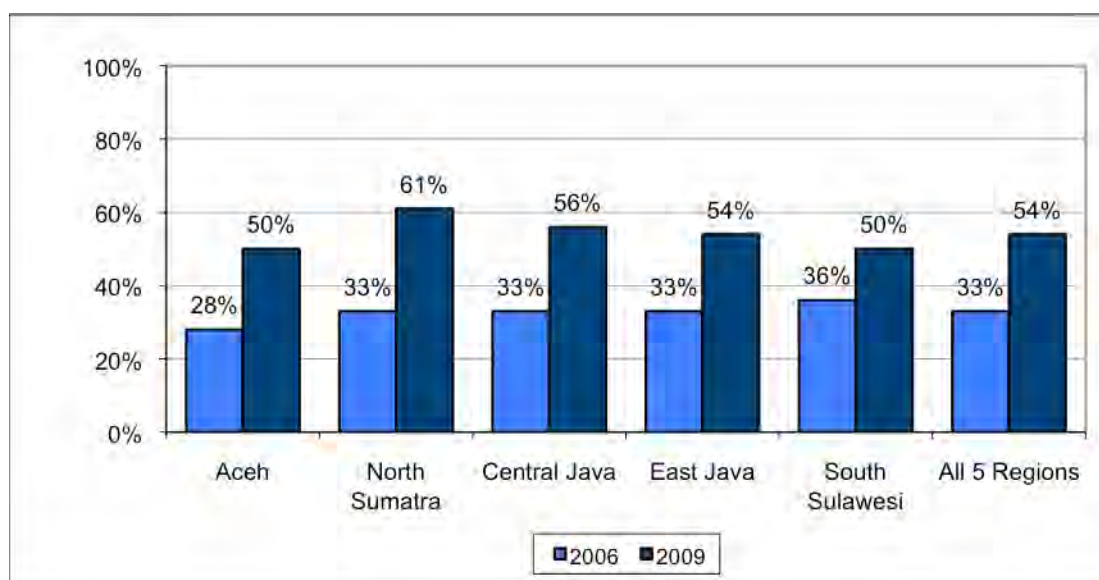
Source: LGSP PFM diagnostic, 2006 and 2009

Variations in Asset Management

Asset management was developed and introduced at the end of 2007 by LGSP, and training and technical assistance began in 2008. The results became apparent in the regions in 2009.

However, in West Papua, which only began asset management training in 2009, no results could be claimed before the project ended. Consequently, this region is excluded from Figure 3.20.

Figure 3.20. Asset management results by region for five regions, 2006 and 2009



Source: LGSP PFM diagnostic, 2006 and 2009

North Sumatra, where the first intensive technical assistance in asset management was held, again scored highest in asset management outcomes, followed by Central Java, which hosted the first asset management training course. East Java developed a solid asset management information system as a result of asset management training in administration and inventorying.

Sustainability Prospects

To help ensure sustainability of the program, LGSP targeted support for service providers, LG core technical teams, and budgeting and accounting clinics.

Development of Service Providers

LGSP selected service providers from local universities who were capable of delivering finance and budgeting training and technical assistance. Thirty-four service providers from 10 local universities were trained in the finance and budgeting modules, and 25 of them went on to deliver training and technical assistance to both partner and nonpartner local governments using LGSP materials. At the end of LGSP, the finance and budgeting specialists also became potential service providers to LGs.

During the program, a number of these service providers were contracted by both partner and nonpartner LGs to enhance local governments' capacity in finance and budgeting, and were able to develop the LGSP training materials further. On the demand side, LG partners continued to need assistance in finance and budgeting. LGSP facilitated open networking between service providers and local governments by drawing up a list of the assistance needed by LGs and sharing it with service providers, and by sharing service provider profiles with LGs.

LG Technical Team Establishment

The finance and budgeting program ended with training for **LG core teams** (LG managers and staff who had already received and applied the finance and budgeting materials) as trainers who could maintain and continue to use LGSP training materials for their own career development. This core team included the finance unit and planning team, internal auditors, and technical staff. The team was formalized by a decree from the local government head.

Budgeting and Accounting Clinics

Budgeting and accounting clinics were established in most districts in all partner regions. These clinics had an agenda, modules, procedures, and mechanisms for budgeting and accounting, and were run by the LG core technical team and local service providers. Most were—and remain—active in budget consultation, preparation of budget proposals, setting targets and indicators, accounting, and financial reporting for SKPD.

Lessons Learned and Recommendations

This section presents the finance and budgeting lessons learned from the project and some recommendations for the Government of Indonesia and donors to consider for future programs.

Lessons Learned

Some finance and budgeting capacity-building programs and activities worked well, while others did not work so well. They are summarized below.

What worked well

- When local government budgeting deliverables were formalized, the budgeting outcomes became evidence in assessing local government program performance.
- The planning and budgeting clinic was a good model for connecting and maintaining the linkages between medium-term and annual planning and budgeting proposals, at both the LG and sectoral (SKPD) levels.
- Despite the local council members having minimal capacity in financial management—it took them at least two years to become comfortable with budgeting—DPRD members did become aware of their budgeting function.
- DPRD members preferred not to attend “training courses.” Workshops and conferences were used as an alternative method for giving essentially the same training.

- Budget training for the media proved to be a useful way to promote budget transparency and accountability. Although the LGSP media component was phased out in year 3, local media professionals continued to be involved in budget training.
- The shift from single-entry to double-entry bookkeeping in local government accounting meant that standard accounting software was no longer sufficient. LG staff could no longer simply input data without having any accounting skills. The training in accounting for management and staff allowed them to successfully bridge this knowledge gap and improve the quality and speed of financial reporting.
- FTFI proved to be a good program to help local governments use their medium-term database of financial and fiscal information to uncover trends that would require action during the next couple of years, using a simple spreadsheet.
- Setting fees and charges for local government services is complex and involves sophisticated formulas. Experts were needed to explain to local government staff how to determine the fees to be charged. But once they could do that, it became easy to justify the charges.
- Asset management was a key part of the external audits of LG financial reporting. While previously LGs had relied on appraisers to inventory their assets at high cost and with no transfer of knowledge, the asset management program involved a high degree of knowledge transfer. Moreover, asset management complemented the accounting process by adding fixed assets to the balance sheet.

What did not work so well

- Local governments generally did not fully understand the concept of performance-based budgeting. At the project's end, the higher levels of management were still not aware of the purpose of budgeting and its role in the management cycle (i.e., planning, budgeting, administration, monitoring, reporting, and evaluation). Operational staff did try to comply with the regulations and to follow the prescribed budgeting format, but without appreciating their main task and function. Political will is needed if performance-based budgeting eventually is to be implemented at the local government level.
- Because the concept of performance reporting and evaluation was still under construction at the central government level, performance-based budgeting could have used further support there as well.
- The database was a key concern in developing good performance indicators. Most local governments were still weak at collecting the data for their indicators at the end of the project, and secondary data sources typically were out of date.
- The lack of performance indicators in planning documents made it harder for LG budgeting teams to prepare budget policies and proposals.
- While most local governments were becoming more transparent in budget formulation, as of late 2009 their doors were still firmly closed when it came to the budget ceiling

process. They do not think CSOs need to be involved in this process. At the same time, CSOs generally do not yet have the standing or capacity to become LG partners in this area.

- LGs faced difficulties preparing their financial reports and facing the external auditors (BPK). This problem will continue unless the government accounting standards are adapted as an accounting policy issued by the LG head.
- Whenever key accounting staff who had been trained by LGSP were shifted or promoted, their former sector department had to start over in learning budgeting and accounting methods and processes.
- Throughout the course of LGSP, the internal audit units of local governments never operated optimally. They often consisted of cast-off staff with limited capacity to monitor and evaluate LG programs and activities. Only an LG with strong political will could manage to develop its internal audit unit before being audited by BPK. LGs preferred to hire BPKP auditors rather than build their own capacity.

Recommendations

Through LGSP's customized training modules and models (participatory with practical exercises) followed by technical assistance and the creation of deliverables, local governments felt they had a full range of capacity development to enable them to carry out their core tasks and functions, and were able to be responsive in service delivery to the public.

The lessons that have been learned from the program give rise to a number of recommendations for improving and maintaining good governance in local governments in Indonesia. They are directed to the Government of Indonesia, which may request support from donors to implement them.

- The central government should make a point of giving the LG head and all sector department (SKPD) heads an overview of performance-based budgeting to build buy-in and some familiarity with the goals and processes.
- Local governments should continue to collaborate with MOHA to develop their performance reporting and performance evaluation capacity.
- The central government should prepare and maintain a database of performance indicators, referring particularly to the key performance indicators in GR 6/2008. The database also should encompass local indicators that are based on local capacity, which are needed from the planning process onward.
- Local governments should develop medium-term expenditure frameworks to match the medium-term plan.
- The appropriate directorate(s) of MOHA, with external assistance as needed, should offer training in budgeting to all newly elected DPRD members and to the local media.

- MOHA, with donor support as needed, should train local governments and supply technical assistance in asset management, to ensure the accuracy of balance sheet reporting.
- Because of the delays and other disadvantages of cash-based accounting, all levels of Indonesian government should begin preparing for a change in government accounting standards from the modified cash basis to a full accrual basis.
- Because assessment of financial trends and indicators (FTFI) requires a broader perspective than is possible from within any given locality, MOHA should regularly develop FTFI information and make it available to LG decision-makers.
- LG internal audit units (*Bawasda*) should receive training on internal audits as a preventive step in budget implementation and reporting.
- Local governments should begin preparing and maintaining plans for medium-term asset management, in line with the desired level of LG services.

Endnotes to Chapter 3

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- ¹ Law 22/1999 on local government autonomy and Law 25/1999 on financial sharing between national and local government funding, followed by Government Regulation 105/2000 on local government financial management, which announced performance-based budgeting as the new budgeting system for Indonesia.
- ² The regulation mandates that the budget approved by the DPRD shall be specific down to the activity level and “shall give details of functions, government affairs, organizations, programs, activities, types, objects, and details of expenditure objects” (Article 23 (2)).
- ³ Under Decree 29, the accountability hierarchy was clear, while under Regulation 13 this authority is unclear, with no regulations related to internal control having been issued.
- ⁴ Examples of the confusion in the way transactions were treated differently between Regulation 13 and GR 24 include the classification of certain types of income, recording of asset acquisition costs, treatment of short-term investments, and refunds from overpaid taxes and fees. The various financial reports required by GR 24 do not follow the budget structure defined in Regulation 13. As a result, some local government heads did not issue the mandatory accounting policy, further complicating the task of preparing financial reports.
- ⁵ The diagnostic tool used was Public Financial Management. PFM was developed by the World Bank and MOHA to measure the financial condition of local governments in nine strategic areas, ranging from the local regulatory framework to planning and budgeting, external audits and oversight. These strategic areas were then described in outcomes, and every outcome was ascribed indicators. The first study was done in *kabupaten* Sleman and Blitar. The World Bank then asked LGSP to be involved in PFM implementation and development in Aceh and Nias in 2005 under the Aceh Public Expenditure Analysis program. Based on this experience, LGSP used PFM as an assessment tool to measure the financial management capacity of its local government partners—i.e., an initial group of 30 in 2005, a second group of 27 in 2006, and five more in West Papua in 2007. LGSP limited its assessment to three strategic areas in which intensive technical assistance was planned, and modified some indicators to make them more practical for measuring program achievements.
- ⁶ Based on the PFM scoring, LG partners were generally rated “moderate/partially acceptable.” In *budgeting*, the average score was 33%, showing that a number of indicators needed to improve substantially (i.e., integrated, participatory and transparent planning and budgeting process; medium-term expenditure framework, logical target, and realistic budget process; pro-poor budgeting; budget monitoring and evaluation process; and budget control mechanism). In *accounting*, the average score of 29% indicated weak finance institutions and human resources, integrated accounting and management system, accuracy and timeliness of transaction recording, and financial and management reporting. In *asset management*, the average of 35% reflected inadequate asset management policy, procedures and control, asset management information system support, and asset management planning.
- ⁷ This “just-in-time” training approach proved to be very successful, and highlighted the need to effectively link donor programs of assistance to government cycles and processes.
- ⁸ While performance-based budgeting and accounting training was conducted in all partner districts, asset management training was only conducted in 16 selected districts.
- ⁹ This program was introduced in Banda Aceh in 2006; Boyolali (Central Java) Probolinggo (East Java) and Gowa (South Sulawesi) in 2008; and Kediri (East Java) and Parepare (South Sulawesi) in 2009.
- ¹⁰ BPK has four categories of opinion. An *unqualified* opinion (*Wajar Tanpa Pengecualian*) means that the financial report (consisting of the balance sheet, budget realization report, cash flow statement, and notes to the financial report) is accepted without qualification. A *qualified* opinion (*Wajar Dengan Pengecualian*) means the LG financial report is accepted but is incomplete. Incompleteness generally arises from poor asset management. An *adverse* opinion (*Tidak Wajar*) means the financial report cannot be accepted because the auditor has found inconsistencies in the report. A *disclaimer* (*Tidak Memberikan Pendapat*) means the auditor cannot give an opinion because the financial report is incomplete and unclear.

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- ¹¹ Banda Aceh, Aceh Besar, Aceh Barat, Nagan Raya, and Aceh Jaya. Most other regions established financial management units following the issuance of GR 41/2008 on local government organizational structure. Before that regulation, there was no standard form for local finance units.
- ¹² In general, there is limited interconnection between the accounting information system and the management information system in Indonesia because these systems stand alone in each LG unit.
- ¹³ Banda Aceh, Aceh Besar, Boyolali, Sukoharjo, Kebumen, Kediri, Probolinggo, and Bangkalan.
- ¹⁴ Asset management is the concept of how to manage assets, noting that the planning process, organizing, actuating, and controlling also involve the processing and administration of assets. LGSP focused on asset administration in order for LGs to incorporate the values of their assets into their financial reports and balance sheets. Local asset management has become important now that the BPK includes it when auditing LG financial reports.
- ¹⁵ Banda Aceh and Aceh Besar LGs made study visits on financial management, especially on asset management, to Kebumen and Boyolali as the first two districts to be fully assisted by LGSP. As a result, Banda Aceh was able to finalize the asset reporting part of the LG Financial Report and obtain an unqualified opinion from the BPK in its 2008 report (see also endnote 10).
- ¹⁶ These conflicts involved Regulation 13/2006 and GR 24/2006, and MOHA and the Ministry of Finance.
- ¹⁷ For more on this subject, please see the LGSP *Good Governance Brief on Regional Financial Management Reform*, which remains available from the project website (www.lgsp.or.id).
- ¹⁸ Other districts in Aceh followed Banda Aceh and Aceh Besar in disseminating their budget calendars. District officials from West Papua visited Gowa and Enrekang in South Sulawesi to study budget transparency. Officials from Banda Aceh and Aceh Besar, Fakfak and Kaimana (West Papua) visited Boyolali and Kebumen in Central Java to make comparative studies in financial and asset management practices.

4 Public Service Management Systems

To complement assistance aimed at improving general governance and local administration, LGSP also undertook a set of activities to strengthen selected improvements in local public service delivery agencies on a demand-driven basis. These activities in public service management (PSM) were necessarily more experimental than the budgeting and planning assistance—and conducted on a smaller scale—since this field was much less developed in terms of approach and tools.

LGSP was tasked with introducing ways for local governments to manage public services more effectively, chiefly in the areas of USAID programmatic focus: education, health, water and sanitation, and local economic development. A key assumption that guided this component of LGSP was that relatively simple improvements in the way local public services are managed can yield significant gains in performance and customer satisfaction at little or no additional cost to local governments and citizens. Key objectives included pilot testing both approaches and tools to stimulate performance improvements as well as understanding how such improvements, once introduced in one local agency, might spread to other units and services.

This chapter reviews the approach and activities for strengthening the delivery of key public services in selected districts, describes the tools for performance appraisal, and assesses the results. After a review of the situation in 2005 and LGSP's approach to PSM, the tools for change are introduced—SIAPs and related instruments. Partnerships at the provincial and local levels are then discussed, followed by LGSP support for national policies and materials development. The chapter describes the lessons learned on the local level as well as the implications for national policy and materials development. It ends with overall outcomes, conclusions, and recommendations.

Background and LGSP Approach to PSM

While landmark legislation in 1999 devolved considerable responsibility for public service management and service delivery to local governments, inconsistencies in the legal and regulatory framework for decentralization left regional governments struggling to define and discharge their roles and responsibilities, prevented more participatory and integrated planning and budgeting, and often led to paralysis—where inaction was considered safer than action. Regional governments caught up in this legal limbo generally were not proactive in guiding local development and public service management.

While adequate infrastructure and human resources are often cited as the key ingredients for effective delivery of services at the local level, the institutional framework for service delivery is just as important, and probably more challenging. In Indonesia, institutional constraints presented enormous barriers to service delivery that had to be addressed incrementally.

Nevertheless, in some jurisdictions, local willingness and even dedication to reform did emerge. An increasingly vocal popular movement advocated for public service management innovations that were able to create “islands of integrity,” garner political currency, and demonstrate robust potential for acceptance, replication, and sustained reform across a broad spectrum of local public services. In addition, there awareness increased that service improvements do not necessarily require large capital outlays: Simple reforms in how services are managed can yield significant improvements in their delivery. This awareness provided LGSP with the rationale for supporting reform in the management of local public services.¹

In response to the challenges described above, LGSP introduced reform initiatives to:

- Provide local stakeholders with a practical tool to make service delivery more participatory, accountable, and transparent (Sub-IR 1.3.A)
- Put in place local policies for effective public service management (Sub-IR 1.3.B)
- Help local stakeholders mobilize local resources by using tools developed by LGSP and by contracting service providers to provide technical assistance (Sub-irs 4.2 and 4.3)
- Develop enabling national policies and a conducive environment for regional capacity-building in PSM, including inter-jurisdictional cooperation and local public-private partnerships (Sub-IR.4.1.A).

Box 4.1 describes the LGSP approach to identifying areas to support public service management.

Box 4.1. LGSP approach to PSM assistance

LGSP developed a phased approach to assisting local stakeholders to improve delivery of public services. First, a “road show” traveled around partner provinces to announce the technical assistance program to provincial and local governments. In addition to supporting the strengthening of core competencies such as planning and budgeting, LGSP offered specific assistance in the management of health, education, environmental services (water supply and sanitation, solid waste disposal), and public economic services (chiefly by promoting micro, small, and medium enterprises [MSMEs]²)—areas identified by USAID as local priority areas for public service delivery. Once local governments had formally declared their interest in receiving technical assistance, LGSP visited each interested jurisdiction to appraise the level of commitment to good governance and service reform. About 50 local governments requested assistance, although at that time not all of them fully grasped the implications in terms of promoting participation, transparency, and accountability.

LGSP then undertook a diagnostic survey in the interested jurisdictions to (i) rate their capabilities in the core competencies of planning, budgeting, and financial management; (ii) assess the proficiency of local councils in discharging their responsibilities; and (iii) appraise the capacity of CSOs to represent citizens in promoting public agendas. Once a first batch of the 30 most promising local jurisdictions was selected for assistance, a workshop was held in each jurisdiction to help local stakeholders select a priority service to be improved. A multi-stakeholder working group or forum was then created to prepare and implement the agreed improvement. LGSP introduced its program in a second batch of 30 local jurisdictions in much the same way.

Tools for Change: SIAPs and Related Instruments

In response to the need to provide practical and easy-to-use tools for strengthening delivery of public services, LGSP introduced a generic action planning method to the local working groups, as well as other instruments to strengthen access, participation, transparency, and accountability. These were adapted to the context of local public service management, multi-stakeholder forums, and the particular sector. To increase chances for sustainable improvements, LGSP often helped draft a local decision or regulation to implement a policy for strengthening PSM. After a number of these tools had been implemented, LGSP produced a series of manuals, guidelines, and collections of good practices in the various service areas (including some for new service areas). Several software applications were also developed.³

Service Improvement Action Plans

Local stakeholders successfully used service improvement action planning as a management tool to improve basic public services in priority areas including economic public services, education, health, and environmental services such as water, sanitation and solid waste management. While this “menu” of technical assistance was organized by sector, non-sector-specific organizational reform was added later to provide innovative responses to management reform that cut across sectors.⁴

SIAPs were used to strengthen data management, service organization, and customer relations through the “3PO” approach, which analyzes and improves *procedures, personnel, policies, and organization*. SIAPs are normally short term (from one month up to one year) and improve performance of an existing service based on existing programs and budgets. In some cases, however, they are used to produce a new output (such as a local regulation) or even a completely restructured service (such as local financial and asset management organizations, in Aceh). SIAPs complement, not supplant, existing local government statutory plans, and are usually financed through the annual local budget.

Each SIAP is prepared by a group of local stakeholders who have an inherent interest in resolving a service shortage or bottleneck. It is then implemented by the local government sector department (SKPD) responsible for delivery of the service, and subsequently appraised by the parties involved. The SIAP includes a list of activities to be completed, a time frame, a budget, the people responsible for its completion, and performance indicators. It is possible to have successive SIAPs to improve a service—for instance, a first SIAP to produce a local regulation on service management, and a second SIAP to manage the service improvement. The SIAPs for the education sector were limited to drafting of local regulations, with no follow-on SIAP to implement the regulation.

Preparation of a SIAP follows a logical sequence of identifying a problem, analyzing performance gaps, formulating options, selecting a preferred solution, defining the steps in implementing the solution, mobilizing resources, and monitoring performance. Apart from stakeholder commitment, success in SIAP implementation is mainly determined by clarity of purpose, ability to match objectives with resources, and consistent oversight. The effect may be measurable after a short while (for instance, better customer service), or may become visible after a

considerable time lag (for instance, when the organization providing the service is overhauled or created from scratch). Implementation of a SIAP should help local government units to set realistic performance targets and budget allocations for achieving minimum service standards, thus contributing to more effective planning and budgeting. Most SIAPs that were implemented were hybrids, in that they combined action planning to strengthen a service through “3PO” with a companion tool such as a citizen charter, integrated service point, or software application.

Multi-stakeholder working groups were an important instrument in the process of preparing, implementing, and monitoring a SIAP, and they had to be assembled from the outset. Without such groups, it would have been extremely difficult to obtain the level of legitimacy and political support required for implementation of a SIAP by the local government agency responsible for service improvement. Some of these groups functioned better than others, and some were better facilitated than others.

Examples of SIAPs⁵

The SIAPs in the five service areas evolved according to what the local multi-stakeholder working groups wanted to achieve, resulting in a range of service improvements for each area.

Economic public services

Twenty jurisdictions initially chose economic public services as their area of service improvement. MSMEs were the backbone of these local economies, but usually lacked the resources to fully develop their potential. In a number of districts, the local industry, trade, and commerce offices were committed to developing the potential of local MSMEs, and opted to combine the disparate and usually ineffective services that they normally provided into a single service point—i.e., a local government facility where several services were integrated under one roof. The primary purpose of this integration was to increase efficiency by combining and coordinating the processing of related services, while also reducing customers’ travel, waiting time, and expenses.

The SIAP approach was used to create “business clinics” that provided integrated product development, banking, and marketing services to MSMEs in order to improve internal management, product quality, and access to credit and markets; and to combine their efforts through partnering and clustering. The SIAP combined several innovations: providing professional economic services to MSMEs, creating an integrated services point, and using a citizen charter to promote accountability (see the section below on citizen charters). As a result of LGSP support, 12 integrated service points opened in new offices and with proper facilities to provide training, information, and consultation to MSMEs (see Box 4.2). These integrated service points for the first time began using performance measurements to assess their progress.⁶ LGSP documented good practices and published a guide on creating business clinics for MSMEs.

Box 4.2. Tebingtinggi, North Sumatra: MSME business clinic

A business clinic opened in late 2008 in Tebingtinggi, North Sumatra. It drafted a business plan and set initial targets for 2009 of turning 40 existing small and underperforming enterprises (out of a total of 4,500) into viable enterprises, creating 10 business partnerships through linking and matching, and achieving 75% customer satisfaction on all services provided. Tebingtinggi now regularly receives visitors from other districts who are interested in replicating the model.

Education

Twelve jurisdictions initially expressed the need for better regulations in education with a view to strengthening local capacity to achieve the minimum service standards set by the national government. The SIAP approach was therefore used to draft a local regulation on education management, but without proceeding to the next step of implementing improvements in service delivery.

Regulations were issued in all target jurisdictions except for Bangkalan⁷ in East Java, where the council was still deliberating the draft as LGSP ended. In Padang Panjang, the regulation was passed in 2008, one year after LGSP ended its program there. Despite being prerequisites for appropriate resource allocations, regulations require technical guidelines for implementation. Unfortunately, these guidelines tend not to be issued promptly. Thus, no data were available by project end on the implementation of these regulations, and it was too early to measure their impact on basic education services.⁸

Health

Fourteen jurisdictions initially decided to improve health services, including Madiun in East Java (see Box 4.3). The SIMPUS information management system (*Sistem Informasi Manajemen Puskesmas*) developed in Madiun became sufficiently robust for replication to other districts. Candidates included the districts of Kediri in East Java and Deli Serdang in North Sumatra. LGSP documented good practices, and published a SIMPUS user guide and software installation manual.

Box 4.3. Madiun, East Java: SIMPUS

In 2005, the local health office in Madiun, East Java, adopted a computerized patient registration and information management system called SIMPUS from a community health clinic (*Puskesmas*) in the neighboring town of Ngawi. This system was intended to manage information on the services provided to customers, and to make service quicker, easier, cheaper, and more accurate by giving the service unit complete and reliable data, leading to greater customer satisfaction. A SIAP was implemented to streamline the management of community health clinics at the subdistrict level in Madiun. Service improvement was based on strengthening data management and customer service, as well as using a citizen charter to improve accountability to patients.

With LGSP support, the Madiun health office tested the system and developed it further at a pilot clinic before replicating it in all five clinics in town. Meanwhile, the health office developed a system to track performance in each clinic. The monthly collection of health data that usually took the clinics a full day to do manually could be completed in an hour electronically. The clinics began tracking staff

attendance and punctuality, and health insurance for the poor and disadvantaged. Because of the increasing volume of data, the application had to be redesigned, and in early 2009 an improved system came online.

Environmental management

Four jurisdictions initially decided to improve environmental services. A SIAP was eventually used to improve the supply of drinking water in two of these jurisdictions, in conjunction with organizational reform. Most local water enterprises (PDAMs) in Indonesia face problems in supplying drinking water to citizens. These problems include lack of raw water sources, lack of funds to invest in infrastructure, high levels of unaccounted-for water, poor tariff setting, and a general inability to manage themselves as a corporate entity and make a profit. Opportunities to partner with private water providers are also not fully exploited. Many of these issues were addressed in Simalungun, North Sumatra (see Box 4.4) and Calang in Aceh Jaya (Box 4.5). LGSP documented the good practices, and published one guide on creating public-private partnerships for local drinking water supply, and another on creating local government drinking water management units,⁹ for use by other interested local governments.

Box 4.4. Simalungun, North Sumatra: Drinking water supply

In the district of Simalungun (North Sumatra), LGSP supported a team of local stakeholders in preparing and implementing a SIAP to develop a partnership between the PDAM and six private water providers that had previously been at odds with each other and the local government. A public-private partnership was established, and water management was improved. The partners also introduced a citizen charter setting service standards (see the section on citizen charters) and prepared to develop a corporate plan for water management with increased resources, a performance-based budget, and customer satisfaction surveys. The improved water management system was expected to generate a profit within a few years.

Box 4.5. Calang, Aceh Jaya: Drinking water supply

Several years after the town of Calang in Aceh Jaya was devastated by the 2004 tsunami, it began rebuilding its water supply system. The American Red Cross provided the funds for infrastructure construction and trained the technical staff. Using the SIAP approach, LGSP worked with the Red Cross to create a water management unit in the local government that was named *Tirta Mon Mata*. LGSP helped draft the required local decisions, budgets, and standard operating procedures, and facilitated the recruitment of qualified staff to manage the facility. Once the new organization had been created and staffed, it was able to set tariffs and begin delivering drinking water to households in Calang for the first time. While at project's end the unit was still a learning organization that will need outside support through 2010, it was already managing the supply of drinking water to 1,600 households, with a target of 6,000 households. LGSP's contribution to institution-building may have been modest compared to the infrastructure investment by other agencies, but the importance of this work was recognized by the local government and aid agencies.

Organizational reform

In Aceh, it was anticipated that local governments affected by the 2004 tsunami would face problems in managing the multitude of new assets handed over to them as a result of rehabilitation and reconstruction programs. Five jurisdictions initially planned to conduct two organizational reforms each. The service improvement action planning approach was used to restructure the delivery of existing services, and even to create new services. LGSP helped draft a local government regulation in four local governments to create a single organization for finance and asset management. This was followed by technical assistance in setting up the organizational structure, drafting of standard operating procedures (including on relations with other LG units), and training for staff in finance and asset management. Local governments then hired staff, provided office space and equipment, and allocated operating budgets, and thus became ready to fulfill their mandate. The new integrated structure also was expected to enhance access, transparency, and accountability in disbursements to low-income households of social funds (for which these organizations are also responsible). LGSP published a guide for other interested local governments on creating this type of organization, as well as a study recommending an upgrade in its status.

SIAP-Related Instruments

In addition to the SIAP, LGSP introduced several innovative tools for promoting transparency and accountability to improve customer service, often in combination with a SIAP.

Citizen charters

This is a public statement signed by a local government unit on the guaranteed quality and quantity of a service to be provided. Where there is a specific constituency or customer group, the charter can take the form of an agreement signed by both parties. It is normally displayed at the location where the service is provided. Customers use it as a basis for appraising service delivery, and may lodge complaints if the agreed standards are not met. Box 4.6 contains a case study on the use of citizen charters at community health clinics in Deli Serdang, North Sumatra, and their replication to other districts. LGSP published a guide on using citizen charters and a compendium of good practices.¹⁰

Box 4.6. Deli Serdang, North Sumatra: Citizen charter

In the district of Deli Serdang, North Sumatra, the local health office decided to pilot a program for service excellence in five of its 32 community health clinics. The citizen charter became the foundation for “service with a smile,” with all staff members at the clinic being asked to wear a smiley badge to demonstrate their willingness to serve the community. LGSP proposed several additional components to improve this practice. Each unit in the health clinic began providing at the entrance a glass box with three color-coded compartments, with red slips of paper for patients to indicate poor service, yellow for average service, and green for good service.

By project end, the community clinics in these five pilot districts in Deli Serdang had begun compiling statistics on service performance based on the number of strips they received of each color. In 2009, a survey by a local CSO found an 82% level of satisfaction with service delivery at these clinics—a new baseline for measuring customer satisfaction in the future. The health office in Deli Serdang next

planned to formalize a system of checks and balances for its staff so that sanctions could be applied and awards given, in accordance with the citizen charter. It also began replicating the citizen charter to five additional local health clinics.

In response to the success of the citizen charter in Deli Serdang, the neighboring districts of Tebingtinggi and Serdang Bedagai instructed their own health offices to introduce a citizen charter for service improvement. In Central Java, the districts of Boyolali and Sukoharjo were preparing to roll out citizen charters to 19 subdistrict health clinics (Boyolali) and 167 village health clinics (Sukoharjo) by 2010, with a view to making their health promotion programs more effective. In the pilot clinic “Ampel-I” in Boyolali, health service performance (and implicitly the effectiveness of the citizen charter) was measured for the first time with the help of a Customer Satisfaction Index—scoring 77%, corresponding with a rating of “good.” This provided a baseline for future annual performance ratings.

Electronic citizen information services (e-CIS, or SMS gateways)

A local government website provides a gateway for the public to submit e-mails and short message service (SMS) messages. LGSP commissioned a local information and communication technology (ICT) firm, PT Inovasi, to develop an application for implementation in Aceh.¹¹ The facility then was brought into use for managing citizen information, queries, and complaints. A system administrator refers any incoming information to the appropriate local government unit. Typically, a response is provided within 24 hours. Since all incoming SMS and e-mails, local government responses, and results are automatically published on the local government’s website, this system can be used as a tool for public oversight by the district head, local council, and CSOs alike. Much like a citizen charter, it includes response targets and has features that track response time and collate statistics. Additional features help to improve the efficiency of local government administration. For instance, some local governments now call meetings by scheduling SMS deliveries. This greatly reduces the need for official correspondence, saving both time and money.

e-CIS—or in Indonesian, *Sistem Pelayanan Informasi dan Pengaduan Masyarakat* (SPIPM)—has become the new standard by which citizens measure public service management in Aceh, and a new way of running local government. Local government heads have reportedly already taken disciplinary action when the response to citizen input was deemed inadequate. Even though LGSP focused its support on institution-building rather than on the application itself, a question remains as to how capable and committed the LG service units will be in responding to citizens needs in the long run. In 2009, the city of Banda Aceh demonstrated its e-CIS to the Association of Netherlands Municipalities. LGSP published a guide and software manual on implementing and using e-CIS.

Performance of SIAPs and Related Instruments

Early on, LGSP cast its net wide in initiating service improvements, later trimming the number of local governments receiving technical assistance in order to optimize results.¹² In a number of cases where service improvements were not likely to succeed without a service management policy first being in place, LGSP supported the drafting and issuance of a local regulation or decision to complete its technical assistance. The assumption was that service providers could subsequently work on actual service improvement action plans.

Each year, SIAP performance was tracked by service area and by district. In assessing results, LGSP used focus group discussions to facilitate a representative group of local stakeholders in rating the performance of their action plan based on a set of discussion points. During a half-day session, each focus group judged to what extent the SIAP (i) had resulted in a complete “3PO” process to restructure the service; (ii) had been accommodated by the local plan and budget; (iii) had achieved its stated targets; and (iv) had increased access, transparency and accountability of the service based on previously agreed performance indicators.¹³

The minimum required target was a “3PO”-ed service that was ready to do what it was set up to do: be open for business, prepare a business plan, and use performance measurements. In the absence of reliable local databases for service performance, it was often not feasible to measure customer satisfaction against a baseline for increased access, transparency, and accountability. In addition, minimum service standards only existed for the health and education sectors, while for areas such as the environment and local economic development, minimum standards had not yet been set or else were scattered across subsectors. In these cases, local governments were expected to determine which services they were able to provide, and set performance targets accordingly. As this was a relatively new approach to PSM, there was still a dearth of reliable data.

Table 4.1 shows the overall performance ratings of SIAPs and related products over a period of three years as a percentage of the total group served.¹⁴

Table 4.1. Overall rating of SIAP performance, 2007–2009

<i>Performance</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>Number of SIAPs</i>		
	<i>63</i>	<i>43</i>	<i>26</i>
	<i>%</i>	<i>%</i>	<i>%</i>
Progress still insufficient to ascertain service performance	40	31	—
Progress made, government commitment as yet uncertain	60	37	15
Service performing well, government commitment evident	0	32	85
Total	100	100	100

SIAP performance by type of service

Table 4.2 compares performance as well as attrition and retention of SIAPs over three years, comparing service improvements in the areas of economic public services (MSME development), education, health, environmental services (water), and general organizational development.

Table 4.2. SIAP results by type of service, 2007–2009

	Service Type	Number of SIAPs			Percentage Retained	Average Score (%)		
		2007	2008	2009		2007	2008	2009
1	Economy	19	16	11	58%	50	64	89
2	Education	12	4	0	*	53	56	—
3	Health	14	10	5	36%	63	70	87
4	Environment	4	2	2	50%	56	65	87
5	Organization	14	11	8	57%	30	53	88
Total		63	43	26	41%	* = 6 education regulations		

Economic public services

As no minimum service standards existed for the local economy,¹⁵ related LG units (the agriculture, trade, and industry offices) applied their own technical standards for each subsector. LGSP technical assistance focused on public services to strengthen MSMEs in an integrated manner. Local governments welcomed the SIAP as a practical tool for streamlining and integrating services because it brought together disparate services in business development, trade, industry, microfinancing, and marketing, and mobilized nongovernmental stakeholders.

Despite the high demand for this type of SIAP, however, it proved difficult to organize a “one-stop” business clinic for MSMEs because a large group of stakeholders was expected to cooperate. Nonetheless, the results showed that after a long gestation period of two years, one-stop services really took off well in the final year, achieving the highest overall score of any sector. The only failures in this area occurred in districts where the local governments were insufficiently committed to the restructuring of MSME services—most probably because it undermined vested interests. The main factors contributing to success included the positive impact of sharing experiences in promoting MSMEs among more than a dozen LGSP-supported districts in 2008; and the realization in most participating districts that an integrated service for MSMEs was an idea whose time had come. In addition, the business clinics’ introduction of citizen charters as soon as they opened their doors helped boost their credibility.

Education

Whereas citizens saw basic education as a priority area for service improvement, most LG education offices were less receptive to innovation. In applying national service standards set by the Ministry of Education to improve service delivery, and trying to boost the education budget to meet the national target of 20%, local governments mostly relied on national grants, local regulations (*Perda*)¹⁶ and local sector plans (*Renstra* and *Renja*), deeming existing operational guidelines sufficient. As a result, LGSP found education to be a service area that was more rigid and rule-driven than other areas, and less open to reform than expected. Also, LG units were often more interested in physical infrastructure projects than service management, making their commitment to management reform—and hence SIAPs—rather low.

Health

As with education, LG health offices generally made efforts to apply national minimum service standards set by the Ministry of Health. They were, however, more open to strengthening service delivery, and the SIAP was welcomed as a practical tool for service improvement. Performance reached a relatively high level in the first year in Central and East Java, but this was followed by diminishing returns. In contrast, in areas like North Sumatra, health services started at a low level, which made progress better appreciated and customer satisfaction more pronounced. There were no failures in this category. The main factor contributing to its success was the commitment of local stakeholders to improve coverage and customer satisfaction. Citizen charters, which were found to be particularly suitable for health services, provided the most significant breakthrough.

Environmental services

Environmental management comprises several subsectors, including water supply, sanitation, and waste disposal. However, absent a unified set of minimum service standards, there was a plethora of technical service standards in each subsector. (It is not yet clear whether a more integrated package of service standards will arise in this area in the future.) While LG public works offices applied technical standards for each subsector, there were no clearly defined standards for service management. LG units therefore welcomed the SIAP approach as a practical tool to facilitate “integrated” service management across subsectors, involving one or more local agencies and groups of nongovernmental stakeholders. As with economic services, it proved difficult at first to get a SIAP started because of the disparate actors and interests that needed to be aligned, but results were nevertheless satisfactory. In hindsight, the initial 2007 score agreed by focus groups for SIAP performance in water supply and household waste disposal appeared overly optimistic, while the final score fairly reflected achievements in the remaining two SIAPs on water supply. In addition to service management, both these SIAPs required substantial organizational structuring and technical input in order to become effective. Because of the small sample size, it is not possible to draw broad conclusions on effectiveness. The main factor contributing to their success was the high level of local stakeholder commitment to make reliable drinking water available to the community.

Organizational reform

This category of service improvement was developed to respond to demand for better local government administration, which was most pronounced in Aceh. Technical assistance initially focused on facilitating the creation of a local financial and asset management organization to support and sustain reconstruction and rehabilitation efforts.¹⁷ LGSP went on to facilitate the creation of e-CIS in the same local governments. In Banda Aceh, it also facilitated the creation of a local government unit for electronic procurement of public goods and services. Despite the robust demand for this type of SIAP in Aceh, they started from scratch and arrived on the scene only after local governments affected by the tsunami had restored their primary planning and budgeting functions. The decisive factor for success was local leaders’ openness to reform, along with the spirit of competition among the local governments involved. These types of services ultimately experienced the greatest improvements, achieving parity with the others. This reflected the effect of high “return on investment”—i.e., the provision of a new service in response to a perceived need yielded a high level of customer satisfaction.

SIAP performance by province

Table 4.3 compares SIAP performance by province. In the early stages of LGSP it was difficult to predict with any confidence which provinces would perform better than others, but it was expected that Aceh and North Sumatra—being newcomers to local governance projects and not having many qualified consultants—would face problems initially, while the long-standing beneficiaries of technical assistance in local governance (mostly in Java) would build on previous experience and benefit from a favorable endowment in consultants.

Table 4.3. SIAP performance by province, 2007–2009

Province	2007		2008		2009		Average score (%)		
	No. of SIAPs	Score	No. of SIAPs	Score	No. of SIAPs	Score			
							2007	2008	2009
Aceh	10	3.5	9	9.3	8	18	23	67	90
N. Sumatra	8	7.9	8	15.5	4	17.8	53	78	89
W. Sumatra	6	6.7	Closed				45	Closed	
West Java	9	8.8	Closed				59	Closed	
Central Java	9	10.1	9	13.2	5	17.6	67	66	88
East Java	12	8.3	8	12.4	4	17.5	55	62	88
S. Sulawesi	9	7.5	9	12.0	5	17.2	50	62	86
Total	63		43		26		50%	67%	88%

These expectations were not matched by the results. Aceh scored highest in eight out of 10 SIAPs, once the local governments there started functioning. North Sumatra eventually came in second, after good governance caught on in several districts. Even though South Sulawesi finished last every year, in 2009 it almost caught up with the other provinces thanks to rapid progress in opening local business clinics. These three provinces' achievements were remarkable given the dearth of independent service providers in each region. Large relative gains were seen in “difficult” or new provinces, while there were diminishing returns in urbanized and relatively sophisticated provinces that had been receiving technical assistance for many years. The caveat here is that most provinces started scoring better when their less-promising SIAPs were dropped. This tended to even out the results by the end. For example, East Java dropped two-thirds of its nonperforming SIAPs, while Central Java retained just over half of its original SIAPs.

SIAP replication

Table 4.4 shows selected SIAPs and related tools that were replicated before the end of LGSP program implementation. In this context, replication can take several forms. First, it can mean that a pilot service improvement at village or subdistrict level may be copied to other service units at the same level to ensure consistency across units. Second, a service improvement may be aggregated up to subdistrict and district level to support oversight. Third, a service improvement may be replicated between sectoral units in the same local government. And

fourth, a service improvement may be replicated from one district to another in the same sector. All these types of replication occurred, with LGSP's role focused on providing start-up facilitation on request and on "matchmaking"—bringing together LGs that exhibited interest in and potential to launch an innovation with those had already demonstrated success with the innovative practice. There was therefore significant scope for further replication across units, sectors, and districts after LGSP ended.

Table 4.4. Introduction and replication of selected service management innovations

<i>Instrument</i>	<i>Introduced to:</i>	<i>Replicated in:</i>	<i>Total 2009</i>
One-stop services (Integrated public services point at subdistrict level)	Pinrang, South Sulawesi (SS) – 1 subdistrict	Pinrang – 11 other subdistricts	12
One-stop services (Integrated public economic services center at district level)	Tebingtinggi, North Sumatra (NS)	Pematang Siantar, NS Klaten, Central Java (CJ) Kebumen, CJ Probolinggo, East Java (EJ) Mojokerto, EJ Kediri, EJ Palopo, SS Enrekang, SS Jeneponto, SS Soppeng, SS Jepara, CJ	12
Citizen charter (public health service excellence)	Deli Serdang, NS – 5 subdistrict clinics	Deli Serdang – 5 other clinics Tebingtinggi, NS – 1 clinic Serdang Bedaga, NS – 5 clinics	16
Citizen charter (health promotion)	Boyolali, CJ – 1 subdistrict clinic Boyolali – 1 village clinic Sukoharjo, CJ – 1 village clinic	Boyolali – 1 subdistrict clinic Boyolali – 13 village clinics Sukoharjo, CJ – 8 village clinics	25
Electronic citizen information service	Aceh Barat, Aceh	Province of Aceh Banda Aceh, Aceh Aceh Besar, Aceh Aceh Jaya, Aceh Bireun, Aceh Aceh Timur, Aceh Pidie, Aceh Jepara, CJ	9
Customer information management system	Madiun, EJ – 1 clinic	Madiun – 4 other clinics Kediri, EJ – 1 pilot clinic Deli Serdang, NS – 5 clinics (planned)	11

<i>Instrument</i>	<i>Introduced to:</i>	<i>Replicated in:</i>	<i>Total 2009</i>
Electronic government procurement (management unit)	Province of West Java	Province of West Sumatra (WS) Bukittinggi, WS Solok, WS Padang Pariaman, WS Pasaman, WS Limapuluh Kota, WS Banda Aceh	10

Partnerships and Policies at Provincial and Local Level

LGSP was able to extend the impact of its assistance through development of partnerships—with provinces and with service providers that themselves became partners with local governments. In addition, support for local policy development also laid in place an important stepping stone to establishing improved PSM.

Provincial Partnerships

The *Bappeda* in Semarang (the capital of Central Java) began operating a unit called the Economic and Resources Development Forum (FPESD) in 2003 as a communications tool for regional economic stakeholders to share information and support the transfer of knowledge on economic growth to all districts and cities in Central Java. The FPESD also oversees local Forums for Economic Development and Employment Promotion (FEDEP) that act as policy advocacy units in most of the province's 35 districts. To support the field activities of FPESD and FEDEP, in 2005 the Semarang *Bappeda* created a regional Resource Development Center (RDC) as a parastatal technical operations unit. However, without clear organizational and operational guidelines from the FPESD, the RDC lacked the wherewithal to begin developing a capacity-building program.

In 2008 LGSP began helping the FPESD to activate the RDC by assisting it in the “3PO” process. LGSP also helped strengthen the RDC's human resource capacity by providing skills training and technical assistance on local service improvement action planning to staff and partners from regional government sector departments, universities, business networks, and other business development services. After a series of training workshops by LGSP, RDC held its own independent capacity-building workshop for the eastern part of Central Java (Kendal, Demak, Ungaran, Semarang, Salatiga, and Purwodadi).

After preparing its first business plan, the RDC started playing an important role in providing resources and technical assistance to local businesses by connecting service providers, piloting regional economic activities, and supporting business development centers and users. In the future, the center expected to be able to replicate the public economic service improvement

work that LGSP had initiated in several districts in Central Java, and it was well placed to safeguard the sustainability of LGSP's programs.

Local Service Provider Partnerships

During LGSP program activities, more than 30 local governments engaged 66 independent service providers to assist with local public service improvements, and about 20 of these service providers developed regular partnerships with local governments, with or without LGSP involvement. Box 4.7 contains some examples.

Box 4.7. Local partnerships

- The Health Services Development Center at the University of Diponegoro in Semarang assisted local health offices in developing citizen charters and health insurance schemes for the poor in Central Java province.
- The Center for Economic and Public Policy at the University of Gadjah Mada in Yogyakarta, in partnership with MOHA, provided a national facility to train local governments in public service contracting, with a view to promoting public-private partnerships.
- Private firm PT Inovasi Tritek Informasi in Bandung helped local governments in Aceh build a website to manage feedback received from citizens (e-CIS).
- A consultant in Surabaya helped Madiun develop a health clinic management system (SIMPUS).

Although it was LGSP that originally matched the individuals and institutions with local governments, they all began generating business independently. Since services could be provided to local governments over an extended period, innovations could be institutionalized more easily. The main challenge faced was regional disparities in human resources, which made it difficult for local governments in remote regions to engage qualified service providers at an affordable cost.

Local Policies

The formulation of local policies was not just an important 3PO component of service improvement. In all cases, local government heads had to issue one or more local decisions (decrees or instructions) to ensure that service units could be staffed and outfitted, and that service improvements could be institutionalized and implemented under existing programs and budgets. Based on such decisions, local budgets could include annual resource allocations for implementation. A regular and robust resource allocation was therefore a reliable indicator of service improvement sustainability. During LGSP, 10 local government regulations were passed, and at least 20 decisions were issued to strengthen the management of public services. However, in cases where local government regulations—which required approval by the council—were the final output of LGSP support (as was the case for education), implementing guidelines and budget allocations were still required for them to take effect. Consequently, no data were available to demonstrate that they would strengthen, or had strengthened, public service management.

Lessons Learned from Local Tools, Partnerships, and Policies

With the help of improved management practices, the LGSP-assisted regional governments by and large demonstrated their ability to respond to citizens' needs and deliver key public services, including to the poor. In most cases, the “change of choice” was based on the needs expressed by multi-stakeholder groups in each locality to provide or improve a priority service, and emerged during the action planning process. A number of factors contributed to the success of these measures—as well as to the potential for ensuring their sustainability.

Factors Contributing to Success

Committed leadership

Committed leadership was a prerequisite for initiating change. Ideally, both the district head and LG service unit heads should publicly support transparent and accountable service delivery. Their active and visible endorsement was an important first step in decision-making and resource allocation in support of improved service delivery. Absent such commitment, there was little justification for continuing technical assistance.

The introduction of improved management practices through the citizen charter in Deli Serdang, North Sumatra, exemplifies the difference that committed leadership can make. LGSP's initial offer of technical assistance to this district had looked like a nonstarter for several months when local political will appeared to be lacking. However, once local stakeholders became more vociferous about poorly performing health services and the district head overcame his reservations, he became a strong supporter. Deli Serdang became a stellar performer, completing a pilot program for service excellence in five community clinics, and then rolling the program out to five more clinics in the district (see Box 4.6 above). The district head also publicly committed himself, the local health office, and five other LG units to apply principles of good service management using a citizen charter based on the health office example.

Local decisions and instructions issued by local leaders were a direct result of their commitment. No service improvement could be achieved sustainably without the appropriate resources to implement the improvement and ensure acceptable performance, and this was usually achieved by realigning existing resources. On the other hand, the usefulness of local government regulations is questionable if they are not accompanied by implementing guidelines, decisions, instructions, and resource allocations in either the same or the following budget year. In general, local stakeholders considered that a local decision to implement a particular reform along with a corresponding resource allocation was sufficient to make reform work. The case for local government regulations can still be made where sector-wide reform is required, but in that case implementation would be post-LGSP.

Appropriate tools and methodologies

Jurisdictions ready to innovate usually were in search of the appropriate knowledge and tools. In many cases, change caught on only after local stakeholders became convinced they had the right instruments and would be able to finish the task. The SIAP approach was accepted by local stakeholder groups as a practical method to improve a service incrementally. Use of electronic tools such as e-procurement, customer information systems, and SMS gateways also held appeal in making breakthroughs in modes of service delivery. In the same vein, accountability instruments introduced to support service improvement—such as the citizen charter—were readily accepted when found suitable for their purpose and not overly difficult or expensive to use. Experience demonstrated that reform initiatives should start with simple innovative actions for which commitment and resources were relatively easy to obtain, which could instill confidence and build experience before being replicated and scaled up.

Opportunity to observe and replicate innovation

The successful adoption of innovation in one jurisdiction could trigger its replication, by spreading it not only to other LG units in the same jurisdiction but also to other jurisdictions. Once Tebingtinggi in North Sumatra had started up its integrated business clinic for MSMEs in less than a year, and in 2008 had an opportunity to showcase its achievement to districts from the same province as well as to other provinces that were considering a similar move, the model caught on and galvanized other districts into action. Within a year, six other districts had followed suit, most of them in South Sulawesi.

The successful introduction of action planning methodology and adoption of a citizen charter across a number of LG units in Deli Serdang, North Sumatra, caught the attention of the heads of two other jurisdictions in North Sumatra (Tebingtinggi and Serdang Bedagai), who, based on their own experiences with service improvements in MSME development and education, instructed their own LG units to apply the citizen charter.

The electronic patient data information system (SIMPUS) developed for community health clinics in the municipality of Madiun in East Java was taken up by the districts of Madiun and Kediri (also in East Java), for their own community clinics, with Madiun's municipal health office and the system consultants being asked to provide the training. Five health clinics in Deli Serdang (North Sumatra) were also considering following suit once their computer hardware had been upgraded.

Agencies able to assist in institutionalizing reforms

A crucial factor in implementing—and sustaining—reform was the availability of CSOs, universities, and other service providers to advocate reform, provide technical advice, and facilitate implementation of the reform agenda. As catalysts, they were able to motivate local stakeholders, maintain momentum during the often cumbersome reform process, monitor and appraise progress, and act as oversight entities to safeguard outcomes. In a number of the innovations described above, local governments brought in service providers to develop materials and advise, strengthening the prospects that these institutions could continue to

provide support and introduce the innovations in other local governments. Provinces in Java benefitted most from SPs due to the greater number of consultants located there.

Factors Hampering Success

Several factors hampered the successful introduction of PSM measures and the sustainability of results. LGSP endeavored to overcome or neutralize these factors insofar as possible.

Diagnosis and capability assessment

Difficulties were faced in diagnosing processes that were not very transparent, and in predicting outcomes that were subject to many variables. Consequently, it was hard to accurately assess what local governments were capable of, or to predict which jurisdictions would perform well in improving services. One factor that contributed to the broad range of service improvements that were proposed at the outset was the “broad-brush” capacity diagnosis and needs assessment, covering all local government core competencies. To reduce such scattering after the first year, LGSP reverted to a limited menu of service improvements rather than sticking to the open menu with its inherent lack of focus and other risks. Still, considerable natural selection had to take place to weed out less relevant and promising service improvements.

Representation and shift of focus

It proved difficult to ensure that the selection of target jurisdictions and the prioritization of service improvements proceeded in an objective and representative manner. Sometimes it was not possible to assess whether the local stakeholders called upon to vote for a priority service really represented the community. Also, some drift occurred in the process of keeping local multi-stakeholder groups on track in planning and implementing service improvements, as interest groups sometimes attempted to cause deviations from the agreed agendas.

Planning and budgeting for results

It was difficult to persuade local government agencies to break old habits. For example, most local governments did not consistently apply management principles based on performance indicators to their plans and budgets. Even though local budgets must by law be performance-based, this is still an elusive goal in practice. Local governments tended to measure performance by calculating the percentage of the budget spent and the percentage of projects completed, rather than measuring outcomes. This meant that service performance could not easily be measured. Indicators were not easy to formulate without clear linkages to budgets, service programs, and multiyear and annual development plans. Even when these linkages were achieved and a performance-based management system was created, the challenge then was to formulate and embed appropriate performance indicators to which the various agencies could adhere.

Planning for replication

It was difficult to predict whether a partner jurisdiction would replicate a successful innovation within its own jurisdiction, or pick up another jurisdiction's good practice and replicate that instead. Consequently, it was hard for LGSP to include targeted replication activities in its annual work plans. Informal recommendations made by local government officials and NGOs across districts and provinces, media coverage, and a competitive spirit all played a role in triggering successful replication in at least some cases. Replication only began taking off within and between partner jurisdictions during the final year of technical assistance. Once robust service improvement tools were rolled out nationwide in early 2009, there were encouraging signs that nonpartner jurisdictions were considering replicating some of the good practices with the aid of consultants.

Support for National Policies and Materials Development

In addition to technical assistance at the local level, LGSP worked on tools, policies, and partnerships at the national level, in line with the objective of promoting a more enabling environment for local PSM. Policy development focused primarily on building regional capacity for decentralized PSM, local public procurement reform, and inter-jurisdictional cooperation. Experience gathered in the field was followed through with the publication of training materials, good practices, and applications for broader dissemination and replication. The main initiatives are described below.

Government Procurement Watch

The area most fraught with corruption in most countries is usually public procurement of goods and services. In Indonesia, there is still no law on procurement,¹⁸ and no procurement corruption court. Without effective sanctions, the current legal framework is not able to effectively combat corruption. Since no local governments requested LGSP assistance to combat corruption in public procurement, LGSP opted to increase citizen awareness of procurement issues through advocacy, with the expectation that increased scrutiny would bring malfeasance into the spotlight.

To reach a broad audience in a decentralized environment of 500 local governments, LGSP supported Indonesia Procurement Watch (IPW), a Jakarta-based NGO, in producing and disseminating a series of pocket guides and advocacy posters for local councils, public oversight bodies, civil society organizations, and any other party that could act as a whistleblower to report corruption in public procurement. The series included guides on basic public procurement principles and policies, a national strategy on prevention and eradication of corruption, an integrity pact implementation manual, an anti-corruption information toolkit, and a malfeasance monitoring checklist.

Local corruption-watch organizations put into practice the knowledge they gleaned from the toolkit (see Box 4.8). And the procurement-watch pocket guides and posters achieved wide distribution and penetration, as well as recognition from government agencies and NGOs. They

were used as reference by university students, councilors, and independent watchdog organizations in reporting cases of procurement corruption. The posters not only showed up on walls in government offices, but also were used in anti-corruption rallies. In response to steady demand for the materials, there were several reprints, and in 2009 an updated version was published, with IPW planning to distribute the pocket guide not only to interested governmental and nongovernmental organizations in Indonesia, but also to Timor Leste (with USAID support) to raise awareness on public procurement.

Box 4.8. Banda Aceh: Anti-corruption toolkit

The Anti-corruption Solidarity Movement (*Solidaritas Gerakan Anti Korupsi Aceh* or SoRAK) in Aceh used the anti-corruption toolkit to criticize the local government of Banda Aceh for not opening up the 2008 draft local budget to public scrutiny. It also took issue with the fact that budget allocations for procurement were not specific enough, and that allocations for PSM were insufficient. In March 2008, the local newspaper *Serambi* published an article detailing SoRAK's concerns. In response, the mayor of Banda Aceh held a public hearing and published the budget once it had been approved.

Electronic Public Procurement

Over the past several years, *Bappenas* has started introducing electronic public procurement of goods and services in regional governments as part of a public procurement reform drive. An electronic government procurement unit is an organization tasked with managing procurement of goods and services through a website, thus eliminating off-line manual tender procedures. Any vendors wishing to submit bids have to qualify through the government website, and, if successful, receive a digital ID and password. In Indonesia, where Internet connections can be erratic, the use of this procurement method presents considerable systemic challenges. In addition, no system can completely eliminate malfeasance. Even so, the potential benefits are enormous in terms of administrative cost savings, transparency, and accountability.

The national public procurement policy body (LKPP) selected several provinces that were most likely to succeed and, with the help of the Millennium Challenge Corporation's (MCC's) Indonesia Control of Corruption project, assisted in installing the system. One of these provinces was West Java, where LGSP assisted the provincial government in establishing an Electronic Procurement Agency. LGSP documented the LPSE experience, and went on to facilitate the creation of similar units for West Sumatra province and the city of Banda Aceh. LGSP also published guides to regional e-procurement units for vendors and tender committees. In November 2009, the West Java e-procurement system was reported by the new head of the national procurement regulatory body to have saved West Java 30% of the administrative budget. He announced plans to implement electronic procurement systems in all government institutions in a bid to generate wider savings and respond to public concerns about transparency in the public procurement process.¹⁹

Policies on Regional Capacity Development

Draft Presidential Decree on National Framework for Regional Capacity Development²⁰

LGSP assisted the Directorate for Regional Capacity Development and Evaluation (Directorate General for Regional Autonomy, MOHA) in drafting a presidential decree on regional capacity development. The Directorate chaired a national interdepartmental team for this purpose for two years.²¹ LGSP provided periodic input to the drafting sessions and facilitated a fact-finding mission by the team to witness local governance capacity development in action at selected LGSP partner governments. The findings of the team were used as inputs to the decree, which was expected to be issued by the end of 2009.²²

Circular Letter on Strategic Efforts to Improve Public Services in the Region²³

After LGSP had developed and field-tested the SIAP and e-CIS applications at the local government level, in 2008 LGSP offered them to the Directorate of Deconcentration and Cooperation (Directorate General of Public Management, MOHA) as local capacity-development tools. LGSP also facilitated a fact-finding mission by Ministry staff to witness local governance capacity development in action at selected LGSP partner governments, and trained Ministry staff in the use of both SIAP and e-CIS. In February 2009, MOHA issued a circular letter endorsing e-CIS as a strategic instrument for decentralized local government capacity building in conjunction with the SIAP, and made the application available to all regional governments in Indonesia free of charge.²⁴ MOHA then disseminated the SIAP and e-CIS software and manuals to 400 local governments through regional workshops in Yogyakarta (Central Java), Surabaya (East Java), Makassar (South Sulawesi) and Medan (North Sumatra), with service providers standing by to demonstrate the tools, respond to queries, and record the names of 100 interested local governments. e-CIS (or SPIPM) was one of five systems nominated for the 2009 Indonesia ICT Award for Software Innovations (INAICTA 2009) in the category “e-government” by Indonesia’s Ministry of Information and Communication. Having withstood rigorous testing and scrutiny, the e-CIS was deemed a robust and viable commercial product.

Ministerial decrees on technical guidelines for regional cooperation²⁵

During 2008, LGSP assisted MOHA in drafting two ministerial decrees on technical guidelines on inter-jurisdictional cooperation, cooperation with third parties, and related capacity development and oversight.²⁶ They were issued and disseminated to all regional governments in 2009. At the time of this report, no information was yet available on inter-jurisdictional partnerships or local public service contracts resulting from this new capacity-building regulatory and institutional framework.

Local government service contracting

With LGSP support, the Center for Economic and Public Policy Studies (*Pusat Studi Ekonomi dan Kebijakan Publik*) at Gadjah Mada University in Yogyakarta developed a training package on public service contracting (PSC) to prepare local governments to manage contracting out public services to nongovernmental entities, from initial feasibility studies through to oversight. This

followed a new government regulation on regional cooperation issued in 2007, and the two 2009 ministerial decrees mentioned above. Instructors from provincial government training centers (*Diklatprop*) were trained, and LGSP also published a guide to PSC. MOHA endorsed the PSC training package and included it in the curriculum at the national training institute (*Badiklat*). MOHA also contracted with the Center to deliver training to self-paying local governments in partnership with the *Badiklat* and interested *Diklatprop*, to prepare case studies, and to update the training package from time to time to accommodate new regulations and local practices.²⁷

Local Government Organization for Finance and Asset Management

LGSP assisted four jurisdictions in Aceh to implement a government regulation and related ministerial decree requiring three local government agencies to merge,²⁸ with a view to promoting transparency and accountability in regional finance and asset management, including public procurement. The results were very positive (see the section above on organizational reform) and LGSP used the experience—which was based on the service improvement action planning approach—to draft a guide on creating integrated local organizations for finance and asset management.²⁹ LGSP then offered this guide for endorsement to the Directorate General for Regional Financial Administration at MOHA.

Because of issues associated with the current institutional framework, the guide had not yet been endorsed at the time of this writing. One problem with the regulation was that it prescribed the creation of an LG unit that was equal in status to other LG units, meaning that the new agency would not have the authority to oversee finance and asset management in other LG units, clearly hampering its effectiveness. LGSP commissioned a study to argue for a change in the regulation to enable the new organization to oversee other LG units, but there had been no change in status by the time this report was written.

Improving Management of Drinking Water

LGSP published a guide on creating a local government general service unit to manage the water supply (BLUD-SPAM) based on the experience in Aceh Jaya using the service improvement action planning approach (see the section above on organizational reform). In 2009, the guide was endorsed by the Water Supply System Development Support Body³⁰ at the Ministry of Public Works, which planned to include it in the technical training curriculum and roll it out to 200 other local governments in Indonesia that needed a similar local organization to manage their drinking water supply.

Lessons Learned from National Policies and Materials Development

The innovations cited above were in some cases bolstered by a relevant regulation issued by the GOI. Such regulations are often needed to authorize local officials to proceed. They also help to generate a market of consultant services to help LGs institutionalize the guidance. In

some of the cases described above, MOHA reviewed the innovations introduced by LGSP before endorsing the related training manuals and applications, and sharing them throughout Indonesia. This triangulation between the policy developer, the client-practitioner, and the facilitator-disseminator constituted a solid base for initiating, institutionalizing, and replicating change, and for creating a market for local governance capacity development.

Overall Outcomes in PSM

This section evaluates the outcomes of the work of the local government management systems component of LGSP against the Sub-IR performance targets mentioned at the beginning of this chapter and restated in full here.

- 1. Provide local stakeholders with a practical tool to make service delivery more participatory, accountable, and transparent. The result to be measured is the number of local governments that have successfully implemented a service improvement action plan for a priority service (Sub-IR 1.3.A).*

This goal was accomplished. However, the initial expectation about the number of local governments to be engaged, and the number of service improvements to be implemented, proved to be unrealistic. The large number of potential activities originally identified (116) was winnowed down to a much smaller number (26) that were successfully implemented. This change reflects the experimental nature of the intervention, the heavy commitment of local resources—and will—that was required, and the decision by LGSP to continually focus project resources on activities that showed the most promise for successful replication.

A second caveat is that service improvements—despite their original one-year time frame—usually took much longer to start working, meaning that insufficient time was left to witness them in action and reliably measure the difference. Results were promising, but not conclusive.

Nonetheless, the admittedly limited experience gained in using these tools in the field was sufficient for them to be validated, leading to a broad range of publications, ranging from orientation brochures to guides, manuals, interactive learning CDs, good governance briefs, best practices, and software applications.³¹

- 2. Help put in place local policies for effective public service management. The result to be measured is the number of local governments that have enacted local policies to improve service delivery (Sub-IR 1.3.B).*

This goal was also achieved. Ten local governments passed regulations to improve PSM, and 30 local governments issued decisions and instructions that led to resource allocations and budgets to improve priority services. However, these new regulations will not have an impact until they are followed through with implementing decisions, action plans, and budget allocations to improve services.

3. *Help local stakeholders mobilize local resources such as governance advisory services. The result to be measured is the number of regional and national institutions that regularly use the tools developed by LGSP, as well as the number of service providers contracted by local governments to provide technical assistance in public service management or PSM (Sub-IR 4.2, 4.3).*

This goal was accomplished. Not only did local multi-stakeholder groups step up to implement 26 service improvements (others were still ongoing), technical assistance was instrumental in building a pool of 60 independent institutional service providers (consultants and facilitators) qualified to work with local governments on PSM.³²

4. *Help develop enabling national policies and a conducive environment for regional capacity building in PSM. The result to be measured is the national rollout policies, strategies, and tools for promoting regional PSM capacity-building, inter-jurisdictional cooperation, and local public-private partnerships (IR.4.1.A).*

This goal was accomplished. The tools, methods, and local policies for service improvement developed and tested in target jurisdictions resulted in their endorsement at the national level by MOHA, the Ministry of Public Works, and *Bappenas*. They were thus deemed viable instruments for implementing national policies to strengthen local capacity to achieve minimum service standards, initiate inter-jurisdictional cooperation and cooperation with third parties, and combat corruption in public procurement of goods and services. As such, they constituted a significant LGSP milestone, as well as a vindication of the participatory multi-stakeholder approach to capacity building for local public service management.

Conclusions and Recommendations for Sustainability

Conclusions

LGSP experience demonstrates that several components have to be in place before service management innovations can take hold on a meaningful scale:

- First, there must be a clear local commitment to improve public service management in one or more areas.
- Second, there must be a **marketplace that matches local stakeholders with qualified consultants, using practical tools and methods** that inspire action and (to the extent possible) enjoy national government buy-in.
- Third, local actors must work together long enough to build trust and confidence, and create sufficient momentum, political commitment, and **successful outcomes to make improvements sustainable**.
- Fourth, local actors should actively pursue and take full advantage of **learning, networking, sharing** of resources and exchange of experiences, and any other opportunities that may arise **to leverage results**.

The most effective approach to service improvement is therefore likely to be progressive and incremental, using action plans as building blocks, to implement simple improvements that are likely to succeed and sustain themselves before tackling more complicated service improvement programs that normally require sector-specific programs and national civil service reform.

Reform initiatives should start with simple innovative actions for which commitment and resources are relatively easy to obtain, and which will instill confidence, experience, and credibility before being replicated and scaled up. Still, most local governments need encouragement and assistance in fostering reform, and will therefore continue to require engagement of external actors able to undertake advocacy, facilitate multi-stakeholder groups in implementing reform agendas, monitor performance, and safeguard and replicate outcomes.

In such an environment, the recommendations below, targeted primarily at donor projects, focus on initiatives that are most likely to increase chances for sustainable PSM.

Recommendations

Encourage GOI to make PSM more measurable

The policies supported by LGSP helped promote participation, transparency, and accountability in PSM to some extent, but even at project end there was still resistance in some quarters to objective performance measurement. Hence, continued advocacy is recommended in order to embed performance measurement in the daily management of local government affairs. Donor projects and consultants should encourage the GOI to improve guidance (not straitjackets) to local governments for performance measurement, and projects should help local governments articulate their performance priorities.³³

Encourage a focus on performance targets and measurement in SIAPs

SIAP results have been promising, but not conclusive, since outcomes at the end of LGSP could only be measured at the level of a service unit being able to start providing services of an agreed standard. It was not possible to measure impact—for instance, whether health and education conditions had actually improved, or whether MSMEs had progressed; nor was it normally in the mandate of a governance project like LGSP. USAID may wish to consider, within the context of future governance or sector projects, commissioning an impact study to track outcomes in the coming years of selected service improvements established in earlier governance—and sector—projects, and to ascertain that the units providing the services are actually measuring their performance.

Safeguard tools for service improvement

In order to ensure that guidelines, manuals, applications, and other tools remain active circulation, they should stay in the hands of independent institutional service providers that have the resources—and are thus more likely—to update and market materials. This stewardship is important since otherwise the tools will eventually expire, and future donor

projects will have to reinvent them. The government at national, provincial, and local levels was not an active steward during LGSP since it lacked the necessary workforce competencies and incentives needed for active research and development work. Donor projects should therefore seek out and coach partners that can assume stewardship of PSM capacity-building tools.

Endnotes to Chapter 4

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- ¹ See also: *Good Governance Brief on Innovations in Public Service Management* (LGSP, 2009).
- ² *Usaha mikro, kecil dan menengah* (UMKM) in Indonesian.
- ³ For more details on the LGSP publications on public service management referenced here and elsewhere in this chapter, see Annex D.
- ⁴ The addition of organizational reform was based primarily on emerging demand in Aceh.
- ⁵ See *Engaging with Local Government in Indonesia. Multi-Stakeholder Forums and Civil Society Coalitions. Lessons from Selected LGSP Jurisdictions*, by K. McLaughlin (Jakarta: LGSP, 2008) for a discussion of the group dynamics and variables that contribute to success or failure of service improvement action planning efforts.
- ⁶ See also the Good Governance Brief *The Role of Local Governments in Promoting Decentralized Economic Governance in Indonesia*, Jakarta: LGSP, 2009.
- ⁷ In Bangkalan, East Java, LGSP worked with the USAID-funded Decentralized Basic Education (DBE I) project on drafting a local regulation.
- ⁸ Local governments are advised to proceed with action plans containing performance indicators for implementing the regulations and achieving minimum service standards.
- ⁹ This semi-corporate setup is called a LG general service unit for water supply (*Badan Layanan Umum Daerah Sistem Pelayanan Air Minum* or BLUD-SPAM), and ranks below a fully fledged PDAM.
- ¹⁰ The citizen charter was included in Law 25/2009 on Public Services (*Undang-Undang [UU] Nomor 25 Tahun 2009 tentang Pelayanan Publik*) as an accountability instrument, under the Indonesian name *Maklumat Masyarakat*.
- ¹¹ While existing e-government websites in other provinces included some features allowing citizen input, they had insufficient response and oversight mechanisms to make them fully functional.
- ¹² After an initial lineup of 116 potential SIAPs in 2006, LGSP trimmed the number to 63 in 2007, 43 in 2008, and 26 in 2009.
- ¹³ The appraisal using focus group discussions was done for the first time in 2007. After evaluation by USAID, the methodology was improved for the 2008 appraisal. A final appraisal was done internally in 2009 by an LGSP specialist familiar with the methodology and the SIAPs.
- ¹⁴ Percentages were used because no comparable absolute numbers were available. Performance indicators used for the 2007 appraisal were expanded for 2008 and 2009 to more accurately reflect achievements, while the number of SIAPs fell over the three-year period. The “natural selection” of the most promising SIAPs helped boost overall ratings.
- ¹⁵ Local governments measure the Human Development Index (*Indeks Pengembangan Manusia*), which uses “purchasing power” as the economic indicator, in combination with a health and education indicator.
- ¹⁶ *Peraturan Daerah (Perda)* in Indonesian, and *Qanun* in Aceh.
- ¹⁷ See also the section on national policies and instruments.
- ¹⁸ A 2003 Presidential Decree on Guidelines to Implementing Public Procurement of Goods and Services (*Keppres No. 80/2003 Tentang Pedoman Pelaksanaan Pengadaan Barang/Jasa Instansi Pemerintah*) explains the technical and ethical aspects of procurement, but does not impose sanctions for malfeasance. So far, there has been insufficient impetus to overcome this deficiency by issuing a law.
- ¹⁹ *Jakarta Post*, November 20, 2009.
- ²⁰ *Rancangan Peraturan Presiden Tentang Kerangka Nasional Pengembangan Kapasitas Daerah*.
- ²¹ At the drafting sessions, LGSP worked with the Advisory Services for Decentralization project funded by GTZ, and the Governance Reform Support Project funded by the Canadian International Development Agency.
- ²² LGSP initially assisted the Directorate for Regional Autonomy in drafting a government regulation on implementing minimum service standards at local level. However, as other donor agencies were also active in

this area, LGSP shifted its support to the working group drafting the presidential decree on regional capacity development, and to drafting a ministerial decree on regional cooperation.

- ²³ *Surat Edaran Menteri Dalam Negeri No. 100/121/PUM/03 Februari 2009 tentang Upaya Strategis Peningkatan Pelayanan Publik di Daerah.*
- ²⁴ The circular letter also included a model for public service administration at the subdistrict (*kecamatan*) level using the acronym PATEN.
- ²⁵ *Permendagri Nomor 22 Tahun 2009 tentang Petunjuk Teknis Tata Cara Kerjasama Daerah; Permendagri Nomor 23 Tahun 2009 tentang Tata Cara Pembinaan dan Pengawasan Kerjasama Antar Daerah.*
- ²⁶ In the drafting sessions, LGSP worked with the Canadian International Development Agency's Governance Reform Support Project.
- ²⁷ Even though partnering with local service providers was an important part of PSM, there was still a dearth of supporting policies, guidelines, or good practices, making local contracting of public goods and services to third parties somewhat sporadic. It has therefore not yet been possible to evaluate the effectiveness of this PSC training initiative.
- ²⁸ Government Regulation 41/2007 on Regional Government Organization, and Ministerial Decree 57/2007 on Technical Guidelines for Regional Government Organization. The LG units that had to be merged were the Finance Office, Tax Office, and Procurement Office.
- ²⁹ *Organisasi Pengelolaan Keuangan dan Aset Daerah.*
- ³⁰ *Badan Pendukung Pengembangan Sistem Penyediaan Air Minum (BPP SPAM), Departemen Pekerjaan Umum (DPU).*
- ³¹ See Annex D for a complete list of public service management systems publications. This list can be downloaded from the LGSP website (www.lgsp.or.id).
- ³² See the list of LGSP service providers in Annex F. The LGSP website also provides contact details of service providers.
- ³³ LGSP's work in finance and budget encouraged the development of performance evaluation based on tangible performance indicators. More work in this area is needed.

5 Legislative Strengthening

After three competitive parliamentary elections, two presidential elections, and 10 years of political reform, Indonesia is on a clear path toward democratization. The 1999, 2004, and 2009 general elections were all heralded by observers as free and fair. Electoral turnout exceeded 70%—an internationally competitive level. Citizens in Indonesia are eager to be involved in political processes, and appear to have trust in them. Since 1999, Indonesia's democratic decentralization has been characterized by a system of checks and balances in local governance reforms, which devolved authority to local legislative councils (DPRD) as the legislative branch of local government. Indonesia has councils at two administrative levels: provincial and district/municipality (*kabupaten/kota*). As of July 2009, there were 33 provinces and 491 district and municipalities in Indonesia, and a total of 14,100 councilors during the period 2004–2009.

In the consolidation of the national agenda for local reform, among LGSP's core objectives were to strengthen the institutional development and technical capacity of legislative councils at the district and municipal level, and to improve the capacity of council members to fulfill their roles and responsibilities in a more effective and professional manner. This chapter shows how LGSP provided this support, and how council members' perceptions of local governance practices changed as a result (see Box 5.1). The chapter also describes LGSP's experience in providing technical assistance to local councils, its engagement in local governance from 2005 to 2009, and some key lessons learned.

This review of the content and outcomes of LGSP assistance in strengthening local councils begins with a diagnostic assessment of the situation in 2005, which determined the approach used for the legislative strengthening program. It then discusses the changes in local council capacity that emerged during the implementation of LGSP in the four basic technical functions of legislative councils: budgeting, legislative drafting, public service oversight, and citizen representation. The chapter continues with a review of institutional capacity-building efforts, followed by a look at civil society and executive branch perceptions of local councils, including perceived changes over time. A brief examination of regional variations is followed by conclusions and lessons learned.

Box 5.1. Assessment approach for legislative strengthening

The assessment of the effectiveness of LGSP's work in legislative strengthening presented in this chapter is based on a governance assessment carried out by LGSP staff in January–February 2009 for CSOs, local councils, and government agencies in 45 partner jurisdictions across six provinces; an independent evaluation of the local council program in six jurisdictions conducted in 2008; and overall insights from LGSP's legislative strengthening staff.

The assessment draws on the results obtained from 334 questionnaires administered to local council members as well as relevant data obtained from civil society and government questionnaires. The local council respondents were all from LGSP partner jurisdictions, and most were pursuing transparency and greater citizen participation in public policy-making and oversight. Thus, this was not a random sampling. Since there was no control group, the results should only be used to highlight achievements in LGSP-supported districts. In addition, as no baseline survey was conducted at the

start of the project, quantitative comparisons over time are not possible. Nevertheless, LGSP legislative strengthening specialists did conduct qualitative assessments of the local councils in the first batch of 25 jurisdictions where LGSP began working in October 2005. Those assessments provide the basis for the observations on the situation in 2005, along with published studies.

In 2008, LGSP commissioned an independent evaluation and broad qualitative assessment of its local council program in six jurisdictions in three provinces (Central Java, East Java and South Sulawesi), focusing on new practices and reforms. The report documented various local council initiatives and innovations in their support for information transparency and public participation. It also analyzed relationships among key actors; significant factors; environmental and preexisting conditions; and the significance of, concerns, and recommendations arising from LGSP technical assistance.

Situation in 2005 and LGSP's Approach to Legislative Strengthening

During 32 years of authoritarian rule under President Soeharto (1966–1998), local councils barely had any authority or capacity. They tended to rubber-stamp legislation and budgets prepared by the executive branch. Councilors did not have the powers or skills to conduct independent analyses, oversee the government, or seek citizen input. This weakened the local councils' ability to ensure that local government programs, services, and budgets reflected constituent priorities, or to provide checks and balances.

Once the reform era arrived in 1998, a new law on regional governance (Law 22/1999) substantially changed the role and function of local councils. The council took on a legitimate role as the institution where citizen interests and preferences could be expressed and transformed into policy. With the revisions to this law introduced by Law 32/2004, the present framework came into being. Local councils were now authorized to “draft local regulations, prepare budgets, and conduct supervision” (Article 41). To perform these functions, council members were given the rights of “interpellation, petition, speech, questioning, providing suggestions, and immunity” (Article 44). The local council has 20 to 45 members at the district/municipal level, depending on the number of subdistricts in the jurisdiction.

Under this new framework, legislatures now **represented citizens** and their needs, aspirations, concerns, and priorities. They did this by articulating citizen input and preferences and transforming them into policy. Legislators should thus respond to the needs of citizens when **drafting laws** and **preparing budgets**, the steering instruments that govern a jurisdiction. Finally, legislatures practice **oversight** to ensure political and financial accountability in the executive through their power to approve legislation and budgets, and to scrutinize the work of the executive by questioning government officials.

Local Councils in 2005

When LGSP began in 2005, local councils still faced many challenges,¹ particularly corruption and abuse of power. According to Indonesian Corruption Watch data, during the period 1999–2004, more than 1,500 council members (around 12% of the total) were investigated on

corruption-related charges. Many councilors had a strong sense of their entitlement as “people’s representatives” to receive various “perks” of the office.

The 2004 general elections resulted in a substantial turnover of council members, with approximately two-thirds being replaced. A vote of distrust against incumbent legislators following a number of corruption scandals, this raised major questions about the capacity of the new council members. In LGSP’s organizational assessment in 2005, nearly 70% of council members acknowledged having little or no prior experience of elected office. Not surprisingly, the survey revealed that councils were generally poor at implementing new legislation, analyzing budgets, and reaching out to constituents. Large variations in the capacity of local councilors led to uneven and often poor performance. Councils were often late in passing legislation and budgets, and the new regulations were often difficult to implement since they did not reflect the needs and aspirations of the people. Most of these regulations were initiated by the executive branch rather than the legislative, with many of them restricting social life or taxing the population, rather than providing opportunities for human development or protecting citizens’ rights.

Council members also were hampered by an unclear political and regulatory framework. At the national level, local councils report to the central government, not the national parliament. According to Law 32/2004, local councils fall under the authority of the Ministry of Home Affairs. This relationship has often been tense. Local councils have felt constrained by overly intrusive, complicated, and confusing central government regulations that were also frequently revised. For example, in 2006 a new framework for performance-based budgeting was introduced (see Chapter 3), but minimal guidance was given to local councilors on implementing it.

At the local level, relations between the council and the executive branch of government were unclear. With the move from Law 22/1999 to Law 32/2004, the relationship between the local council and the district government head changed, with the council losing its right to impeach the district head in the context of the annual accountability report. Consequently, councils that were unhappy with the performance of the government would instead delay their approval of budgets and legislation. Many local councils found it difficult to define and implement their role effectively in a traditionally executive-heavy government apparatus.

Poor capacity in the council was also due to the lack of a comprehensive plan for human resource development. Without a natural career path, few of them had a background in budgeting, oversight, legal drafting, or the politics of representation. Political parties were weak and provided little technical support. Councilors would tell LGSP staff how little support and assistance they received. They were even asked to support their political parties by contributing up to 40% of their salaries. Not surprisingly, this practice led many councilors to find “extracurricular” sources of income.

There was also limited guidance or technical assistance from the central government, other than a four-day workshop on the key functions and regulations. Members also noted in the 2005 assessment that they received little administrative or technical support from within the council to perform their duties. Each council had a secretariat (*Sekretaris Dewan* or *Sekwan*), but these were generally understaffed and underfunded, and their allegiance was split between the executive and legislative (*Sekwan* staff are government officials tasked to support the council).

Associations for district and municipal councils had been established, but had weak leadership and were not well connected with individual councils in the regions.

In short, there was little local council capacity or support, yet few legal constraints on the formal power of the legislature to negotiate the local budget and draft local legislations—a potentially hazardous combination.

There had been, however, a number of positive developments since 1998. The legal framework for the separation of powers between the executive and legislative branches was in place. Islands of reform were beginning to emerge, with improved relations among council members, government officials, and citizens emerging across the country. Internal council policies were more responsive, local regulations were issued on transparency and participation, previously closed budgeting and legislative meetings were opened up to the public, working relations with the government were improving, and constituent relations were also better.

This, then, was the situation on the ground when LGSP launched its legislative strengthening program in 2005.

Program Approach and Objectives

The core objective of the legislative strengthening program was to improve democratic governance at the local level by assisting members of local legislatures to become more effective, participatory, and transparent in performing their core functions of lawmaking, budgeting, and government oversight. The effectiveness with which legislatures can carry out their main roles and functions depends on the capacity of their members to reach informed, independent, and comprehensive decisions. To create a representational government, council members must have the core skills to carry out their representational, legislative, budgeting, and oversight functions. Structures also need to be in place to support accountability and transparency, fair elections, and new forms of engagement with citizens. Weak legal authority, ineffective leadership, poorly trained administrative staff, and lack of information are all factors that impede the effectiveness of parliaments and councils.

By providing training and technical assistance and by organizing local governance events such as public hearings and town hall meetings, LGSP aimed to:

- Strengthen council capacity to inform and solicit citizen input on key local governance and resource allocation decisions
- Improve council capacity to formulate local policies that support transparent and participatory local government
- Improve council capacity to oversee the performance of local government agencies.

From 2005 to 2009, LGSP arranged over 600 training courses and workshops for local councils in 68 jurisdictions, facilitating new partnerships and improved governance structures. Over 13,000 people participated in these workshops. Based on the initial organizational assessments, customized work plans were developed for each jurisdiction in order to build existing capacity

and address identified needs. Training packages were delivered by a combination of LGSP staff (one legislative strengthening specialist in each regional office), professional facilitators, and subject-matter experts from universities and independent training and research institutes. LGSP developed training packages and modules, identified and built up the capacity of service providers and partners, and delivered core training in budgeting, legal drafting, and public service oversight. After gaining local councilors' confidence and commitment, LGSP began involving them in public hearings, participatory planning events, and multi-stakeholder task forces, with the aim of creating an atmosphere of partnership and trust.

Budgeting Function

This section examines the factors affecting the performance of councils during the budgetary process. As described earlier, the planning and budgeting process in Indonesia is highly complex. A large number of planning and budget documents have to be drafted by various government agencies. The preparation of local budgets (APBD) starts with a grassroots consensus-building planning process called the *Musrenbang*, which is then combined with the requirements of local government agencies and the priorities of the local legislative council to develop a draft budget. The final budget document can be thousands of pages long (see Chapters 2 and 3 of this report for more details).

The core aim of LGSP's assistance to local councils was to demystify a complex budgetary process (see Box 5.2), raise awareness, and empower councilors to carry out their duty to negotiate the budget with the executive. As an elected representative, the primary duty of a council member is to make decisions on behalf of the local community and citizens. Councilors are thus engaged in the political side of budgeting. The skills that they need do not involve financial management, costing, or allocations. Rather, they must be able to independently review budget documents drafted by the executive branch, and critically assess whether they are in line with citizen needs and policy documents, including the long-term development plan and the annual work plan. In the language of GR 25/2004, they should "provide advice and opinions on the budget." This means submitting proposed revisions and engaging the executive branch in a dialogue on how the draft budget should best allocate scarce resources and prioritize among competing demands. Councilors need to diagnose development priorities and translate them into policy initiatives. They must also determine efficient budget allocations, i.e., the most appropriate combination of spending, both across and within sectors, and among operating, infrastructure, and overhead costs.

Box 5.2. Budgetary function of local councils

In line with Law 32/2004 and its implementing regulation (GR 25/2004 on Local Council Standing Orders), local councils in Indonesia have three main roles in the budgetary process. The first is budget formulation. Law 32/2004 defines this as "discussing the draft APBD with the head of local government." To perform this role, a Budget Commission consisting of members of the main political factions is established to "provide advice and opinions" on various budget documents (GR 25/2004). Second, the local council approves the budget, which is done by issuing a local regulation (*Perda*).

Third, the council oversees the implementation of the budget and participates in budget revisions. These three functions are commonly known as budget negotiation, budget approval, and budget oversight.

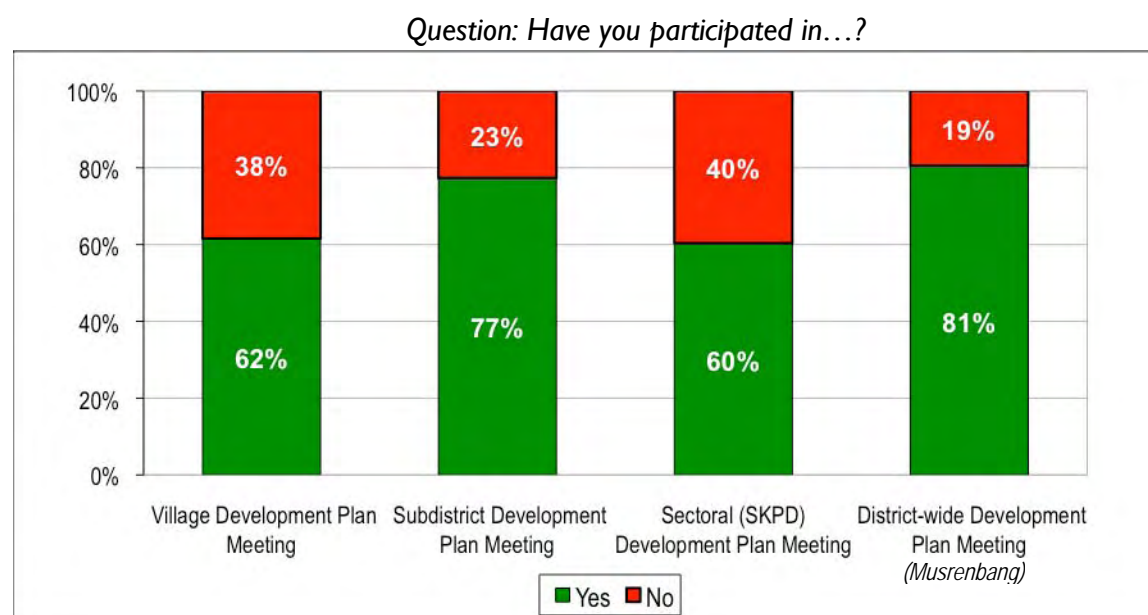
Under the current regulatory framework for local budgeting—specifically, Minister of Home Affairs Regulation 13 of 2006 (Regulation 13/2006)—the council should discuss the draft General Budget Policy Document (KUA) and Budget Priorities and Ceiling Document (PPAS—together, the budget framework documents) in May–August, discuss the draft local budget in September–November, and approve the budget in December–January.

LGSP provided advanced training and hands-on technical assistance to enhance the full budgeting cycle (from planning through to budget preparation, oversight, and reporting). Local budget documents from the previous five years were used as case studies. Revenues, expenditures, and financial policy were analyzed from a socioeconomic perspective. Councilors were encouraged to analyze trends in revenues and spending so as to be better informed when taking part in the budgeting process.

Planning Process

The first step in the preparation of budget documents was development planning meetings (*Musrenbang*), starting at the village level and ending at the district-wide meeting. This meeting was organized by the district *Bappeda* and traditionally ignored the local council. LGSP encouraged attendance by council members at all levels of the development plan meetings: at the community level as part of their constituent relations, and at the district level to ensure that they were apprised of the results of the planning process (which led to the initial budget drafts) and to ensure consistency with the village and subdistrict plans. The presence of local councilors at development planning meetings created a political incentive for the council to link the results of consultations with their own constituents and the local planning priorities, and to implement the development plans in a timely fashion. In return, their presence helped to build public confidence in the institution. Figure 5.1 shows the level of participation of council members in the various budget meetings during the period 2008–2009.

Figure 5.1. Local council participation in development planning meetings



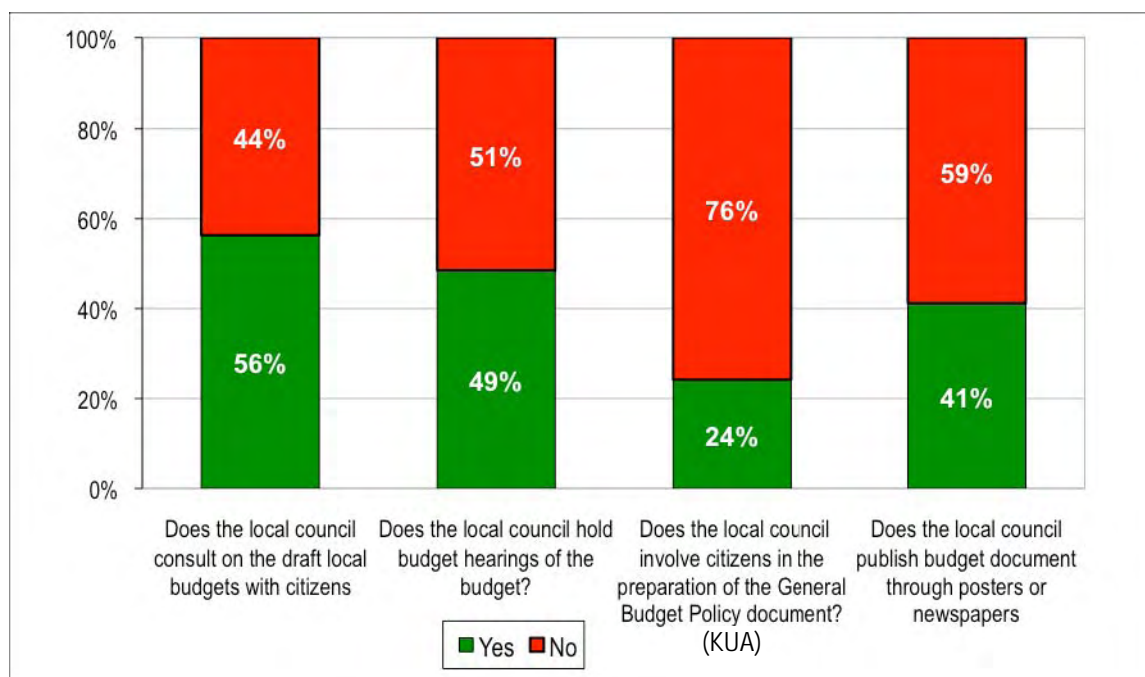
The highest level of participation (81%) was for district-wide *Musrenbang* meetings, which produce the annual local government work plan (RKPD)—the key planning document in budget preparation.² A majority of councilors also reported participating in village and subdistrict *Musrenbang* meetings, and in the sectoral planning meetings of the various government agencies (known as *SKPD Forum*). Some councils (Parepare, Gowa, Soppeng, and Enrekang in South Sulawesi; Kebumen and Jepara in Central Java) even earmarked funds for specific villages and subdistricts, ensuring that specific proposals put forward at the *Musrenbang* would actually be funded.

These positive findings are confirmed by the data on budget committee participation in planning events. With LGSP assistance, participation in the planning process by members of the local council budget committee nearly doubled from 2007 to 2008.³ This is important, since the budget committee is responsible for developing the budget framework documents, and will ultimately approve the budget.

Transparency and Citizen Engagement in the Council Budget Process

As discussed elsewhere (see Chapter 6 on civil society strengthening), budget transparency provides a platform for civic engagement in the budget process. Collaboration between citizens groups and the local council leads to proposals being made for consideration by the executive branch. The results of the 2009 assessment on budget transparency and citizen involvement present a mixed picture (Figure 5.2).

Figure 5.2. Local council transparency and involvement of citizens in the budgeting process



Councils in many partner jurisdictions collaborated with citizens groups and the local government to improve public access to local budgets by publishing them on posters and in local newspapers, by holding radio talk shows, and by drafting local regulations on transparency and participation (Chapter 6 contains some examples). But fewer than half of respondents reported holding budget hearings. LGSP had promoted such hearings with some success, but there was still resistance among some councilors to fully open up the budget. As Figure 5.2 illustrates, the lowest response obtained was for the General Budget Policy Document (KUA), which is the policy blueprint for the budget (RAPBD). While more than half of councilors reported consulting with citizens on the draft budget, LGSP experience suggested that this was often too late in the process, since the budget allocation decisions had already been made during the budget preparation meetings. If these budget meetings lack transparency, then power holders can ignore the will of the people.⁴

Budget transparency can be encouraged or blocked by either the government or the council. Councilors can learn to appreciate the benefits of transparency by undergoing training. Box 5.3 presents two examples that illustrate how training can have an impact on local government attitudes toward budget transparency.

Box 5.3. Publishing budget documents in Manokwari and Madiun

In Manokwari in West Papua, members of local NGOs could not obtain copies of any budget documents, even the approved annual budget (which by law is a public document). Upon undergoing a joint LGSP training program with civil society representatives in September 2008 concerning recent budget trends in Manokwari, local councilors realized the value of involving nongovernmental

stakeholders in budget analysis, and immediately released the budget documents for prior years to LGSP, which forwarded them to local citizens groups.

While in some places local councils can obstruct efforts toward budget transparency, in others they push for greater budget transparency. In 2006, the Madiun local council had tried to publish the local budget, but was blocked by the executive. Ultimately, the council used personal funds to copy and distribute the budget document to all neighborhoods. After collaboration with LGSP, the executive became willing to grant access to its budget drafts to both the local council and CSOs.

Budget Analysis and Allocations

In the 2009 assessment, 85% of councilors (286 of 335 surveyed) reported that they regularly analyzed draft budgets. Given that the respondents represented a cross-section of the council, and were not necessarily members of budget commissions, this overwhelmingly positive response indicated a high degree of budget literacy. In contrast, the 2005 qualitative assessment had found very low budget capacity. During early budget training sessions in 2006, many councilors reported that this was the first time they had been taught to analyze a budget. LGSP's experience in Kaimana illustrates this emerging capacity and commitment (Box 5.4).

Box 5.4. Budget literacy in Kaimana, West Papua

In November 2008, training was held for councilors in Kaimana on analyzing 2006–2008 budget trends. Members were concerned to discover negative trends in recent spending patterns. They admitted that this was the first time they had done a comprehensive analysis of the budget. In the past, they had only ensured that the projects for their own constituencies were included in the budget—not having the skills or support to do a proper analysis. The meeting ended with a commitment to utilize their new skills in reviewing the 2009 budget.

Enhanced awareness of the technical and political aspects of the budgeting process led local councilors to become more assertive and proactive in negotiating the budget, as seen in the two cases from East Java discussed in Box 5.5. However, one result of their new interest was to make what had formerly been a straightforward budget approval process (from the perspective of the government) more complex and contentious.⁵

Box 5.5. Budget negotiations in Madiun and Kediri, East Java

In Madiun, as a follow-up to a budget transparency initiative spearheaded in 2006 by a coalition of CSOs (see Chapter 6, Box 6.4), the council refused to discuss budget allocations without a detailed activity breakdown from the relevant government agency (this document was then known as *Rencana Anggaran Satuan Kerja* or RASK, now the RKA). Their slogan was “No RASK, no discuss.” This forced the government to produce key documents on time and of good quality. In late 2007, reformist councilors working with citizens groups during one LGSP training session found discrepancies in the 2008 budget draft. Together, they conveyed their concerns to the finance agency for clarification. This alerted the executive branch that it was being monitored, and in early 2008 it revised the budget.

In the neighboring jurisdiction of Kediri, LGSP provided intensive assistance during the discussion and preparation of the 2008 budget documents, and successfully encouraged the government to meet the budget timetable by delivering the draft 2009 budget on time to the councils for review. The head of

the local planning agency was surprised, however, to get questions from the council members regarding pre-budget documents. “Council members used to sit in silence during these discussions, but now they are asking sharp analytical questions, and providing good input to the draft,” he said. Through joint government-budget clinics, LGSP was able to overcome the mutual suspicion and build a good relationship.

LGSP endeavored to ensure not only that the budgetary process was transparent and participatory, but also that funds were appropriately allocated. This required council members to be able to analyze a budget, to be committed to allocations that benefited their constituencies, and to approve the budget in a timely manner. In Indonesia, pro-poor policies and support for basic public services are key elements of the national agenda to fight poverty. Citizens groups and council members often attempt to increase allocations to poor families, and to ensure that the government provides good but inexpensive health care and education. A common problem is underutilization of local budgets due to (i) the inability of the government to properly allocate and maximize the use of funds, and (ii) the late approval of budgets (with councils also sometimes being at fault). An important role of the councils is to ensure that the available funds are allocated. Box 5.6 contains case studies of budget allocation experiences in two LGSP partner regions.

Box 5.6. Budget allocations in Aceh Timur and Boyolali, Central Java

In July 2008 LGSP organized a workshop to analyze the budgets for the six partner jurisdictions on the east coast of Aceh. In the 2008 budget for Aceh Timur, for instance, less than half of the revenues were allocated for public spending, of which close to 60% was for salaries. This shocked council members, who became much more proactive in discussing the 2009 draft budget. Through consultations with the government, they obtained the draft budget much earlier. In collaboration with a civil society coalition that had also been trained by LGSP, the local council then advocated for higher program allocations for education, health care, and agriculture.

After budget monitoring training in 2007 from LGSP, the local council in Boyolali persuaded the executive to cut its fixed expenditures by 13 billion rupiah—a significant amount, considering that Boyolali’s 2007 health budget for the poor was just 2 billion rupiah. The council had identified many errors in the budget. This made the executive more prudent when submitting the following year’s draft budget in 2008: “The local government budget team is becoming more transparent and rational in budget drafting. This is a very good development for Boyolali,” said the chairperson of Boyolali council during a workshop.

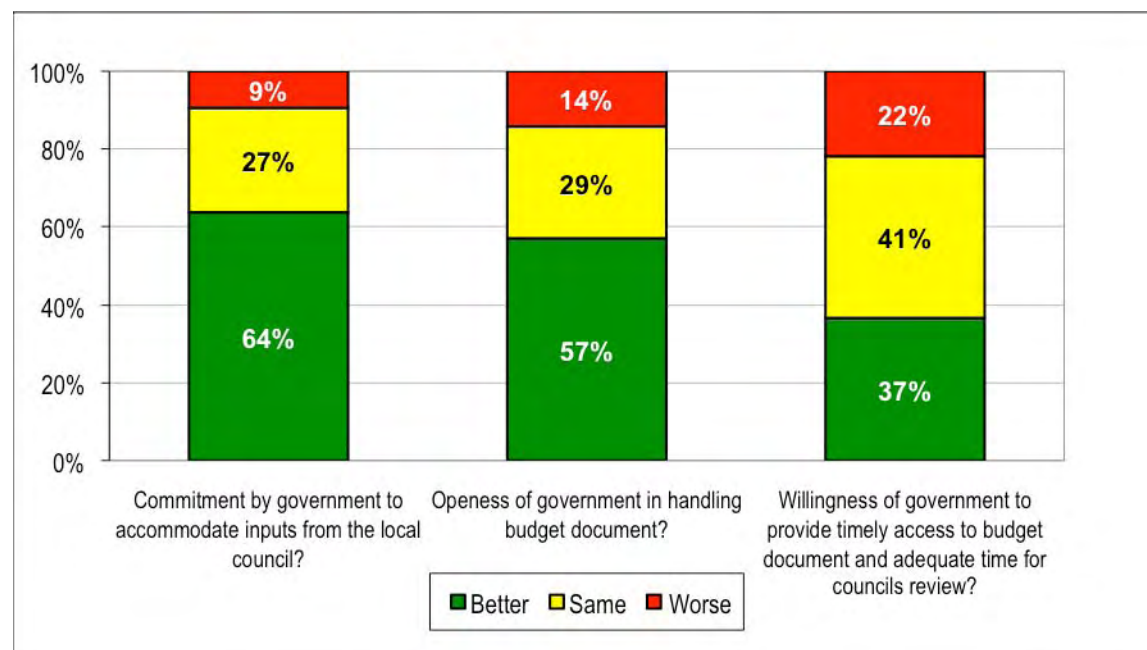
There was a concern that increasing the legislative branch’s influence on budgets might lead to a deterioration of fiscal discipline, with pork-barrel projects being introduced by legislators to please certain constituents. To discourage this, LGSP pushed for timely approval of budgets and stressed the need for fiscal prudence. As discussed in more detail in the finance and budgeting section of this report (Chapter 3), partner jurisdictions became increasingly successful in passing budgets on time.

Changes in Perception over Time

Figure 5.3 shows how council members perceived changes over time in how the government responded to the budget process.

Figure 5.3. Changes perceived by councilors in government commitment to budgeting process

Question: In these fields, has the government become better, worse or remained at the same level during the past 3 years?



A majority of councilors perceived positive changes in access to budget documents. But only 37% reported that they had seen positive changes over the past three years in the government willingness to provide *timely* access to budget documents. It is common for council members to receive documents only a few days before they need to be approved and thus not have sufficient time to analyze them and provide their input. A timetable for budget documents is provided in Government Regulation 13, but this is not always respected by government officials.

Councilors also perceived that the government had become more responsive in accommodating their input, with 64% seeing an improved commitment by the government to listen to them. One challenge in many regions was the retention of old practices by government officials, including a tendency not to respond properly to suggestions from the local council. This situation improved over the course of the program, as LGSP provided technical training and awareness-raising to government officials, supported budget clinics, and taught council members about the technical aspects of budgeting.

A fundamental shift to more responsive and citizen-oriented budgeting was still a “work in progress” at the local government level across Indonesia by the project’s end, including in LGSP partner jurisdictions. Many council members were not convinced that local budgets should be based on citizen needs and priorities. The budgeting process remained largely dominated by the executive. It was a challenge to tie the local budgeting process to national programs for poverty alleviation and good governance. And a gap still existed between national-level reforms and

local practice. Nonetheless, with LGSP's assistance, councils in many LGSP jurisdictions made important advances in budget analysis and oversight during project implementation.

Legislative Function

With respect to the role of councils in drafting local regulations (*Perda*), LGSP's Intermediate Results framework was to improve local council capacity for formulating local policies that supported transparent and participatory local government. Indonesian local councils set their own legislative agendas, and both the legislative and executive branches can propose legislation. Legislation must be approved jointly by the executive and legislative branches before it becomes formally binding.

In spite of these far-reaching powers, councils often lacked the capacity to independently draft regulations, and depended heavily on the executive branch. Even if legislative rights were instilled in council members, exercising these rights often required help in researching and drafting the legislation. Table 5.1 shows the source of local regulations in six selected partner jurisdictions⁶ that had more innovative and reform-minded local councils. Even in these jurisdictions, fewer than 10% of the local regulations originated in the local council. In many partner jurisdictions, the local councils did not initiate any regulations at all during the period—They simply approved government drafts.

Table 5.1. Source of local regulations in selected LGSP jurisdictions, 2005–2009

<i>Jurisdiction</i>	<i>Initiated by council</i>	<i>Initiated by government</i>	<i>Total number of local regulations</i>
Boyolali	8	25	33
Jepara	2	24	26
Madiun	2	25	27
Mojokerto	2	23	25
Parepare	3	36	39
Pinrang	0	28	28
TOTAL	17	161	178
Percentage	9%	91%	100%

In the early days of the Indonesian reform era called *reformasi* (1998–2004), the standard of legislation was generally unsatisfactory. Shortcomings identified included imprecise language, inconsistent definitions, contradictions, duplication, and lateness in issuing regulations.⁷

LGSP provided assistance and training on legal drafting methodology, evaluation of existing and prospective local regulations through regulatory impact assessments, development of regional legislation plans (*Prolegda*), negotiation, and conflict resolution. All these activities were intended to strengthen the accountability and transparency of the legislative process. Within this general framework, three areas received particular support from LGSP:

- providing technical training in legislative drafting
- encouraging input from citizens groups
- formulating local regulations on transparency and participation.

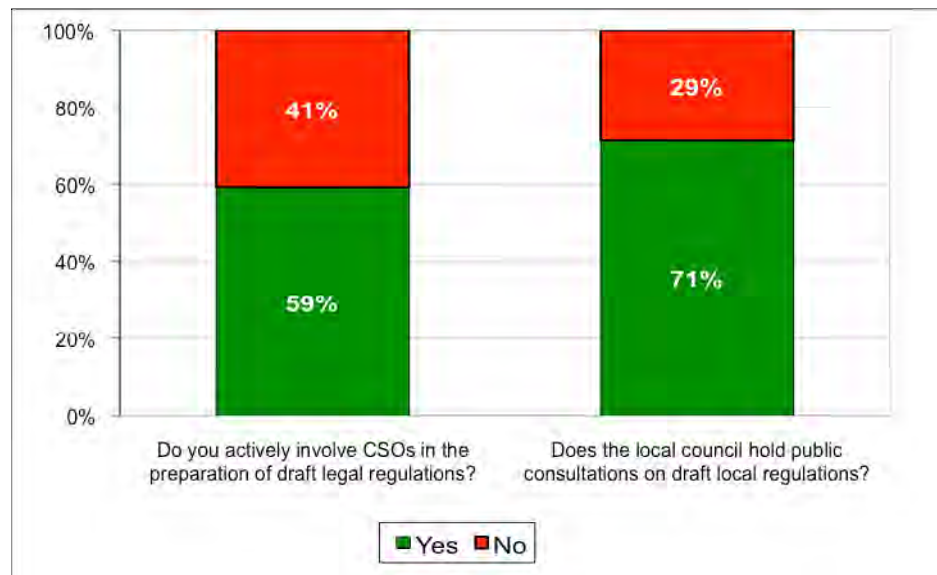
Technical Capacity in Legislative Drafting

In the 2009 assessment, 242 of 329 (74%) local councilors reported being regularly involved in legal drafting. Since drafting a regulation is a technical task, LGSP provided technical training to the drafting committees and the members of the standing committee on legislation (*Panleg*). The training covered compliance with higher-level laws, the correct use of construction, style and grammar, and methods for applying drafting language to particular regulations. Councilors were asked to bring to the training sample drafts from their own jurisdictions.

Citizen Involvement in Preparing Regulations

Part of the training on legislative drafting focused on defining how nongovernment stakeholders should be involved in the drafting process. LGSP supported hearings and direct involvement of citizens groups in this process. As Figure 5.4 indicates, councils actively involved citizens in the legal drafting process in 59% of partner jurisdictions, and shared information on their legislative program in 71%. There was significant openness in legislative proceedings. These positive steps indicated that policy-making at the local level was becoming more responsive to community needs.

Figure 5.4. Involvement of citizens in legislative drafting



The drafting of a health regulation in Bireun (Aceh) is an interesting case study of citizen involvement in legislative drafting (see Box 5.7).

Box 5.7. Bireun, Aceh: Drafting of a health regulation

In April 2008, LGSP organized a workshop in Banda Aceh for all 11 partner jurisdictions in Aceh on the regional legislation plan (*Prolegda*), specifically on how to promote council-initiated local regulations on public services. At that time, no council in Aceh reported having initiated any regulations in the past four years by themselves. After listening to LGSP's experiences in other provinces, the local council in Bireun initiated three separate regulations: on transparency and participation, health services, and education. The legal drafting committee later decided to hand over the education and health regulations to the respective government agencies, but retained the transparency regulation as a council initiative. To draft these regulations, the Bireun council allowed a couple of local NGOs supported by LGSP to provide first drafts of the regulations. LGSP held clinics and workshops on legal drafting for all three regulations. At the final public hearing on the health regulation in May 2009, more than 50 participants contributed their input. The hearing was organized so as to produce a final draft acceptable to all. LGSP supported the drafting committee by providing a legal drafting expert to ensure the draft was in compliance. A month later, the local council approved the health regulation. The other two regulations were expected to follow once new legislators were sworn in, in September 2009.

But not all regulations passed smoothly. A draft transparency regulation in Madiun (East Java) was ready to be approved in February 2009, but was delayed until the newly elected mayor had been inaugurated in May. Once inaugurated, the mayor asked for a review, frustrating the outgoing local council.

Participation and Transparency Regulations

As a means to institutionalize transparency and participation, LGSP supported the drafting of local regulations on transparency and participation. These regulations codified the disclosure of previously unreleased information and documents controlled by the local government, and clarified when and how citizens could participate in policy-making and attend government meetings, including budget hearings and debates on legislation. Transparency regulations defined a legal process by which government information must be made available to the public. Although citizen participation cannot be fully regulated by a law, the transparency and participation legislation enshrined a citizen's right to access documents and participate in policy-making. Because the records and policies produced by government officials are thus more likely to be reviewed and commented on by the public, the decision-making process and justifications should be improved by such public oversight. As Indonesia's freedom of information law states, "openness of public information is a means to optimize public oversight of the State and government agencies in the public interest."⁸

Table 5.2 lists jurisdictions in which LGSP supported the legal drafting process (covering technical aspects, public hearings, and drafting clinics with the government) for local regulations on transparency and participation, and records the status of these regulations at project closure.

Table 5.2. Status of local regulations on transparency and participation, 20 partner jurisdictions, at project end

<i>Jurisdiction</i>	<i>Theme</i>	<i>Status</i>
Palopo	Participation and transparency in planning	<ul style="list-style-type: none"> ▪ Enacted
Enrekang	Participatory planning	<ul style="list-style-type: none"> ▪ Enacted
Kota Kediri	Participation and transparency in planning	<ul style="list-style-type: none"> ▪ Enacted
Probolinggo	Participation and transparency in planning	<ul style="list-style-type: none"> ▪ Enacted
Boyolali	Participatory financial management	<ul style="list-style-type: none"> ▪ Enacted
Kebumen	Transparency and Participation	<ul style="list-style-type: none"> ▪ Enacted
Jeneponto	Participatory planning	<ul style="list-style-type: none"> ▪ Draft had been produced by council and submitted to executive ▪ Public hearing held
Soppeng	Participatory planning	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held
Parepare	Participatory planning	<ul style="list-style-type: none"> ▪ Review of existing regulation completed ▪ Public hearing held
Pinrang	Participatory planning	<ul style="list-style-type: none"> ▪ Review of existing regulation completed ▪ Public hearing held
Bireun	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council and submitted to executive ▪ Public hearing held
Aceh Jaya	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held
Pidie Jaya	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held
Aceh Utara	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held

<i>Jurisdiction</i>	<i>Theme</i>	<i>Status</i>
Kota Madiun	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council and submitted to executive ▪ Public hearing held
Bangkalan	Participatory planning	<ul style="list-style-type: none"> ▪ Draft developed by council but put on hold because of resistance from government
Boyolali	Transparency and participation	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held
Sibolga	Participatory planning	<ul style="list-style-type: none"> ▪ Draft had been produced by council ▪ Public hearing held
Karang Anyar	Participatory planning	<ul style="list-style-type: none"> ▪ Academic paper drafted
Jepara	Transparency and participation	<ul style="list-style-type: none"> ▪ Academic paper drafted

Nearly all of these regulations were initiated by the local councils, showing their twin desires to have an independent role in local policy-making and protect the rights of constituents. As noted earlier, local regulations in Indonesia have traditionally been initiated by the executive for the local council to rubber-stamp. By passing regulations on participation and transparency, local councils showed their desire to protect the rights of citizens.

However, as the Madiun case mentioned above shows, not all transparency and participation regulations supported by LGSP were easily approved. LGSP could only provide support for capacity development. Once the drafts had been produced by the council, they moved to the political arena where there were political party considerations, and a sometimes tense relationship between the executive and legislative branch. Although LGSP attempted to mediate and provide assistance to both the local government and the council, the internal political approval process was ultimately beyond the reach of a technical advisory program. Table 5.2 above demonstrates the lengthy process and hurdles along the way that accompany final passage of legislation.

Oversight of Public Services

This section focuses on the role of councils in monitoring the implementation of government programs, specifically focusing on the oversight of basic public services such as education and health care. Since one role of local councils is to hold the government accountable, they need to use their legal authority to amend and oversee budgets and policies. In the separation of powers, oversight is a basic tool for checking the behavior and practices of the strongest political actor—in this case, the executive. In a democracy, giving political and administrative

leaders feedback on their performance through legislative oversight is “an important but underused means for giving them that information in a form that is typically hard to ignore.”⁹ In this way, the government can be held accountable.

In Indonesia, oversight generally was the most poorly developed of the three council functions.¹⁰ During the project, no partner jurisdictions used their full powers to investigate local government officials or agencies. There were several reasons for this. The first was a lack of clarity in the legal framework. Local councils used to be able to reject the formal accountability report submitted each year by the head of the government, but this power was withdrawn in 2004 since it was seen as leading to abuse of council power. The second reason was the issue of support. As noted earlier, staff at the local council secretariat (*Sekwan*) are civil servants who are responsible to the head of government, not the local council. This dual allegiance limits the support provided by the secretariat in the sphere of government oversight. The third and last reason was the limited capacity of councilors themselves: Many had limited experience or expertise, and a fair number lacked the necessary commitment to perform their duties.

To address these structural and capacity weaknesses, LGSP provided intensive assistance and training on oversight. First, councilors were trained in the techniques of oversight, such as collaborating with NGOs and the media to collect and publicize data. A handbook for council members on public service oversight was also published. And second, LGSP encouraged local councils to be more assertive in their oversight so that they could handle the inevitable conflicts with the executive.

Direct Oversight by Councilors

There are two basic ways in which a councilor can conduct oversight. The first is direct oversight by the council, whether individually or through a political party faction or commission. A typical example of individual oversight comes from Jepara, a city on the north coast of Central Java, and is described in Box 5.8.

Box 5.8. Jepara, Central Java: Oversight of infrastructure projects

In Jepara, councilors directly monitored the implementation of infrastructure projects in the district. Councilors monitoring these projects had found that specifications were not being complied with in the construction of roads, marketplaces, and even the renovation of a well-known private Islamic boarding school, where the school managers had submitted invoices to the local government for work that had already been funded directly by the school.

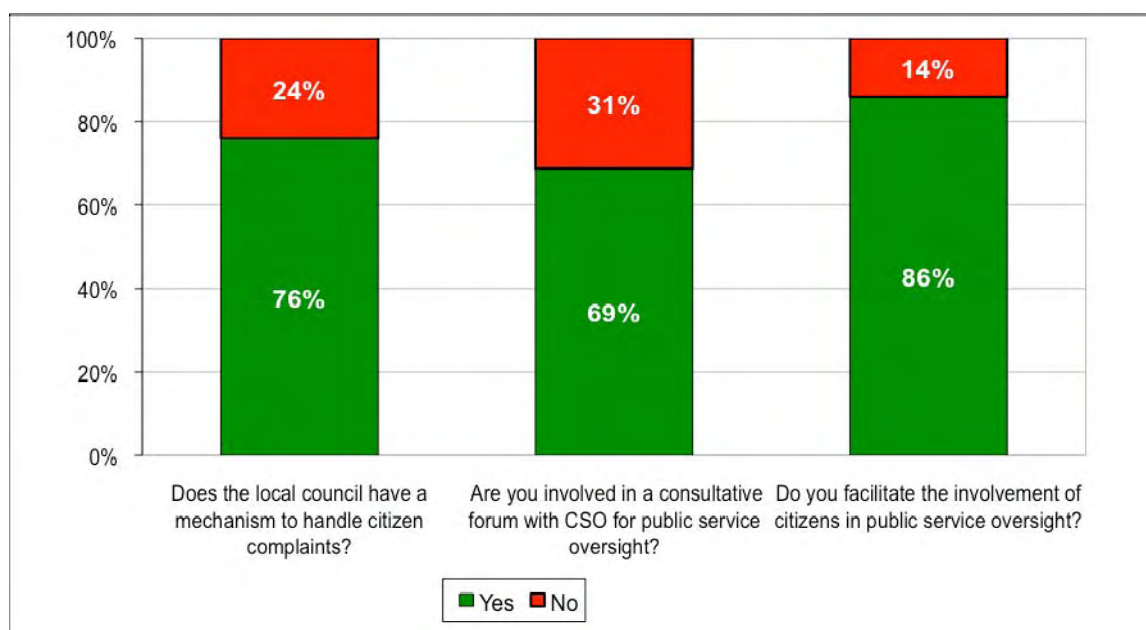
In one particular case, a councilor in Jepara received a report from some of his constituents that the specifications for the renovation of the marketplace were not being adhered to—the steel rods were significantly thinner than what was normally used. This councilor conducted this kind of monitoring so often that he always carried around with him tools to measure thickness and length. He reported the results in an internal local council newsletter, and the council leadership informally contacted the public works agency for clarification.

In another case concerning the surface mining of sand and soil, the council found so many discrepancies that they decided they needed to regulate this kind of extraction. The regulation was duly passed in 2008.

Acting on Citizen Complaints

The second method of oversight is for councilors to act on complaints received from citizens—a common occurrence in partner jurisdictions. As Figure 5.5 shows, three-quarters of councilors reported that there were council mechanisms to handle citizens complaints. And 86% of councilors reported using various ways to involve citizens in the oversight of public services. One application for this kind of oversight was developed in Aceh (see Box 5.9).

Figure 5.5. Citizen involvement in local council oversight of public services



Box 5.9. Aceh Besar: *Seuramoe Informasi Geutanyoe Aceh Besar (SIGAB)*

The local government of Aceh Besar partnered with LGSP to develop and launch a web-based software program called SIGAB to assist the government in handling citizen complaints via SMS or its website. Once a complaint was recorded and forwarded to the relevant agency, the government had 48 hours to respond to the person submitting the complaint. If the complaint was not handled within two days, the complaint was automatically forwarded to the local council. The designated council commission could then contact the local government secretariat (*Sekda*), which was formally responsible for the SIGAB system, to seek action from the appropriate agency. This form of electronic complaint mechanism was also implemented by several other jurisdictions in Indonesia (see Chapter 4 on public service management systems).

Representing Citizens

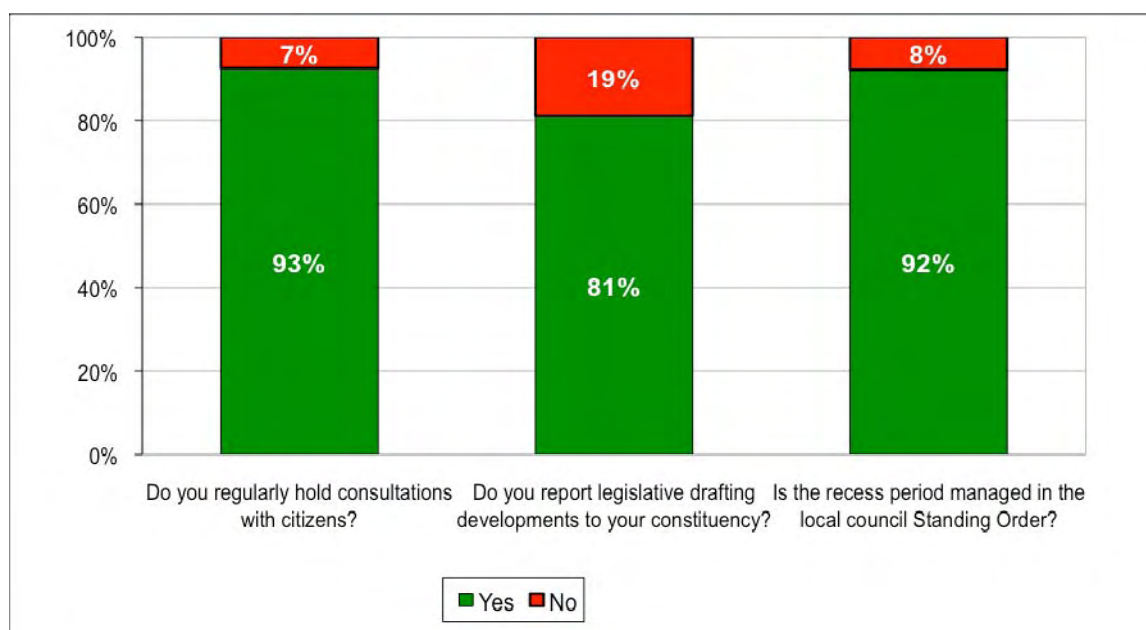
The representative function shapes the other council functions. Without clear and strong representative mechanisms, the legitimacy of council members to pass responsive legislation

and budgets will be jeopardized. Ultimately, the people will lose faith in their elected representatives, and vote in new legislators and parties. In the longer term, this may lead to general distrust in the political system as a whole. Representation has two dimensions. Firstly, legislators act as intermediaries for constituents in their dealings with government agencies. Second, legislators act individually or collectively to represent constituent interests in the policy-making process.¹¹

To support the representation function, LGSP facilitated various activities to encourage council members to be more accountable and responsive to citizens. Initially, this took the form of training in constituency relations using a handbook developed by the project.¹² Training was also provided in media relations, so that council members could develop relationships with journalists and other media representatives. Later in the project, LGSP supported partnerships with local citizens groups.

The results achieved by the end of the project were impressive. As Figure 5.6 shows, 93% of legislators reported regularly visiting their constituencies, and 81% regularly reported back on policy developments.¹³ This figure was supported by a strongly positive assessment made by CSOs on the council outreach programs (see Chapter 6, Figure 6.13). Ninety-two percent of councilors reported that their council had codified constituency relations in the Standing Order (*Tata Tertib*). As Figure 5.1 showed, many councilors also participated frequently and actively in *Musrenbang* development planning meetings.

Figure 5.6. Constituency relations



Institutional Capacity

Besides supporting the technical functions of council members, LGSP also supported institutional capacity development. Local councils are complex institutions. They consist of

factions, issue-based caucuses, and working groups as well as standing committees for budgeting, legislative drafting, and ethics. In addition, there is an intricate and multilayered leadership structure. Finally, there is the delicate relationship between the council members and the council secretariat (*Sekwan*).

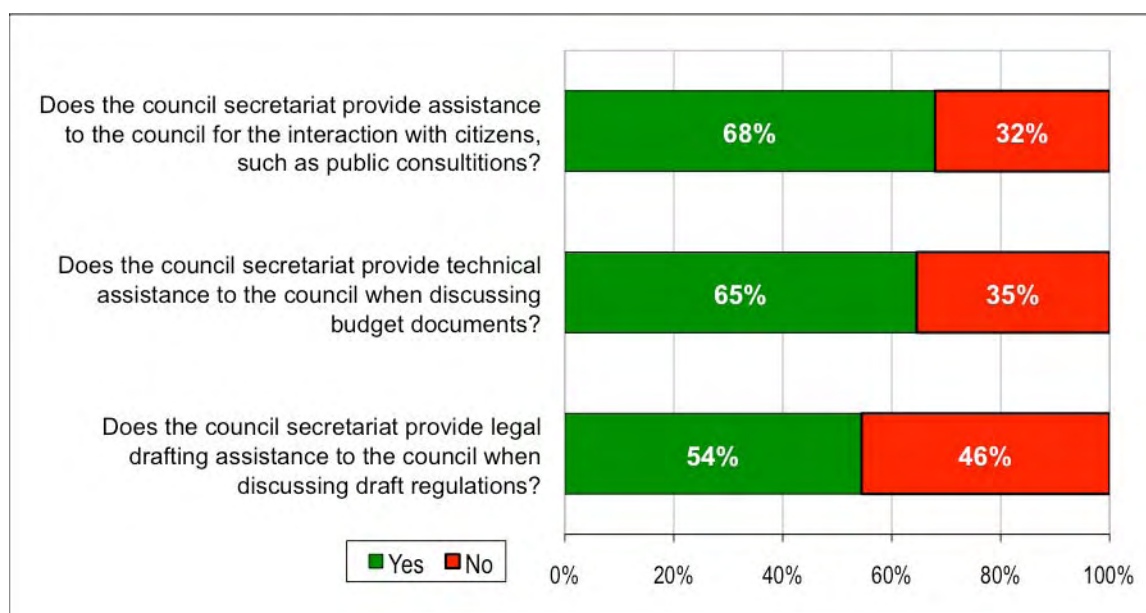
Institutional Framework and Internal Management

For the council to operate effectively, both planning and management need to be in place. LGSP provided training to councils on various internal tools, such as their regional legislation plans (*Prolegda*) and annual work plans (*Renja DPRD*). Most partner regions followed up LGSP training by finalizing these documents. The effectiveness of institutional capacity development can be measured by the quality of local regulations (which improved) and the willingness of councilors to respond to regional needs through legislation and budget allocations (the DPRD's annual work plan should be in line with the district's five-year development plan). Also in this regard, local councilors in partner jurisdictions were becoming more responsive. In the early stages of the project, LGSP also supported the development of Council Standing Orders (*Tata Tertib DPRD*). Examples where principles of good governance were institutionalized in Standing Orders include Madiun (East Java), with sections that incorporate citizen participation in the budgetary and legislative processes; and Boyolali (Central Java), where the Standing Order requires all draft regulations to be prepared using both public hearings and a compulsory white paper. These best practices were disseminated by LGSP and adopted by other jurisdictions.

Council Secretariat

The council secretariat, which is in charge of the administration of the council, organizes the council's internal and public meetings and travel, handles its finances, and manages all its correspondence. Figure 5.7 illustrates the perceptions held by local councilors on the role played by the council secretariat.

Figure 5.7. Perceived support from council secretariat



As Figure 5.7 shows, not all councilors felt that they received adequate support from the secretariat. Between half and two-thirds of respondents perceived that the secretariat was helpful—more so in constituency relations than in budgeting and legislative processes, presumably because constituency relations were less politically sensitive. One reason for this perceived lack of support may have been the dual allegiance of secretariat staff to the executive and legislative branches, discussed earlier. Relations at the local level were often quite tense, while in regions where there was a good relationship, sentiment tended to be positive from both sides.

There were also issues concerning the capacity of the secretariat staff. In many jurisdictions, the secretariat is an agency to which poorer-performing staff are moved. To encourage better relations and to raise the general competency of secretariat staff, LGSP trained *Sekwan* staff to support the political and analytical tasks of the local council. The program ensured that secretariat staff also attended the technical training for councilors in budgeting and legal drafting. This not only raised their technical capacity but also improved the interactions between the two institutions. In 2008 and 2009, LGSP provided technical assistance to secretariat staff on managing the transition that would follow the legislative elections in April 2009, addressing both the accountability (administrative and financial) of outgoing councilors and the capacity-building plans for newly elected members.

Civil Society and Government Perceptions of Local Council

So far, this chapter has highlighted local councilors' own perceptions of engagement in their various functions. As part of the end-of-project assessment, LGSP also asked government officials and civil society activists for their perceptions of local councils. The results of the survey are recorded in Figures 5.8 and 5.9.

Figure 5.8. Government officials' perceptions of local councils

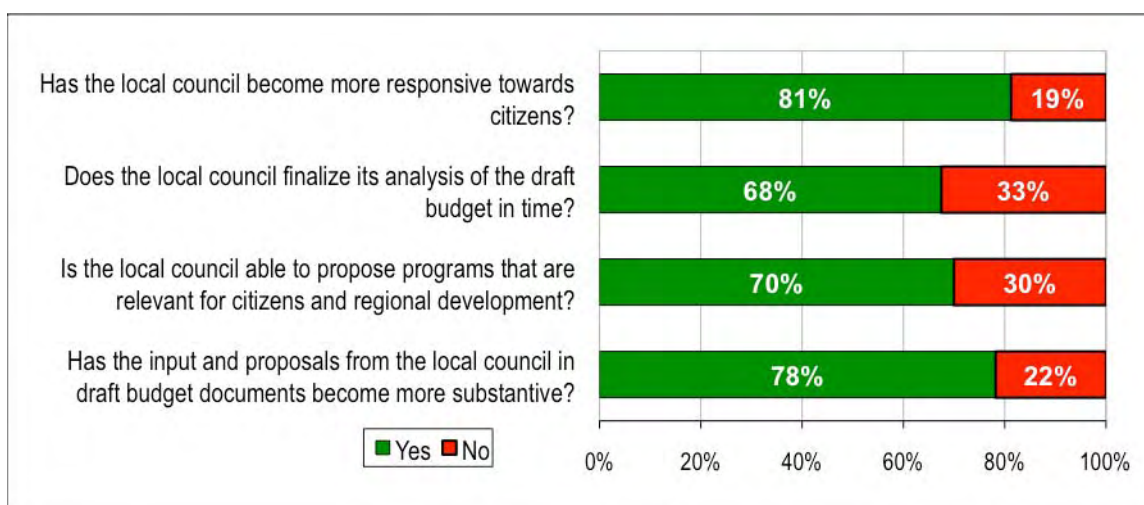


Figure 5.9. CSO perceptions of local councils

Question: In these fields, has the council become better, worse or remained at the same level during the past 3 years?

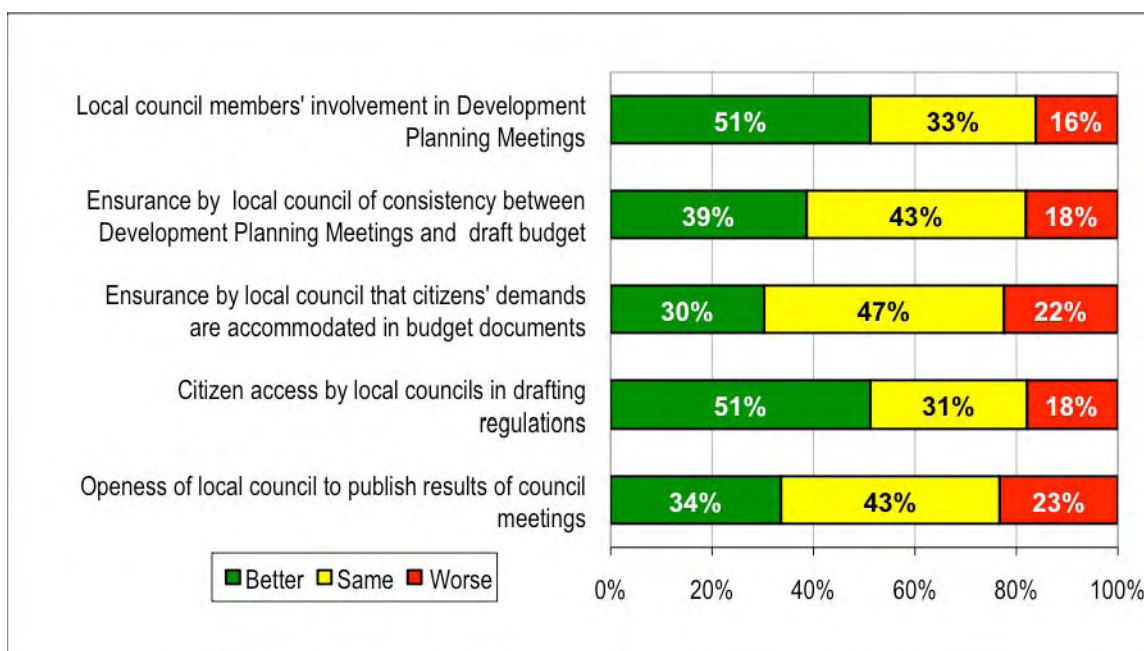


Figure 5.8 shows that government officials rated local councils quite highly, with local government staff perceiving the councils as more responsive to citizens and valuing their input more than in the past. The lowest score was for timely analysis of budgets, with 33% of government officials perceiving that local councils were late in analyzing budgets. Meanwhile (referring to the third question in Figure 5.3), the majority of councilors perceived that the executive had not improved over the past three years in providing the budget documents in a

timely fashion. Continuing suspicion between the two branches of government, and related delays in the passing of budgets and regulations, still hampered good governance efforts.

Figure 5.9 is an assessment of local councilors by civil society activists. The result is again generally positive. Despite the bad press that local councilors had received in recent years, civil society activists in partner jurisdictions generally perceived that relations had improved or at least remained the same during the past three years. The most negative perception concerned the relevance of budgets to citizen priorities (third item in Figure 5.9), consistent with the general perception in Indonesia of corrupt council practices. Without comparable data from nonpartner jurisdictions, it is difficult to determine whether these perceptions differed in partner jurisdictions. It can only be noted that the most positive figures were recorded for development planning and legislative transparency—areas in which LGSP provided substantial assistance.

Regional Variation

There is some regional consistency in local council capacity and practices among the six provinces assessed (Figures 5.10 – 5.12). Council members in East Java, Central Java, and South Sulawesi were more active than those in North Sumatra and West Papua. They conducted more budget analyses, legal drafting, and public service monitoring. This finding was consistent with LGSP's experience that councilors in Java were generally better educated and more assertive. Council capacity in West Papua was generally low. As mentioned in Box 5.4, members of the Budget Commission in Kaimana admitted never having analyzed a budget before the LGSP training. North Sumatra is a special case. While there were good universities and NGOs in the province able to support the local councils, the local councils performed poorly in most council functions. This is consistent with an opinion poll by Democracy International which found that citizens in North Sumatra were the most negative toward local government among provinces surveyed.¹⁴ Possible reasons for this include high ethnic diversity and a history of abuse of power and corruption in local councils.

The surprise here is Aceh. In all but legislative drafting, councilors in Aceh almost matched those in Java. They were active in analyzing budgets and monitoring local government agencies. A substantial number of training and capacity-development efforts were conducted in post-tsunami and peaceful Aceh, many spearheaded or supported by LGSP. But council involvement in legal drafting was low, with no local regulations being initiated by the councils during the period 2004–2008. Nevertheless, toward the end of LGSP assistance to Aceh, regulations began to be initiated by local councils, and legislators became more active.

Figure 5.10. Regional variation in local council analysis of draft budgets (RAPBD)

Question: Have you ever analyzed the local budget?

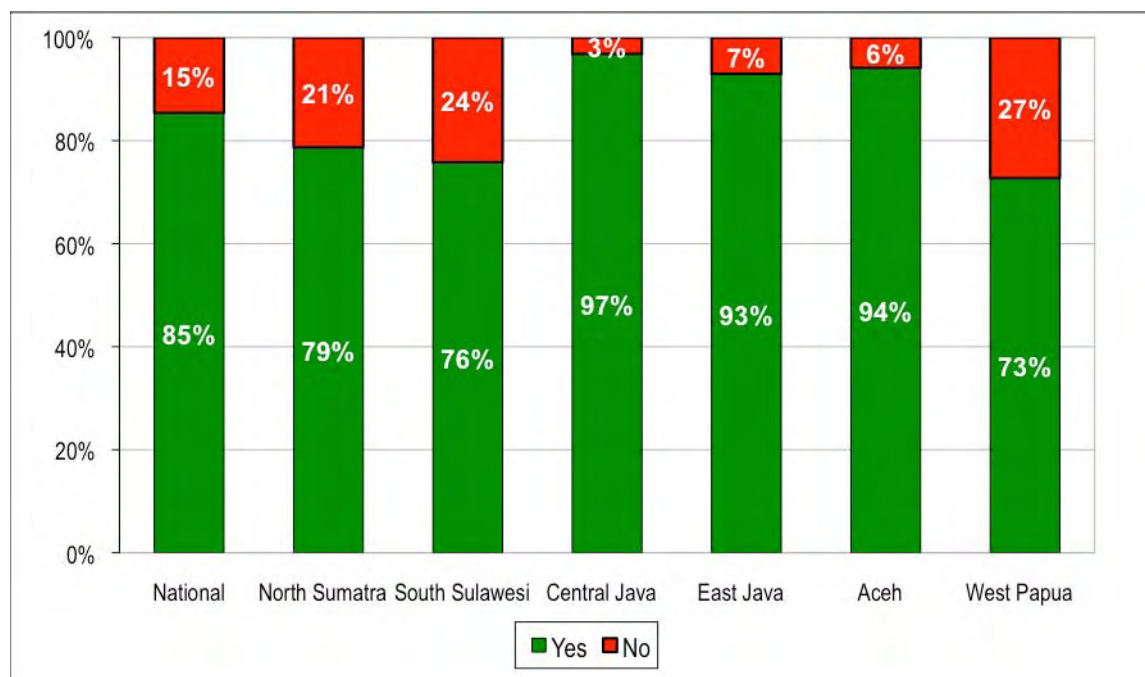


Figure 5.11. Regional variation in local council involvement in legislative drafting

Question: Have you been involved in discussing a draft regulation?

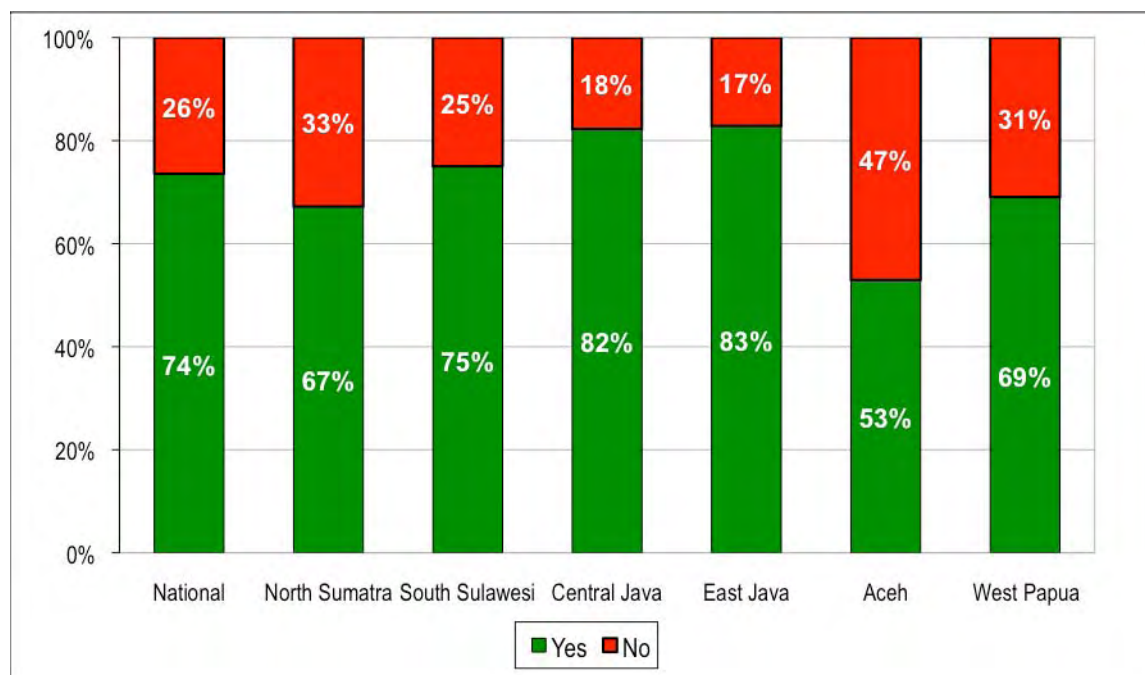
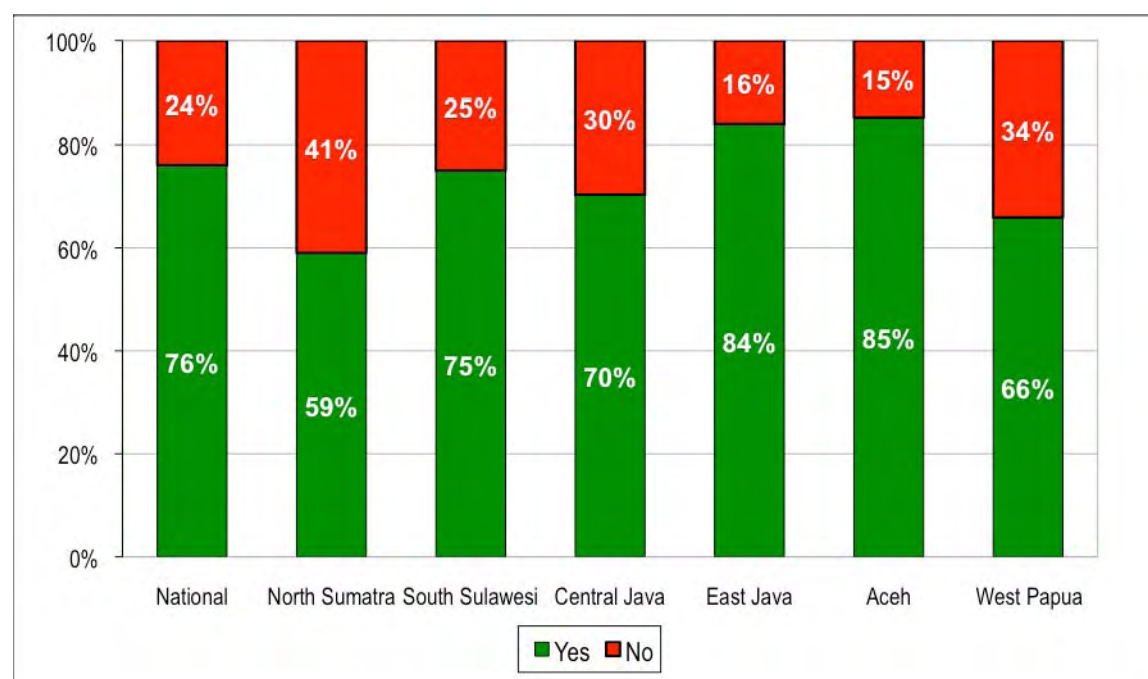


Figure 5.12. Regional variation in local council citizen complaint mechanisms

Question: Does the council have an internal mechanism for citizens' complaints?



Conclusions and Lessons Learned

Legislatures are the key to consolidating local reforms and realizing the democratic potential embodied in general elections. During LGSP's period of performance, progressive councilors showed increasing commitment to listening to citizens on a daily basis. They were becoming responsive and innovative, understanding the challenges faced in fighting corruption and winning the trust of citizens. While many of them were reelected in 2009, many were not.

Nationwide, the turnover of local councilors in the 2009 elections was above 70%. These figure applied equally to LGSP partner jurisdictions. Losing candidates often blamed their loss on their refusal to engage in money politics by bribing voters or local election commissions. Many voters appeared to prefer short-term cash benefits to uncertain promises made by legislative candidates.¹⁵

As stated at the start of this chapter, in 2005, local councils were at a crossroads. While empowered to draft local legislation, to participate in the budgeting process, and to monitor government performance, many new councilors had little experience in governance, and no support system in place. Feeling a sense of entitlement, they were prone to engage in corruption. All this detracted from their performance, leading to voter cynicism and lack of trust.

Between 2005 and 2009, LGSP found evidence of a desire to reform and innovate among some council members. Progressive councilors in partner jurisdictions reached out to citizens and

forged new relations. While abuse of power remained, new practices emerged in council/government and council/citizen relations. Positive developments in many jurisdictions included faster approval of budgets and regulations, greater feedback from citizens on the legislative process, and regulations of higher quality. LGSP training enhanced the capacity of legislators to interact with and responsibly represent their communities in performing their duties.

This is not to minimize the continuing challenges to strengthening both the capacity and motivation of councils to shoulder the responsibilities entrusted to them. A 2009 national survey, which asked 1,900 Indonesian citizens to indicate which of 28 professions they respected most and least, found that members of local councils, along with members of the House of Representatives (DPR), ranked only very slightly above the police as the professions the public respected *least*.¹⁶ While evidence from LGSP partners, although in no way directly comparable to this survey, indicated a more positive assessment of councils by CSOs surveyed—a likely result in part of efforts by LGSP—the bottom line is that a democracy needs a functioning legislative branch of government. Efforts of governance programs must therefore continue to foster positive models of council capacity and integrity.

Capacity-Building Results

In the field of ***budgeting***, the technical skills of councilors to analyze and provide their advice and opinions on the budget improved. Local budgets became more responsive to citizen priorities. Accountability was enhanced when councilors began setting and influencing policy priorities, informing citizens, and soliciting their input on resource allocation decisions. Partner councils increasingly involved citizens in drafting budgets and in budget hearings. Technical assistance encouraged local councilors to actively engage in public consultations and participatory planning exercises outside of their council chambers. This outreach enhanced their ability to accommodate community needs and aspirations.

Through improved technical skills in ***legal drafting***, councilors were able to provide more meaningful input into the legislative process, rather than continuing to rubber-stamp government drafts. More regulations were initiated by them, especially those related to good governance and basic public services, which included supporting greater transparency and public disclosure, and greater citizen engagement in local governance processes.

In ***public oversight***, individual legislators and local councils became more assertive, taking the initiative to monitor local government performance and expose cases of abuse and unresponsiveness.

Following intensive exposure at LGSP events, councilors reported improved relations with the council secretariat and ***greater internal effectiveness***. The planning training—on both the legislative agenda and the DPRD work plans—encouraged councilors to think more strategically about regional needs and ways to link their day-to-day work on the council with citizen priorities.

Council members also engaged in more **constructive relationships** with civil society activists and government officials. Mutual distrust began to be replaced by governance partnerships and multi-stakeholder groups.¹⁷

Two additional positive indicators of the success of the capacity training program for local councils were the **high levels of attendance and co-funding** despite LGSP's insistence that training events be held in or close to home districts of councilors.¹⁸ Council members were notorious for low attendance at training events, but LGSP events would often extend into the evening with full attendance, and they usually lasted two or three days. There was also a high level of matching funding for the events from councils, which contributed half or more of the funds for LGSP training out of their own capacity-development funds.

Sustainability

To sustain these emerging good practices, LGSP produced training programs and published modules in all major areas, for adoption by progressive councils. Emerging networks of trainers and facilitators yielded a pool of facilitators and service providers to provide continued support and technical assistance to the new legislators. As described in Chapter 6 of this report, LGSP partners, staff, and service providers came together in "LGSP-Link," committing to continue support for the use of LGSP approaches, tools, and modules. Service providers and former staff established a Center for Legislative Strengthening—an independent research organization and consultancy that will support local councils in their regional development and good governance activities, using LGSP's modules and training packages. This was one of the first organizations focusing on legislative strengthening to be set up in Indonesia.

New partnerships between citizens and legislators also hold the promise of sustained reforms. As DRSP's 2009 Stock Taking Study reported:

...in the future, several reform initiatives based on mutual cooperation between councils and CSOs need to be continued. And a multi-stakeholder approach is also needed in empowering the capacity of DPRD.¹⁹

LGSP for its part facilitated improved relationships between councilors and civil society activists through CSO-council partnerships, aiming to capitalize on good practices in constituency relations emerging during the past four years—particularly in terms of partnerships with citizens groups. In East Java, Central Java, and South Sulawesi, CSO-council partnerships were established where councilors and citizens met in town-hall-style meetings to discuss shared concerns regarding basic public services and promotion of good governance. Such forums can help to imprint in the minds of new councilors the good practices introduced during the past few years, including greater budget allocations for basic public services. These regional meetings allowed for cross-learning between jurisdictions on how CSO-council partnerships could operate and how various councils had successfully increased these budget allocations.

Overall, the improved capacity of local councils in budgeting, legislative drafting and oversight made them more assertive. A 2008 external evaluation of LGSP observed:

...in general, LGSP's training enabled council members to become more adept at dealing with the executive, partly because of increased skills acquired, but equally (and perhaps more so) because of increased confidence as a result of the training.²⁰

At project's end, councils had begun to push back against the executive on policy and budget matters. They were trying to address the traditional dominance of the executive and to build the checks and balances needed in a democracy. In partner jurisdictions, trust had improved, decision-making processes had become more democratic, and reforms had been consolidated.

Lessons Learned and Recommendations

Lessons learned and recommendations from the legislative strengthening program included the following.

- **Trust takes time to develop.** There are few quick fixes in legislative strengthening. LGSP could only manage the achievements reported in this chapter because it was a multiyear program with an intensive presence in each partner jurisdiction. Since councilors were often suspicious of external agencies that arrived to “fix” the council, initially LGSP spent some time building trust. Only then could the project take on the more challenging issues and push for reform. Council leaders are especially important—legislative strengthening projects are unlikely to succeed if they are not embraced by the leadership.
- **A few committed leaders can be sufficient to achieve local reforms.** Often just a few key reform-minded individuals in each council were able to promote change. Where these individuals had the authority to take a position of leadership, the chances of success increased significantly.
- **Start with real-time and locally identified issues.** A prime reason for LGSP's effectiveness was that the capacity-building program was tailor-made for each jurisdiction. And even in the more generic training (for instance, budget analysis), examples would be taken from the local jurisdiction. Councilors learned general skills by solving local problems. Basic capacity-development training was followed by on-the-job technical assistance. This combination was the trigger for changes in both attitude and practice.
- Reform-minded councilors need support from civil society. LGSP found it useful to **develop coalitions with civil society activists** that supported reforms and innovations. These civil society groups also functioned as **sources of information and expertise** on budgeting and legislative issues, and **forces of advocacy** on local issues.
- **Lack of capacity was not just individual.** There was also a need to look at operating procedures and institutional development issues. These included the support system of the council secretariat, and internal operational support, particularly DPRD annual work plans, medium-term strategic plans, and standing orders.

- Since local councilors often regarded themselves rather highly as “the people’s representatives,” LGSP found it more effective to **build council support for what worked, rather than trying to fix what did not work**. This “appreciative inquiry” approach involved identifying what worked well and using this as a departure point for capacity development, with the expectation that it would spill over into poorly performing areas.
- **Values are important.** There was initially an urgent need to develop the knowledge and skills of council members. Knowledge was the foundation, and skills were then needed to put this knowledge to use. However, it was also necessary to introduce values to ensure that the knowledge and skills were used for the benefit of the local community and citizens. Values imparted during LGSP interaction with councils included leadership, responsiveness, openness, and accountability. These can only be advanced once trust has been established.
- The **recruitment pattern** for legislative candidates needed to be addressed, which would have required reform of political parties. LGSP was not tasked to work with the political parties. But to make the next batch of legislative candidates stronger, it will be necessary to address the recruitment policies of political parties both at a local level and through the national legislation on political parties and elections.
- **A comprehensive capacity-development package is needed** for local councilors. LGSP experience showed that a well-designed capacity development project can make a substantial difference and push for institutional reform and behavioral changes. However, since local councils cannot depend on donor support in the long term, the Government of Indonesia needs to develop the capacity of councils by applying good practices that already exist and by supporting local reform in the design of training packages.

Endnotes to Chapter 5

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- ¹ For more details, see LGSP's Good Governance Brief, *The Role of DPRDs in Promoting Regional Autonomy and Good Governance. Framework, Challenges and New Approaches*. Jakarta: LGSP, 2008; and *Decentralization 2006: Stock Taking on Indonesia's Recent Decentralization Reforms*, Jakarta: USAID–DRSP, 2006.
- ² There are two sources of material for district *Musrenbang* meetings: the sector department (SKPD) district plans, and the *Musrenbang* plans from each village and subdistrict. These are prioritized and merged into the RKPD at the district *Musrenbang*. See Chapter 2 of this report for more details.
- ³ For more details, see LGSP's 2008 annual report, Chapter 2.
- ⁴ By demanding responsiveness on social and economic needs, citizens involved in budgetary meetings can have a tangible impact on local government performance and on the quality and responsiveness of public services.
- ⁵ Indeed, this is one of the challenges of budgeting in Indonesia, as noted by Indonesia's Finance Minister in 2007: "Since the executive is not the only budget decision-maker, the government needs to be able to interact with the legislature in fruitful ways," as quoted in *Indonesia: The Challenges of Implementing a Performance-Based Budget System*, <http://blog-pfm.imf.org/pfmblog/2007/11/indonesia-the-c.html>, accessed on 5 January 2009.
- ⁷ For more details, see Djuni Thamrin, *Meneropong Jejak Perjuangan Legislatif Daerah: Dokumentasi Pengalaman DPRD*, Jakarta: LGSP, 2009.
- ⁸ *Decentralization 2009: Stock Taking on Indonesia's Recent Decentralization Reforms*, Jakarta: USAID–DRSP, 2009, page 8.
- ⁸ Law 14/2004, Preamble, point C.
- ⁹ Rick Stapenhurst, Riccardo Pelizzo, David Olson, and Lisa van Trapp (eds.), *Legislative Oversight and Budgeting: A World Perspective*, Washington DC: World Bank Institute, 2008, page 2. See also I. Bogdanovskaia, *The Legislative Bodies in the Law-Making Process*, <http://www.nato.int/acad/fellow/97-99/bogdanovskaia.pdf>, accessed 14 January 2009.
- ¹⁰ In fact, one authoritative study of parliamentary oversight in 83 countries concluded that "oversight is perhaps the least studied and practiced" of the parliamentary functions. Stapenhurst et al., *Legislative Oversight and Budgeting*, page 1.
- ¹¹ Law 32/2004 does not recognize representation as a separate function; rather, it is described as an obligation to "absorb, accommodate, and follow up the people's aspirations" and "strive for the peoples' welfare in the regions" (Law 32/2004 Article 45 (d) and (e)). Local councils have budget allocations and recess periods (three per year) during which they must "visit their constituency and absorb peoples' aspirations" (GR 25/2005 on Standing Orders, Article 55). However, councilors must also "put the state's interest above personal or group interests" (Article 45 (f)).
- ¹² *Managing Constituent Relations: A Pocket Guide for DPRD Members* (published in Indonesian as *Membina Hubungan Dengan Konstituen: Buku Saku DPRD*), Jakarta: LGSP, 2007.
- ¹³ It should be noted here that the questionnaire from which these figures were derived was administered at the start of the parliamentary election campaign (January–February 2009), at a time when it particularly served local councilors' interests to appear more participatory.
- ¹⁴ *Indonesia Annual Public Opinion Surveys: 2008 Report*, USAID/Indonesia under contract with Democracy International, December 2008, page 36: "Residents of North Sumatra give far more negative appraisals of their local government than Indonesians overall."
- ¹⁵ The experience with the 2009 elections demonstrated the challenge of breaking out of a culture of corruption, in which citizens deplore corruption in politicians, yet buy into the system when it benefits them. Citizens accepted the small cash payment (about US\$5) from candidates to attend rallies for the candidate—and accepted from all candidates who offered them. Providing cash to individuals did not therefore guarantee a council candidate that the individual would vote for him/her, but **not** providing it may well have guaranteed that the individual would **not** vote for the candidate, presenting a real ethical dilemma for candidates seeking to avoid buying votes.

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- ¹⁶ *The Jakarta Post*, Roy Morgan Research, Debnath Guharoy, September 29, 2009, p. 15. The most highly respected professions cited in the survey were ministers of religion, schoolteachers, and medical doctors.
- ¹⁷ Trust might also have been encouraged by the fact that there was no recorded case of major corruption in any LGSP-supported local council during four years of project activities; this in spite of a Transparency International finding that “parliament/legislature” was perceived by the public to be the most corrupt institution in Indonesia (http://www.transparency.org/policy_research/surveys_indices/gcb/2009, accessed on 6 June 2009).
- ¹⁸ Since councilors can vote themselves whatever travel budget they need, they often lobby donors to hold training events in Bali or other “destination locales,” a request to which LGSP did not accede.
- ¹⁹ *Decentralization 2009: Stock Taking on Indonesia’s Recent Decentralization Reforms*, Jakarta: USAID–DRSP, 2009, page 151.
- ²⁰ Management Sciences International, *Draft External Evaluation of LGSP*, USAID/Indonesia, August 2008, page 15.

6 Civil Society Engagement

USAID designed LGSP to take advantage of new opportunities in Indonesia for civil society groups to participate in establishing institutions and mechanisms of accountability in a country where citizen involvement was previously discouraged. Beginning in 2001, decentralization permitted local innovation and shifted decision-making processes closer to citizens, and freedoms of association and speech encouraged organized civil society to play a more prominent role in public life. At the same time, local government officials began to open their doors for citizen and CSO input. Civil society needed a new set of skills involving engagement, trust, direct political action, and policy dialogue.

Against this backdrop, between 2005 and 2009 the LGSP supported the new role of civil society organizations in promoting local good governance. The original task of LGSP in the area of civil society strengthening was to provide technical assistance to key civil society organizations so that they would become able to demand transparent and accountable local government and to advocate on behalf of citizens demanding improved public services. This chapter highlights some of these practices and achievements, shows how LGSP supported civil society engagement, and presents civil society perceptions of local governance practices, including changes over time.

This review of the content and outcomes of LGSP assistance in strengthening civil society at the local level begins with a diagnostic assessment that looks at the situation in 2005, which determined the approach used for the civil society strengthening program (see Box 6.1 for a note about the beginning- and end-of-project assessments). It then discusses the general changes in CSO capacity that emerged during the implementation of LGSP, followed by specific changes in perception and achievements of local CSO partners in the technical fields of budgeting, legislative drafting, and public service oversight. A section on the media strengthening program, which operated for the first two years of the program but was discontinued in 2007 to make room for other priorities, is followed by a review of government and local council perceptions of CSOs, including perceived changes over time. A brief examination of regional/geographic variations is followed by a look at sustainability efforts and, lastly, conclusions and lessons learned.

Box 6.1. Assessment approach for civil society engagement

This assessment of the effectiveness of LGSP's civil society strengthening program is based on two key data sources and insights from LGSP's civil society specialists. In December 2005 and January–February 2009, LGSP staff carried out governance assessments of CSOs, local councils, and government agencies, with the diagnostic conducted in 2005 and an end-of-project assessment in 2009.

The 2009 assessment was a comprehensive assessment of program implementation in 45 LGSP jurisdictions across six provinces. It was carried out by LGSP staff. The 2005 assessment, on the other hand, was a “diagnostic” survey aiming to provide input for the design of the first year's work plan, and did not therefore constitute baseline data. Nevertheless, there was some overlap in the questions and regions covered in both, allowing the responses to provide a basic picture of the scope and capacity of civil society organizations in 2005. Comprehensive comparative data for 2005 and 2009 were available for 17 jurisdictions.

The 2009 data presented in the graphs in this chapter were generated from 371 respondents from civil society groups in January–February 2009, in addition to relevant data from the local council and government project surveys. The CSO respondents were partners of LGSP who were involved in advocacy and oversight of development planning, budgeting, and public service delivery by the local government and DPRD. This was thus not a random sampling survey or census. Since there was no control group, the results should be used only to highlight achievements in LGSP-supported project sites.

During project implementation, LGSP also commissioned three qualitative studies* of civil society engagement. The first report from 2006 was a study of existing good practices in citizen participation in five jurisdictions in West Java, Central Java, and South Sulawesi. The second report was a 2008 evaluation of LGSP's assistance to multi-stakeholder groups and in citizen oversight of public services in seven jurisdictions in West Java, East Java, and South Sulawesi. The third and final report was a broad qualitative assessment of civil society engagement in budgeting and public service oversight, conducted in five jurisdictions in Central Java, East Java, and South Sulawesi in 2009.

* Hetifah Sj Sumarto, *Promoting Citizen Participation in Local Governance in Indonesia: Practices, Policies and Agenda*, Jakarta: LGSP, 2008; Karrie McLaughlin, *Engaging with Local Government in Indonesia: Multi-stakeholder Forums and Civil Society Coalitions*, Jakarta: LGSP, 2008; and Lilis N. Husna, *Berprakarsa untuk Menjamin Partisipasi: Dokumentasi Pengalaman Organisasi Masyarakat Warga dalam Meningkatkan Kualitas Pelayanan Publik*, Jakarta: LGSP, 2009.

Situation in 2005 and LGSP's Approach to Civil Society Strengthening

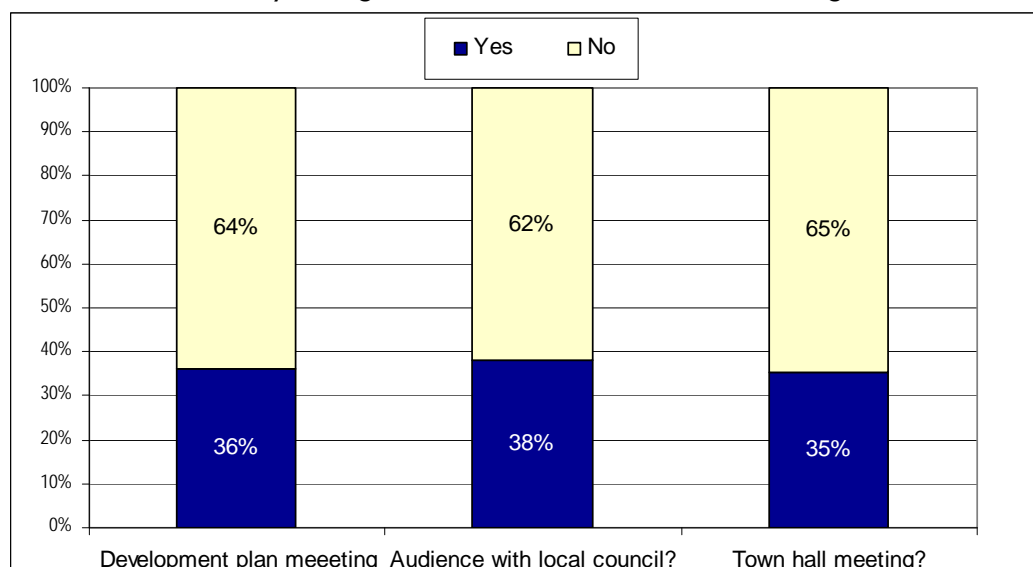
Indonesian Civil Society in 2005

With the emergence of democracy in 1998 and regional autonomy in 2001, civil society groups started to grow. Many new local NGOs were established after 1998 and had the space to operate. The passing of national laws on legislative drafting, local governance, and participatory planning in 2004 provided the legal framework for citizen engagement. Many international organizations and donors¹ had launched development programs on civil society engagement in local governance. By 2005, a first batch of local innovations had emerged and was being documented.² In many jurisdictions reform-minded mayors were elected, and they engaged CSOs in determining policies. Mayors such as Rustiningsih (in Kebumen, Central Java) and Gawaman Fauzi (in Solok, West Sumatra) became household names, and even were featured in the international media as examples of the emerging success story of Indonesian democracy.

The result of the 2005 diagnostic assessment showed that initial commitments had been built and partnerships were emerging between local governments and civil society groups. Figure 6.1 provides a snapshot of the state of citizen engagement in early 2005.

Figure 6.1. CSO engagement in 2005

Question: Has your organization been involved in the following activities?

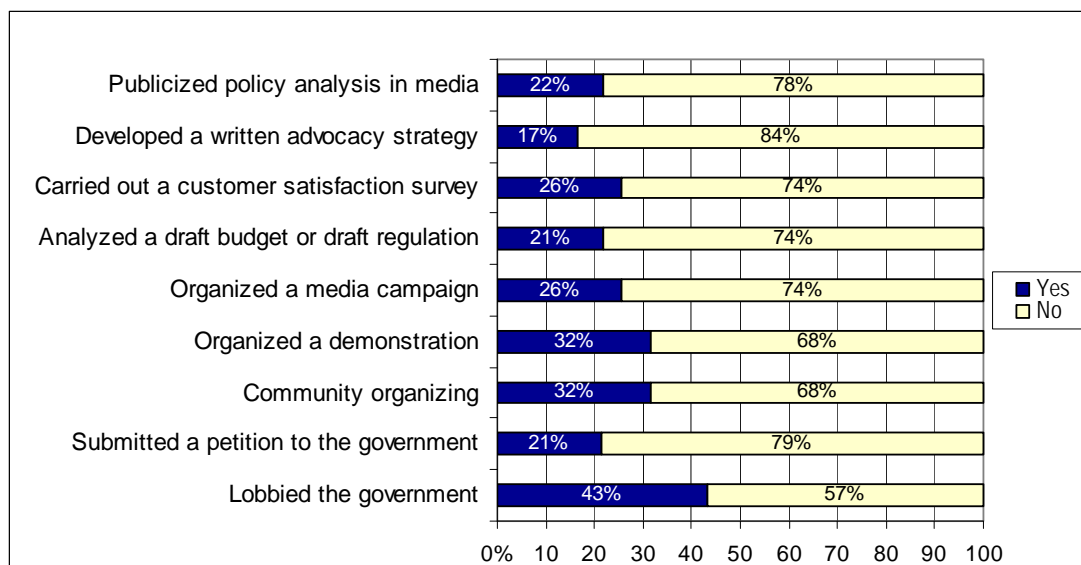


Citizens groups were starting to become engaged in the *Musrenbang* development plan meetings as well as being present during council hearings. There was openness and there were experiments. Trust had begun to emerge, with some civic groups able to break through the old paradigm of distrust to engage with local governments and councils as partners in local development.

Nevertheless, only about a third of the groups reported attending a local council hearing or a town hall meeting, or participating in a development plan meeting. One reason for the apparent reluctance to take up these opportunities to participate was that NGOs and government were still distrustful of each other. Citizens groups were wary of directly participating in government-organized meetings or hearings, and often stuck to the old pattern of engaging in protest politics. Because of a lack of transparency, it was also difficult to access public documents such as budgets and draft local regulations. This made budget analysis and citizen involvement in legislative hearings a rare occurrence. Lastly, the capacity of local CSOs was still fairly low. In the 2005 diagnostic, civic activists were asked a number of questions about their skills and the most common forms of engagement with the government (see Figure 6.2).

Figure 6.2. CSO activities in 2005

Question: Has your organization carried out any of the following activities?



Only a minority of CSOs had ever developed a written advocacy strategy, used the media in public campaigns, or analyzed a budget. The most popular tool used by civil society was lobbying the government (before the reform era, even this avenue had been closed). The next most common practices were demonstrations and community organizing. Although important, these activities involved engagement from a distance rather than direct involvement in policy dialogue. CSOs stood apart from politics and governance and were generally critical of the government, making for a tense relationship. In short, civil society organizations engaged in direct political activism rather than knowledge-driven policy debates, limiting their potential impact.

While significant progress had been made by 2005 with the implementation of regional autonomy and popular participation in policy-making, local civil society was still weak and needed to strengthen its capacity, organize the community, and interact more effectively with the local government and council. Many civil society groups were not actually connected to the grassroots: up until 2001, citizens groups were not even allowed to have members, making it a challenge to represent citizens.³ Many newly established “NGOs” were in fact fronts for government officials to channel government projects—so-called “red-plate NGOs” (this term refers to the red license plates on government vehicles). Civil society was also fragmented, lacking coalitions or collaboration between local and regional groups. Few national support organizations or networks had emerged.⁴ Local CSOs often suffered from limited human resources and financial support. Many did not have the capacity to build local alliances or use the media effectively. NGOs lacked technical and advocacy skills, which could interfere with the effectiveness of meetings between activists and the government.

However, governance practices that were more participatory had already begun to emerge. Freedoms of speech and assembly were respected. More and more groups were exploring the new opportunities provided by enabling legislation, reform-minded governments, and local

councils, which often proved more effective than holding demonstrations or making protests. This was fertile ground for a local governance project.

Development Challenge and Training Program

The developmental challenge for LGSP was to continue supporting reform and participation while strengthening the ability of CSOs to reflect citizen needs and priorities, especially by improving CSO capacity to demand better services and monitor local government performance. Once trust had been established and opportunities arose, this meant improving the capacity of organized citizens to understand the core governance principles of transparency, accountability, and participation, and to turn this knowledge into practical skills for effective citizen engagement and media reporting. It also meant challenging long-established patterns of citizen distrust and protest politics among civic activists.

Between 2005 and 2009, LGSP arranged over 1,300 training courses and workshops for civil society activists in 68 jurisdictions in nine of Indonesia's 33 provinces, facilitating new partnerships and improved governance structures. In line with the general mandate of LGSP to support expanding, effective, and participatory governance, the civil society strengthening program sought to build the self-awareness and self-confidence of civil society as a legitimate and effective sector in local democratic life. LGSP's related Intermediate Results framework was "to improve citizen and CSO ability to demand better services and hold local government accountable."

LGSP assisted civic activists in **developing policy skills**—i.e., being able to diagnose development priorities and translate them into policy and advocacy initiatives. This included building the capacity of CSOs to analyze government plans, budgets, and service provision so that they could not easily be dismissed by government agencies as not having their facts straight. The program supported the **establishment of public interest and citizen action groups** that engaged with local government agencies and councils effectively; it developed **training packages**; and it delivered core **training in budget analysis, advocacy skills, and basic public services** in order to position civil society organizations as legitimate and respected partners with government.⁵

After an initial needs assessment of civil society capacity and practices in 2005, tailor-made work plans were developed for each jurisdiction, built on previous capacity and identified needs. LGSP developed training packages and modules, identified and built the capacity of service providers and partners, and delivered core training using a combination of LGSP staff (one civil society strengthening specialist in each regional office), professional trainers, and subject-matter experts from universities and independent training and research institutes.

Through this flexible and demand-driven capacity-building package of technical assistance and training, LGSP strengthened the collective voice of organized citizens in three main fields: budgeting, legislative drafting, and public service oversight.

- First, LGSP assisted CSOs to improve their capacity in the planning and budgeting process, ensuring consistency between budgeting documents and building the capacity of CSOs in budget oversight and budget advocacy.
- Second, in the field of legislation, LGSP supported CSOs to independently analyze draft regulations as well as collaborate with local councils and government agencies in producing academic white papers.
- Third, LGSP trained civil society organizations in monitoring basic public services such as health care and education, and in encouraging transparency and efficiency in the implementation of government policies, budgets and plans.

General Changes in CSO Capacity

The roles of CSOs in partner jurisdictions ranged from organizing advocacy campaigns to analyzing budgets, carrying out independent oversight of public services, serving as formal facilitators of government-organized planning meetings, and working jointly with governments and local legislative councils to draft laws and regulations. As local governments in partner jurisdictions opened their doors for public hearings, multi-stakeholder working groups, and town-hall meetings, LGSP strengthened the capacity of citizens groups to constructively engage the government and hold the public sector accountable for its actions. Civil society activists learned the language of governance and politics. Capacity building was provided in basic organizing, such as how to build and sustain CSO alliances and maintain productive relationships with other relevant stakeholders, including journalists and local councilors; as well as in technical skills, such as how to analyze a budget and how to provide useful input to local councils on local regulations.

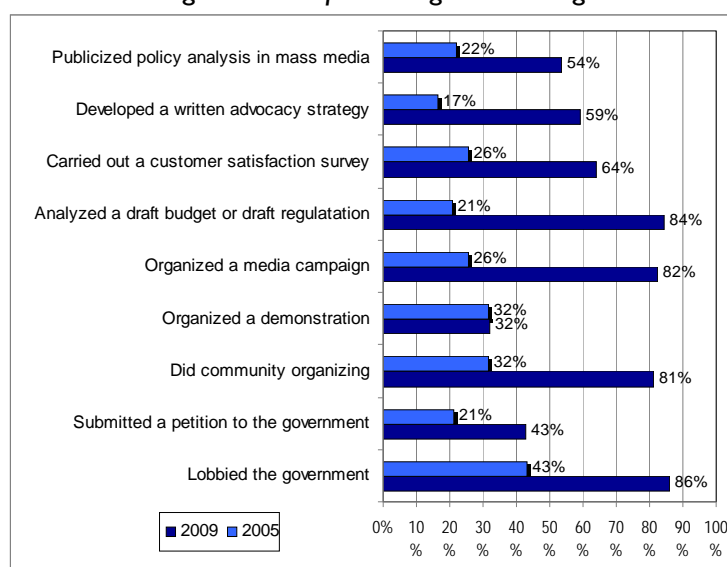
If we update Figure 6.2 with the 2009 end-of-project findings, we have a snapshot of the changes in how civil society organizations engaged with the government at the local level over the 4½ years of LGSP (Figure 6.3).

In all partner regions and for all activities there was an increase in civil society activities, with one exception: the percentage of groups reporting having organized a demonstration remained the same. Having formerly been a main instrument of public expression during the Soeharto regime, demonstrations were the lowest-ranked activity in the 2009 assessment. Lobbying continued to be the most common activity, with the percentage engaging in lobbying doubling from 2005 to 2009. The three activities with the largest relative increase in frequency were budget analysis (400%), development of a written advocacy strategy (347%) and organization of a media campaign (315%). These developments indicate a new skill set appearing in civil society. Suspicion and distrust gave way to (critical) engagement and trust and practices of interaction common to a mature democracy.

Figure 6.3. Forms of CSO engagement, 2005–2009

Question: Has your organization carried out any of the following activities?

Note: Figures show percentage answering “Yes”



LGSP encouraged local partners to engage in more meaningful and effective partnerships with government and local councils, such as providing input into budgets and organizing media campaigns. The next three sections show how these new civil society capacities were put to use in the key areas of budgeting, legal drafting, and public service oversight.

Civic Engagement in Planning and Budgeting

LGSP supported civic engagement in the participatory planning and budgeting processes as a critical step in ensuring government responsiveness to citizen needs: making budgets more responsive to citizen priorities, and ensuring that funds were used efficiently and transparently. This included working with government agencies to improve their capacity for developing integrated plans and budgets that were more transparent and accountable to the public, supporting the role of the local council in drafting and monitoring public budgets, and building the capacity of civil society to advocate for more responsive budget allocations and to promote budget transparency in drafting and implementation.

LGSP worked with both government institutions and CSOs to encourage public participation in the planning process. With the government, assistance focused on encouraging public participation and introducing performance indicators. With civil society, assistance focused on ensuring that the planning and budgeting processes allowed for public input and led to pro-poor policy documents, and that state funds were being used transparently and responsively. This section describes how LGSP supported these measures and assesses the effectiveness of the program in enhancing the capacity of CSOs to successfully engage local governments as they developed their plans and budgets.

LGSP's main focus in civil society support for planning and budgeting was to improve the quality of citizen participation in planning events, support budget transparency, encourage citizen budget oversight, and improve budget quality. Equipping CSOs with a basic understanding of how the budgeting process should work would allow them to more effectively fulfill their oversight role, holding governments accountable to the basic, legally mandated standards for citizen participation and transparency. During the early stages of the program (2005–2007), LGSP assisted civil society groups to improve their basic budgeting skills and develop effective advocacy strategies. In 2008 and 2009, LGSP focused on advanced technical skills—such as achieving higher budget allocations for education and tracking public expenditures on health clinics—and supported various forms of deliberative forums, such as budget hearings and town hall meetings on sector department (SKPD) budgets.

Development Planning

The annual development planning cycle begins in January each year with community-level development plan meetings (*Musrenbang*) and ends in December with the approval of the annual budget (APBD). This is a multistep and rather complicated process of producing development plans for all communities, subdistricts, and government agencies; compiling these plans into a district-wide development plan; and then turning this plan into a budget. From the perspective of transparency and participation, factors that measure success of the planning process include broad participation of citizens and/or citizens groups in the *Musrenbang* meetings, access to results, and the involvement of citizens' groups in sector department budget meetings and work plans.

As Figure 6.4 shows, a majority of the civil society activists surveyed in partner jurisdictions had participated in various planning forums. Since most CSO partners were located at the district or municipal level, participation was higher at this level than at the community or village level. At the village-level meetings, there was more direct participation by villagers, who were invited to attend the meetings and so convey their views and preferences directly to the government.

An LGSP planning team survey on the level of CSO participation in *Musrenbang* in 2005 and 2009 (Figure 6.5) showed a significant increase. In the nine jurisdictions for which comparative figures were available, participation increased from 36% to 88%.

Figure 6.4. CSO involvement in planning process, 2009

Question: Is your organization involved in public consultations on...?

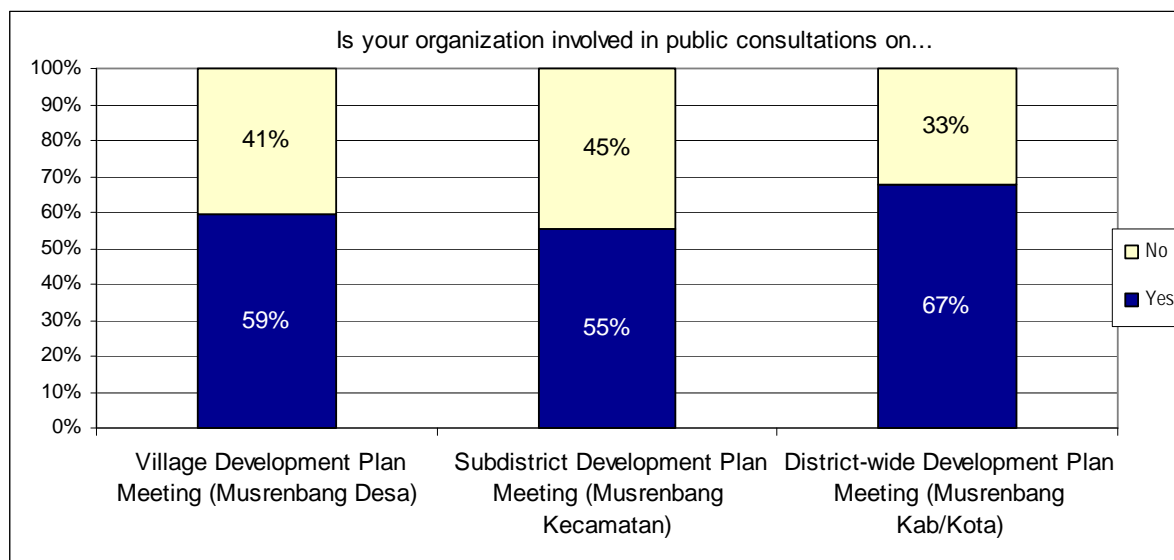
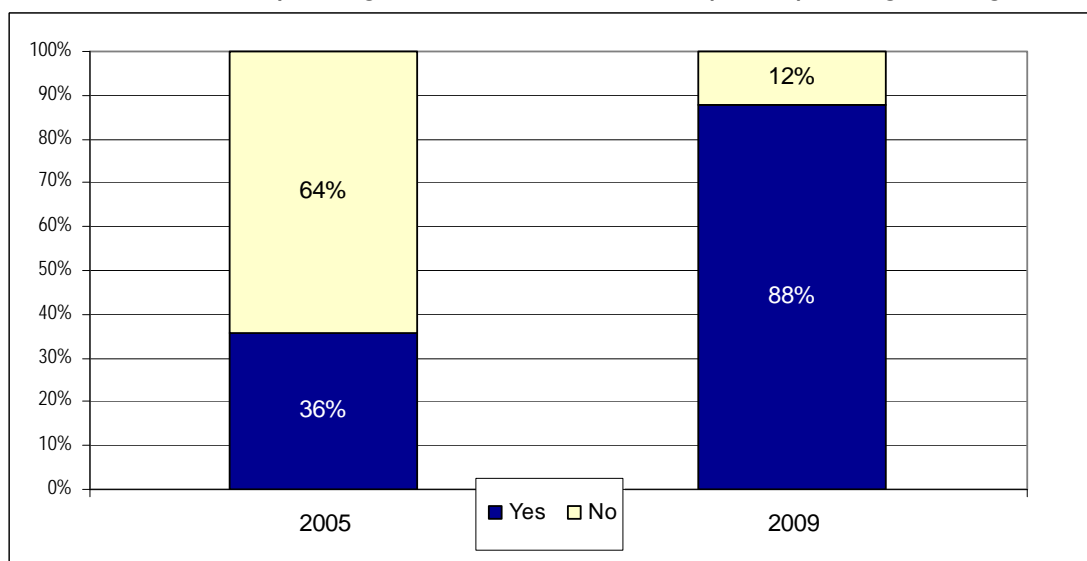


Figure 6.5. CSO involvement in development planning meetings, 2005–2009

Question: Has your organization attended a development planning meeting?



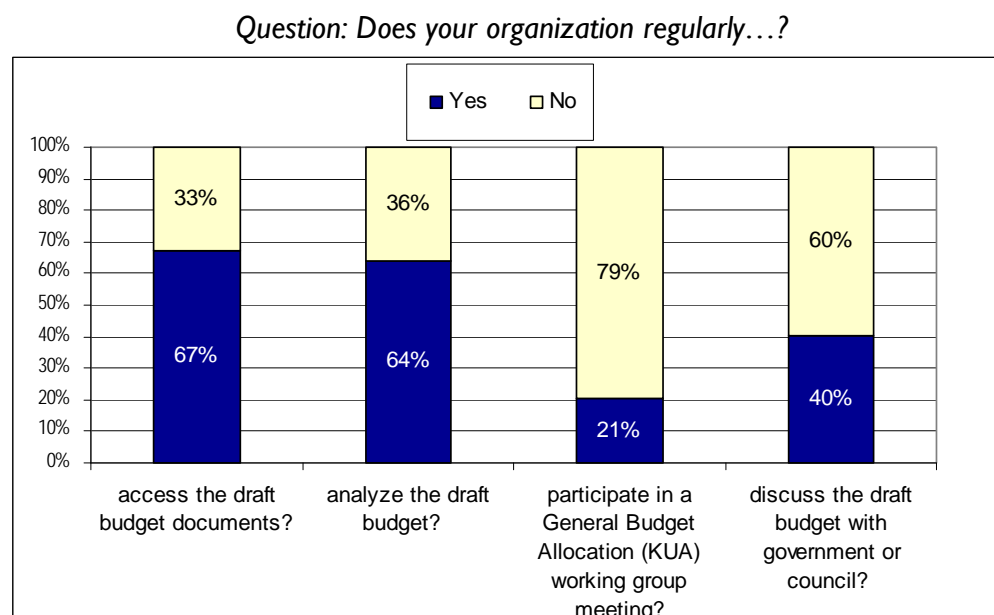
From Plan to Budget

Once the district *Musrenbang* has been held, the budgetary process begins. Factors used to measure the success of the budgeting phase include publication of budget calendars, broad participation of all layers of the community (including women), respect for the results of the *Musrenbang* process, and civil society involvement in the various budget preparation meetings and hearings. Since a public budget should reflect citizens' needs, they have a right to access budget documents and track budget implementation.

In Indonesia, there is a well-documented disconnect between the participatory planning results and eventual budget allocations.⁶ The plans developed during *Musrenbang* meetings are not always taken into full account—instead, the local councils and executive budget teams often use their own figures based on the previous year’s allocations. Budgeting staff look more at the internal needs of government agencies and the vested interests of council factions than the results of the *Musrenbang*. Planning and budgeting at the district level proceed on largely separate tracks. Local budget preparation is often more an exercise in rudimentary cost accounting than plan implementation. The strong planning focus at the local level often fails to connect procedurally with the budget requests made by local government agencies and service units. LGSP addressed this deficit by supporting planning agencies, government financial officials, and local councils (see Chapter 2, Participatory Planning). In addition, LGSP supported the capacity of citizens groups to oversee the whole budgetary process and track the consistency between development planning and budgeting documents.

Figure 6.6 shows that in 2009, a majority of CSOs in partner jurisdictions were able to access draft budgets and then actively analyzed them. This is an exciting development, and it augers well for the future of local democracy in Indonesia.

Figure 6.6. CSO involvement in budgeting process, 2009



However, few CSO partners reported that they were invited to participate in the technical working groups discussing the budget framework documents (KUA-PPAS) or in budget discussions with the government. This contravenes a 2007 circular letter on the *Musrenbang* process⁷ that supported citizen involvement in post-*Musrenbang* budget activities through the establishment of a *Musrenbang* Delegation Forum.

Budget Transparency and Advocacy

The improved budgeting capacity of civil society groups was confirmed by qualitative information gathered by LGSP. CSOs in several partner jurisdictions successfully lobbied for the local government to publish the annual budget. The relatively complex budget documents gradually became more transparent through the publication of budget posters and calendars, and by convening of public hearings on budget allocations. The government of Padang Panjang in West Sumatra was one of the first partner jurisdictions to publish the annual budget (see Box 6.2).

Box 6.2. Padang Panjang, West Sumatra: Budget transparency

In 2006, LGSP teamed up with municipal officials to design and implement a city-wide campaign to increase citizen understanding of the budgeting process and the government's annual programs and expenditures. CSOs and community leaders welcomed the initiative, through which the government acknowledged that citizens were entitled to be informed about the budget and to have their views considered in budget decisions.

LGSP specialists assisted the local government officials in developing an information campaign consisting of media spots and posters illustrating the annual development budget allocations. The posters were displayed in government buildings, schools, coffee shops, and traditional markets. The local planning office reported strong demand for the posters. At the official launch, the mayor noted that such transparency would help to improve implementation of the budget through public participation, describing the initiative as “a breakthrough for Padang Panjang that will continue in the future.”

On its own initiative, the Padang Panjang government published and distributed both the 2007 and 2008 budgets.

Other local governments that published or otherwise made their budgets available to the public over the past few years include most partner jurisdictions in East Java and Central Java, Aceh Besar in Aceh, and Fakfak in West Papua (see Box 6.3).

Box 6.3. Fakfak, West Papua: Civil society coalition (LP3)

A good example of LGSP's work in budget analysis and advocacy is the capacity development of a local civil society coalition (Coalition for Public Service Monitoring, or LP3) in FakFak, West Papua. At an LGSP training in January 2008, LP3 developed a one-year budget advocacy “road map” for the 2009 local budget. Initially, this meant expanding the role of CSOs in the planning process. With LGSP support, LP3 conducted a series of workshops in villages to identify problems and community needs. In April and May, LP3 and LGSP organized a series of smaller but advanced meetings and workshops on various aspects of budgeting, including pro-poor and gender-responsive budget analysis, analysis of the general budget allocation documents (KUA-PPAS), and budget expenditure tracking.

LP3 then analyzed the 2008 budget, especially the education and health allocations, to determine whether the planning and budgeting documents were consistent, and to identify any gray areas and critical points that should be carefully monitored during the 2009 budget preparation. LP3 found that the 2008 budget allocations for education and health care were both much lower than national targets—11% rather than 20% for education, and 8% instead of 15% for health care. These results along with the community assessments were reported by LP3 to the sector departments (SKPD) forum and the district *Musrenbang* forum. LP3 also approached both the local council and the planning office, and held two interactive radio talk shows with them that were broadcast live across Fakfak.

The result of this budget advocacy was a revision of the draft budget for 2009. The share of the annual budget set aside for education increased to 15% and for health care it rose to 12%. Although these allocations were still below the national targets, the local government pointed out that these allocations were specifically for the SKPD, and there were other allocations for education and health care in other government agencies, including infrastructure maintenance (public works) and scholarships (directly under the district head).

LP3 also recommended making the budget more transparent by publishing it. This was done by printing and distributing budget posters in 2009—the first time the annual budget had been disseminated by a local government in West Papua.

Once the budget or draft budget is made public, the next step is to analyze the budget and design an advocacy campaign. LGSP provided training in budget advocacy and budget analysis, and published two training manuals: an introductory citizen guide to budgets, and a more advanced manual on how to analyze a budget from a pro-poor and gender-responsive perspective. After the training, local CSO coalitions launched advocacy campaigns on pro-poor budgeting, to ensure that the budget was sensitive to differences in resources and that the regular budget process actively addressed inequalities. The assessment confirmed that local governments had become more responsive to social and economic differences, including being better able to identify target populations and make direct allocations to villages (ADD).⁸ Interviews with local government finance officers and the budgeting team's Public Financial Management survey uncovered significant improvements (from 31% in 2006 to 56% in 2009). In several jurisdictions, the budgets included allocations to support the free provision of basic education and health care.

Budget Tracking and Oversight

Civil society budget oversight also expanded. During 2008, LGSP supported more than 130 civil society organizations to conduct budget oversight, either examining the distribution of funds across a budget or conducting a more detailed analysis of expenditures in a particular sector such as health or education. From 2007 to 2009, local councils held more than 110 budget hearings. In several cases, CSOs that had studied budgets with LGSP support were able to point out errors and discrepancies when the budget was presented to the local council. A good case that illustrates how citizen oversight can lead to budget revisions and improved budget quality comes from the city of Madiun in East Java (see Box 6.4).

Box 6.4. Madiun, East Java: CSO coalition

In Madiun, a coalition of civil society organizations (including NGOs) collaborated with the municipal government and local council. This led to improved local budgets as well as greater trust and mutual respect among the parties.

In 2006, through facilitation by LGSP, 25 civil society groups (including citizen forums, CSOs, religious groups, and women's organizations) formed a civic alliance to address key governance issues in the city, including budget transparency and advocacy for basic public services such as health care and education.

In late 2007, the CSO coalition analyzed the 2008 draft budget and found discrepancies among the various budget documents. It also found that different spending and investment needs were presented in the city's planning documents. The coalition arranged a meeting with the more reform-minded

members of the local council, who were impressed with the analysis. The councilors expressed their own frustrations in trying to publish the budget, and the groups discussed the need to develop further legislation on transparency. The local council forwarded the CSO coalition's report to the finance agency, requesting that the issues identified be dealt with. The finance agency then asked each line agency to address the discrepancies identified in the report, and then to respond to the local council. While final budget allocations were not greatly affected, the coalition's endeavors helped to reduce the number of gray areas in the budgeting documents (which provided potential for leakage), and also alerted the implementing agencies that they were being scrutinized. The local council was very satisfied with the results, and asked the coalition to help it analyze the 2009 draft budget. And further to their discussion on transparency, local councilors asked the coalition to prepare a white paper for a local regulation on transparency.

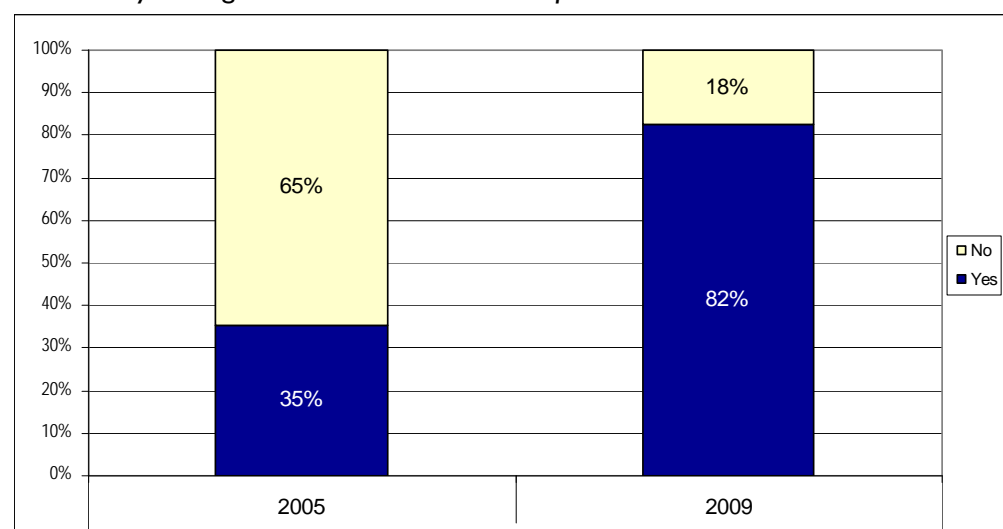
Budget Hearings and Town Hall Meetings

To make budget analysis more broadly based and not limited simply to CSO involvement, LGSP supported the direct involvement of concerned citizens in the budget process through open budget hearings and town hall meetings. Local CSOs used budget analysis tools to prepare presentations on the main budget allocations and trends that were used as reference material for public debates on appropriate budget allocations. In 2009, 82% of civil society activists reported that they had been involved in various forms of public consultations or town hall meetings, up from 35% in 2005 (Figure 6.7).

From a local government's perspective, involving citizens in policy-making can lessen conflict among stakeholders and ensure that public service implementation meets public needs. Town hall meetings served to strengthen the political commitment of the local government and local council, and formalized citizen participation in another aspect of local development. Town hall meetings brought together local government, local councilors, NGOs, media, and the general public in a more deliberative discussion that identified problems and looked for solutions to improve public services⁹ (see Box 6.5).

Figure 6.7. CSO involvement in public consultations and town hall meetings, 2005–2009

Question: Has your organization been involved in public consultations or town hall meetings?



Box 6.5. Jepara, Central Java: Town hall meeting

A town hall meeting in Jepara in January 2008 gathered together over 400 people. Farmers, fisherfolk, and street vendors met with government agency officials and local councilors to evaluate the 2008 budgets and prepare for the 2009 budget. The result was a series of recommendations to the local government for reallocating the budget for the development of farmers and fisheries. An analysis of the budget had found that development program allocations at the fishery and agricultural agencies were mainly for the procurement of laptops, projectors, and staff motorbikes, while what was needed was machinery, fertilizer, fishing nets, and traps in order to increase agricultural and fisheries production. Some of the recommendations were accommodated in the revised 2008 budget and others were accommodated in the 2009 budget.

Development and Use of Budget Software

In order to consolidate some of the achievements in budget transparency and analysis and to further enhance the technical capacity of civil society groups, in 2008 LGSP collaborated with Revolvere (an NGO in Madiun, Central Java) to design and publish an open-source software application for analyzing local budget information, which was called *Simranda* (abbreviation for “local government budget analysis software”). First, a database was compiled of core budget figures taken from past budget documents (the data could be input by local civil society partners in a few days). A simple analysis was then conducted to measure the consistency of the planning and budgeting documents, and to track the expenditures of particular local agencies, overall spending trends, and fund allocations for pro-poor or gender-responsive programs. This software allowed users (civic activists or local councilors) to do a basic analysis of the draft budget with just a few clicks of a mouse button. Users could also use the database to compare several years of local budget figures.

Simranda was piloted in 12 partner jurisdictions in 2008 and 2009, including Jepara (see Box 6.6). As part of program sustainability efforts, *Simranda* development and distribution were handed over to *Fitra* (the largest civil society network on budget transparency in Indonesia) in August 2009 for further development and dissemination.

Box 6.6. Jepara, Central Java: *Simranda* budget analysis

In Jepara, *Simranda* rapidly became an effective advocacy tool to strengthen the ongoing transparency and accountability campaign, headed by a CSO alliance called *Jaran* (Network for Budget Advocacy). *Jaran* conducted budget road shows to village government officers, religious schools, and university campuses and also published the *Simranda* budget analysis through community radio. In early 2009, they made presentations to the local planning agency (*Bappeda*) and the local council on the findings and results of the *Simranda* analysis of the 2007–2009 budgets. *Bappeda* was so impressed with the results that it planned to use the *Simranda* software in upcoming public hearings on the 2010 local budget. *Jaran* has made plans to train the newly elected councilors in using the software.

CSO Perceptions of Changes in Government and Council Commitment to Citizen Participation in Planning and Budgeting

Figure 6.8 provides a somewhat mixed picture of how citizens groups perceived the changes in government and local council commitment to citizen participation in the planning and budgeting process.

CSOs had a generally positive perception of the changes in local government commitment and in document access, but had a less favorable view of sector department practices. This appears to relate to a more general phenomenon where the political commitment of local government leaders is not always applied by their staff. Government heads sometimes say how difficult it is for them to implement good governance in practice, since they can be undermined when sector department staff continue old habits of keeping documents tightly controlled and excluding citizens from policy decisions.

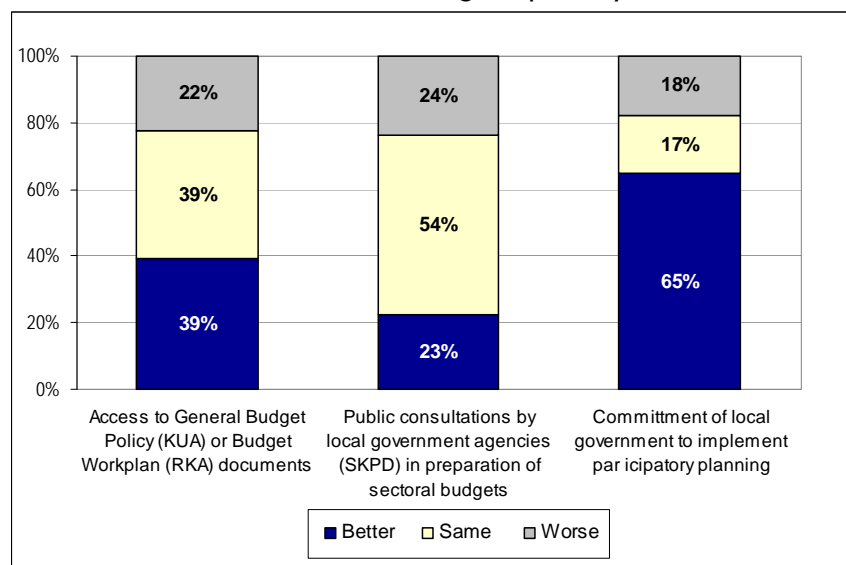
However, in other fields, many CSOs reported great achievements and an improved governance climate. CSOs now have greater trust in the commitment and openness of the government, and can access key documents. Many have been invited by the local government to design and facilitate *Musrenbang* meetings.

CSOs perceived positive changes in the attitude of their local government in terms of political will, transparency and *Musrenbang* quality. This finding contradicts a commonly voiced opinion of Jakarta-based NGOs and political observers that the people of Indonesia are not happy with the *Musrenbang*. LGSP's assessment found that 304 out of 370 civil society activists had a positive or very positive view of the changes in development planning. This was underpinned by an external review of LGSP in 2008, which concluded:

*the Musrenbang process is progressively including more stakeholders from civil society (both CSOs and citizens), and respondents uniformly stated that the rank ordering of budget requests from nongovernmental stakeholders has improved.*¹⁰

Figure 6.8. Changes perceived by CSOs in local government commitment to citizen participation, 2006–2009

Question: In these fields, has the government become better, worse or remained at the same level during the past 3 years?

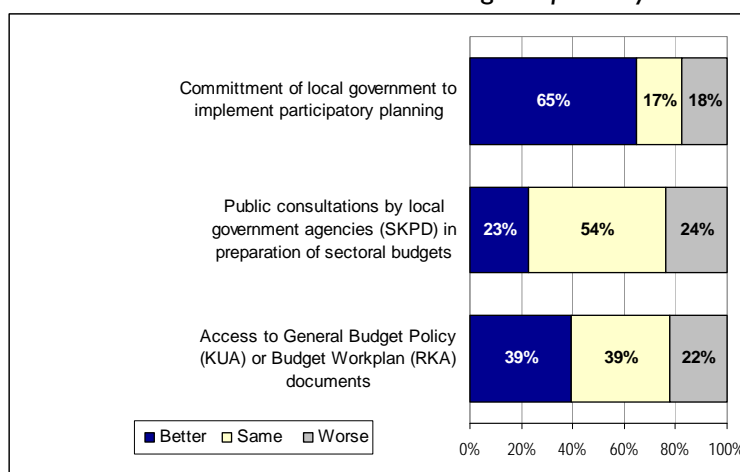


Citizens groups held similarly positive perceptions of the changes in the budgeting role of the legislative councils since 2006 (Figure 6.9).

This positive view of changes in planning and budgeting was confirmed by data collected by LGSP on local development planning. In an annual evaluation of the planning and budgeting cycle in nine partner jurisdictions,¹¹ the quality of the post-*Musrenbang* phase rose from 55% in 2007 to 70% in 2008 and 79% in 2009. A key reason for this increase seems to have been the political commitment of local leaders to support transparency, accountability, and participatory planning.

Figure 6.9. Changes perceived by CSOs in local council commitment to citizen participation, 2006–2009

Question: In these fields, has the government become better, worse, or remained at the same level during the past 3 years?



Conclusions on Citizen Engagement in Planning and Budgeting

As Indonesia continues to deepen citizen participation and reform its administration, a positive sign is that the budgeting process is also opening up to citizen input and oversight, as the democratization of governance moves it away from technocratic decisions to more democratic modes of decision-making. Nevertheless, more local governments should adhere to the *Musrenbang* circular letter cited above, and allow *Musrenbang* Delegation Forums to participate in budget preparation meetings. The continuing disconnect between planning and budgeting could be bridged by opening up some of the budget meetings previously held behind closed doors to public scrutiny, by ensuring consistency between documents,¹² and by improving coordination between the executive and legislative branches of local government. This would allow citizens' groups and NGOs to monitor the budgeting process and ensure that plans and policies are adhered to when budgets are prepared.

Citizen Engagement in the Development of Local Regulations

Local regulations (*Perda*) are important steering instruments for policy makers at the local level. Citizens may oversee the preparation, drafting, and implementation of those local regulations that concern public policy. In Indonesia, Law 10/2004 on legislative drafting expressly provides for citizens to be involved in the preparation of laws and regulations.

LGSP's support for civic engagement in the field of local regulations aimed to:

- **Provide civil society support to local councilors in drafting local regulations** on education, health care, participatory planning, and transparency

- **Monitor whether draft regulations accommodated citizen concerns**
- Help CSOs gain the necessary skills and knowledge to monitor the performance of the local council and **ensure that regulatory implementation meets citizens' needs.**

From a civil society perspective, measures of success in the law-making process include: involvement of NGOs in the drafting process, level of public consultation, clarity of the regulation, feasibility of implementation, and responsiveness to citizen priorities. LGSP's support covered both participation in legal drafting and oversight of the approval process. Capacity development included training in assessing regulatory impact, legal drafting skills (including producing academic white papers), and legislative advocacy and oversight.

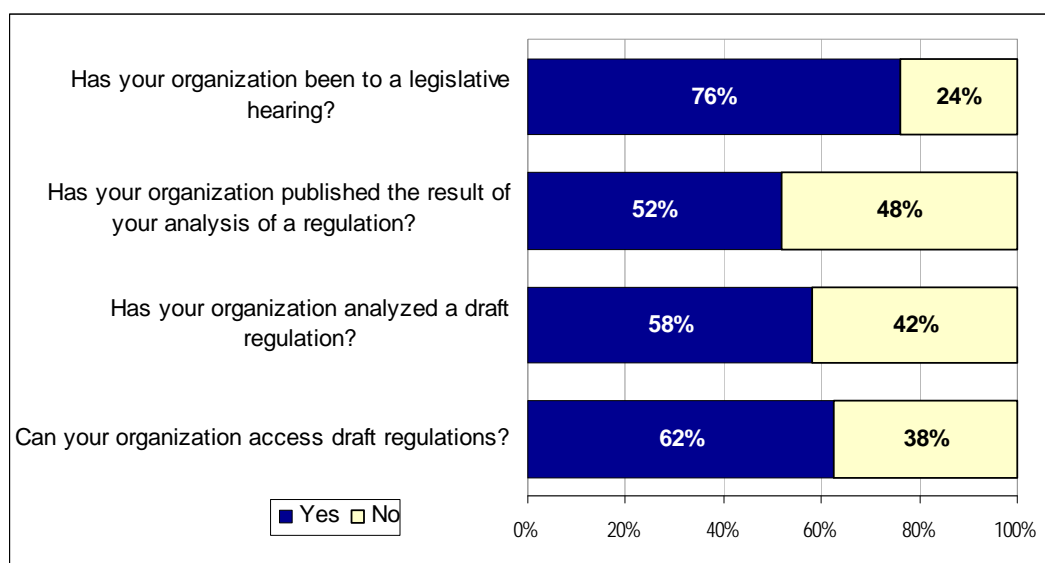
Many regulations supported by LGSP concerned transparency and participation (Table 5.2 in Chapter 5 contains a list of these regulations). Although citizen participation cannot be fully regulated by laws, the transparency and participation regulations passed in partner jurisdictions provided legal protection and encouragement for citizens to engage, and enshrined their rights.

Legislative Drafting

Over 4½ years, LGSP trained CSOs from all jurisdictions to engage in legal drafting and to be better positioned to assess the impact of laws and policies. It also provided follow-up technical assistance to citizens groups in a third of partner jurisdictions, chosen based on the ongoing drafting of regulations on public services, participatory planning, or transparency. Technical specialists were often brought in to ensure that regulations on education and health care were consistent with national regulations and contemporary approaches to service delivery. These specialists often came from other USAID-funded projects, such as the Health Services Program and Decentralized Basic Education. Legal drafting specialists were also brought in to ensure that the language and structure of the regulations complied with Law 10/2004.

As Figure 6.10 illustrates, a majority of civil society activists in partner jurisdictions reported being involved in the preparation and discussion of local regulations. More than 60% of CSOs were able to access draft regulations, and more than 75% participated in legislative hearings.

Figure 6.10. CSO involvement in the legislative process, 2009



Responsiveness to Citizen Needs

With citizen involvement in legal drafting, the draft regulations in partner jurisdictions became more responsive to citizen needs, better rooted in local reality, and easier to implement. This process is illustrated in the accompanying case study from Enrekang, South Sulawesi, on the preparation of a regulation on participatory planning (Box 6.7).

Box 6.7. Enrekang, South Sulawesi: Participatory planning regulation

In Enrekang, the participatory planning regulation was drafted jointly by *Bappeda* and the local council, with significant contributions from local CSOs. Local NGOs administered a needs assessment questionnaire among key community stakeholders. This found that many citizens were dissatisfied with the *Musrenbang* forums, noting how formal and ritualized citizen involvement had become. So the council chose to focus the draft regulation on how to properly incorporate citizen involvement into the formal planning process. CSOs again played an active role during the drafting process (March 2008–May 2009) by preparing an academic white paper, providing an initial outline for the regulation, and organizing two public hearings with the local council. Once the regulation had been passed, local community members were trained to facilitate the village, subdistrict, and district *Musrenbang* forums. As a result, the public became more positive about the local development planning process. Indeed, all CSO respondents in Enrekang noted the improved commitment of the local government and council to participatory planning.

Another case, this time from Padang Panjang in West Sumatra, illustrates how citizen coalitions can drive regulations forward (Box 6.8). The experience in Padang Panjang shows that even short-term technical assistance can have a significant and lasting impact, provided the groundwork is laid for service providers and local leaders to be able to demand good governance without further external assistance. This case also demonstrates that good governance practices may take time to mature, and a longer time frame may therefore be needed to measure their impact.

Box 6.8. Padang Panjang, West Sumatra: Citizen coalition

In November 2008, the local council in Padang Panjang approved a local regulation on education that encouraged parents to keep their children in school until the age of 18, and supported adequate salaries and training for schoolteachers. Two years earlier, LGSP had provided three months of support for this regulation before program activities in West Sumatra were wound up. This support was sufficient to empower local CSOs to ensure the draft regulation was eventually approved by the council.

The education regulation was first proposed by a number of local CSOs after a citizen report card survey in 2007 had identified the need for a local regulation on education. This idea had been welcomed by local education officials, and a drafting committee was formed with its members drawn from the local education office, university, media, and community leaders. LGSP facilitated the education committee meetings from the outset, inviting service providers and holding a workshop on drafting local regulations, during which first drafts of the education regulation were prepared by civil society groups and shared with the committee. When LGSP ended its assistance in West Sumatra in June 2007, there were fears that the drafting process would stall. But the CSOs and the education office continued their efforts to have the regulation passed by the local council, monitoring the legislation's progress through to its approval over a year later.

Bringing Stakeholders Together

Law-making is often contentious, with much effort being needed to bring stakeholders together. This is exemplified by the accompanying case study from Kediri, East Java¹³ (Box 6.9), which illustrates how LGSP was able to facilitate the passage of a stalled education regulation.

Box 6.9. Kediri, East Java: Coalition for education regulation

The Education Board (*Dewan Pendidikan*) in Kediri—a quasi-government board consisting of teachers, parents and education activists—developed the initial draft of a local regulation on education in 2001. The local education agency also claimed to be developing a draft, but for several years the two parties were unable to find common ground on its contents. It was only after LGSP brought together a coalition of CSOs and government officials under the leadership of the chairman of the education board and the education agency, and helped them to think through the city's education needs, that the two bodies were able to finalize the regulation. The groups had to learn to trust each other more than they had previously. This cooperation resulted in greater commitment in the coalition to conduct oversight on such matters as overpayments for school entrance fees.

Legislative Oversight

A regulation may be well formulated and responsive, but it still has to be implemented once it is approved by the legislative council. There is a tendency in Indonesia to pass regulations that are not always implemented, or to depart from their content in implementation. LGSP provided training to local councilors on regulatory impact assessments, and this is also one of the oversight functions of CSOs. Palopo in South Sulawesi presents a useful case study on the role that civil society groups can play in implementing a regulation (Box 6.10).

Box 6.10. Palopo, South Sulawesi: Transparency commission

In Palopo, the local regulation on transparency was passed in May 2008 with LGSP having provided assistance to both the local council and a civil society coalition at the drafting stage. The regulation provided for a Transparency and Participation Commission to be established within a year after the regulation was passed, with its members being drawn from government and civil society.

In April 2009, with the deadline nearing, the CSO coalition that had supported the drafting process decided to embark on an advocacy campaign. Two sympathetic members of the local council attended a CSO workshop, which was followed by a radio talk show broadcast live throughout the city. This broadcast revealed that the issue appeared to be that before the commission could be established by the mayor's office, the DPRD first had to set up a preparatory committee to propose the commission's members. No one was actually against the new commission; it had simply fallen between the cracks, with local councilors busy preparing for the general election in April 2009.

The day after the talk show, the CSO coalition met with the local council leadership, which immediately agreed to announce the preparatory committee. The committee was announced within four days, and began work a week later. In July, the committee proposed 10 names from which a government and local council selected five using a fit-and-proper test.* The Commission on Transparency and Participation was inaugurated in August 2009.

*Criteria that determine individuals' fitness for public office. Typically taken into account are criminal offenses or investigations, termination of employment, and prior disqualification from similar service.

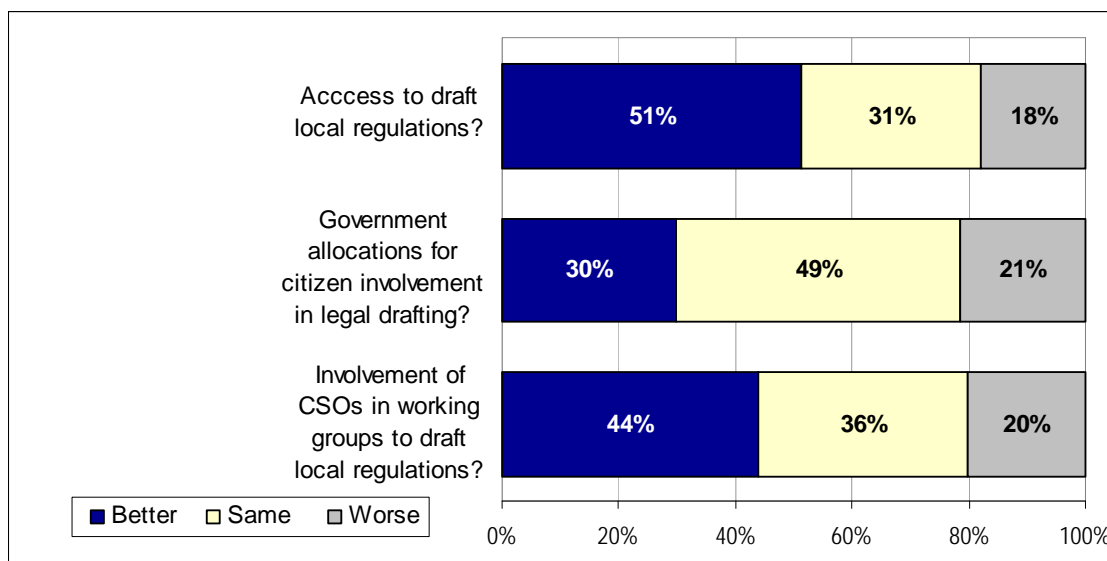
CSO Perceptions of Government and Council Commitment to Transparency and Public Participation in Legislative Drafting

A majority of CSOs in partner jurisdictions perceived positive changes over the course of LGSP in local council willingness to open up the legislative process (see Figure 6.11).

As the responses show, while local councils had opened up legal drafting to citizen input, they preferred to involve civil society organizations, rather than citizens directly. Almost half of respondents reported no perceptible change in government allocations for citizen involvement in the legislative process. One reason for this may have been the relatively high baseline in 2005 following the issuance of Law 10/2004, which made legislative hearings compulsory.

Figure 6.11. Perceived changes in commitment to openness in legislative process, 2006–2009

Question: In these fields, has the government become better, worse, or remained at the same level during the past 3 years?



Conclusions on Citizen Engagement in Local Regulations

When legislative hearings were organized in target jurisdictions, LGSP collaborated with local councils to ensure that they were not mere formalities. Draft regulations were circulated ahead of time so that citizens groups had sufficient time to critically review them. Meetings were facilitated to ensure that citizens were not intimidated by government officials and experts, who might keep privileged information to themselves. LGSP also provided capacity development and technical assistance to local CSOs to enable them to provide better input.

During the course of the project, the number of CSOs engaging with the council and sector departments in drafting regulations increased significantly. The technical training also helped CSOs ensure that the regulations were relevant and more effective.

Civic Engagement and Oversight of Public Services

LGSP supported two aspects of basic public services. First, the project collaborated with local governments to ensure that they responded to citizens' needs by effectively delivering services and by governing transparently. This type of support included improving the management systems for public service delivery (see Chapter 4, Public Service Management Systems). Second, as discussed further below, LGSP supported over 270 citizens groups in target provinces in public service oversight and participation in multi-stakeholder working groups to improve basic public services. The aim of LGSP support for civil society oversight of public services was to improve the accountability of those delivering the services by identifying whether government services were satisfying citizen priorities and responding to complaints.

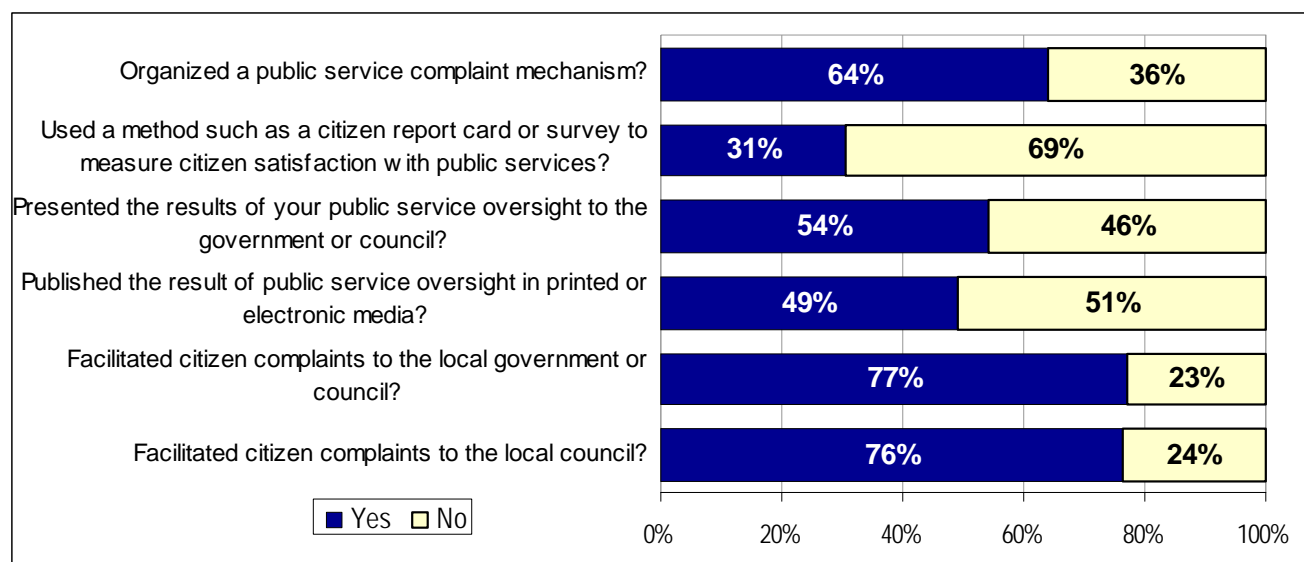
This process was intended to minimize abuses of power and corruption and to provide concrete, firsthand feedback for service improvements. The project provided the necessary technical skills and techniques for organized and progressive citizens to exercise civic oversight over public services and public service policy to ensure that these services were responsive to citizen priorities and concerns. Specific mechanisms introduced by LGSP included tracking public expenditures, measuring citizen satisfaction with public services, reporting on the effectiveness of the use of public funds for public service delivery, and tracking budgets.

CSO Involvement in and Perceptions of Citizen Oversight

From a civil society perspective, factors that determine the success of public services include the level of citizen involvement in policy decisions, the degree of local government responsiveness to oversight reports, and improvements in the overall quality of public services (including infrastructure, access, and service quality itself). Figure 6.12 shows how active citizens groups were in using various forms of oversight mechanism. CSOs were found to be generally active in both monitoring public services and delivering their findings to local councils and government.

Figure 6.12. CSO involvement in public service oversight, 2009

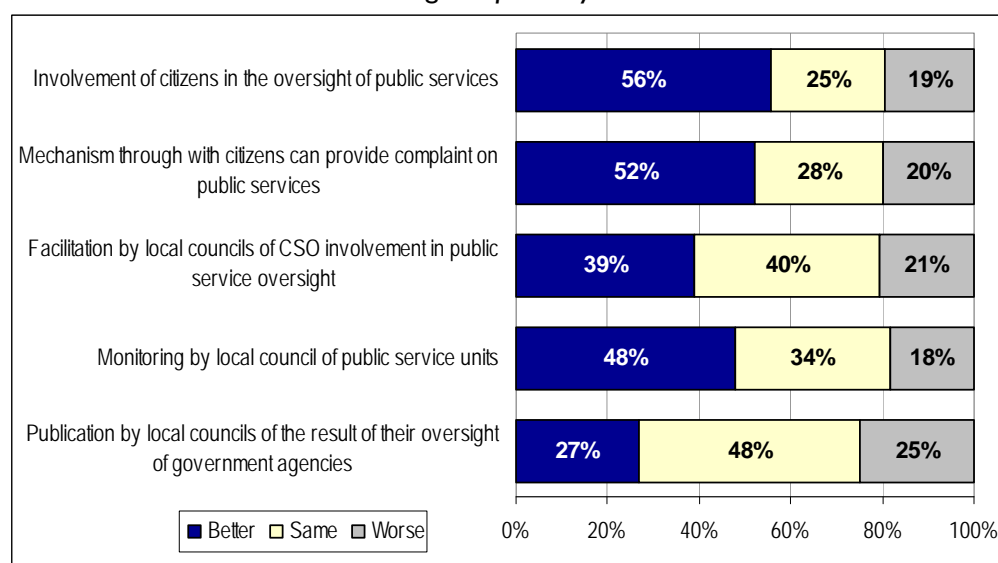
Question: Has your organization...?



In 2006, LGSP supported 73 groups in monitoring service delivery performance of local governments. By 2009, this figure had almost doubled, to 136 groups. Civil society activists were asked to compare changes in public service oversight by local governments from 2006 to 2009 (see Figure 6.13).

Figure 6.13. Perceived changes in public service oversight, 2006–2009

Question: In these fields, has the government become better, worse or remained at the same level during the past 3 years?



Concerning the level of responsiveness of local governments and councils to citizen oversight, citizens groups noted considerable improvements over three years, although the oversight function of local councils was rated the weakest component. This corresponds to the findings in Chapter 5.

Citizen Report Cards

One method used to monitor public services is citizen report cards (CRCs).¹⁴ LGSP assisted CSOs in 19 jurisdictions to employ CRCs to measure constituent perceptions of public service delivery. Some used the citizen report card in a particularly constructive manner, as illustrated by the case study on Gowa, South Sulawesi (Box 6.11).

Box 6.11. Gowa, South Sulawesi: Citizen report cards

In late 2007, LGSP supported a civil society coalition, Jaker-P3G (*Jaringan Kerja Pemerhati Pelayanan Publik Gowa*) to conduct a citizen report card survey in Gowa.

The Gowa CRC survey was conducted for two sectors in which the local government had committed to provide free services: education and health. For education, the survey found levels of citizen satisfaction with elementary education services were higher than for higher education (junior and high school) services. In the health sector, citizen satisfaction levels with community health centers (*Puskesmas*) and outpatient care in public hospitals were higher than for dental care and mobile units. The survey also revealed low satisfaction with doctors' treatments, with the delays in responding to complaints, the excessive time spent in clinic visits, and a general lack of effectiveness in health-care officers' assistance.

After a public hearing with government officials, the mayor became interested in the results. The newly elected and reform-minded mayor saw the CRC as an opportunity to shake up the poorly performing government agencies. After a number of informal meetings between the mayor and the

citizen coalition, the mayor agreed to discuss the CRC on a television talk show with two civic activists from Jaker-P3G. A neutral LGSP staffer hosted the show. The mayor seized this opportunity to declare:

this survey is in accordance with the local regulation on transparency, and has proved that the local government of Gowa is truly engaging with citizens in monitoring public service performance.

The government responded positively and constructively to the findings, promising to follow up. A week later, the mayor invited Jaker-3PG to sit down with the local education and health-care agencies to review the findings and suggest improvements. As an example, the CRC found that many citizens had difficulty meeting a doctor at the health center, despite this being stipulated in national legislation. When the health agency investigated, it found that doctors claimed to be too busy with administrative matters to meet patients. In response, the health agency hired health service administrators to manage the red tape, freeing up the doctors to meet patients.

As an important aspect of an evidence-based advocacy strategy, the CRC helped to raise public awareness of the quality of service delivery and budget allocations. The mayor also became more interested in collaborating with citizens groups, and in November 2008, the government of Gowa and Jaker-3PG organized a town hall meeting on government plans for education and health-care services in 2009. At the request of the mayor, the citizen report card survey was repeated in 2009. With a commitment to continue to hold such surveys in the future, citizens of Gowa can now focus on providing substantive input to local government agencies on public service standards.

Multi-stakeholder Working Groups on Public Services

As part of the program on citizen engagement in public service improvements, LGSP encouraged active participation by civil society in multi-stakeholder working groups on public services.¹⁵ A number of LGSP programs aimed to build up the capacity of CSOs to analyze government budgets and service delivery so that they could more readily be accepted by government agencies as being competent. In most jurisdictions LGSP established multi-stakeholder working groups to address the management of selected public service delivery activities. These groups comprised government, civil society and (in some cases) business representatives, reflecting an attempt to develop buy-in and a united response to service delivery problems.

With LGSP assistance, these groups undertook a more detailed analysis of the issues—reviewing existing laws, gathering necessary data, and so on. This information was then fed into a needs analysis form covering both service delivery and the management structures required for implementation. The groups were then encouraged to develop action plans for implementing the public service delivery improvements that they had developed. With support from LGSP, the groups also worked to secure funding and create the structures needed to implement their solutions.

Some of these multi-stakeholder groups worked to develop or strengthen local institutions, such as complaint desks and microfinance agencies. LGSP worked with the multi-stakeholder groups to help them identify the support networks needed for these institutions. These included linkages to banking institutions to provide the financing for schemes to give the poor access to health care, or to give microenterprises access to credit. In the case of complaint desks, links were needed to the sector departments that handled the complaints, as well as the

local council and CSOs, to provide oversight and pressure in case the local government was not responsive.

Conclusions on Citizen Involvement in Public Service Oversight

In Gowa and elsewhere, the introduction of citizen report cards as a practical tool for measuring the level of constituent satisfaction with public services became an important turning point for local civil society coalitions. It allowed them to develop effective analysis and advocacy, and ultimately to enter into effective dialogue with the local government. For the first time backed by hard data, civil society groups were able to sit at the table with government agencies to discuss public service improvements. Civil society groups' use of fact-based advocacy and oversight was part of this paradigm shift "from shouting to counting."¹⁶ Monitoring public services using citizen report cards, and tracking budget expenditures by sector, became powerful tools of community empowerment that could lead to changes in government policy and practice.

In many cases, these new tools and skills allowed civil society groups not only to be outside watchdogs but also to directly participate in public service working groups. There is always a need for balance between direct involvement and outside oversight, but local CSOs have generally managed the inherent tension between these two roles. Few, if any, multi-stakeholder partners were ever accused of cooptation. Rather, the two approaches to improving public services became part of a broadened repertoire of tools being used by CSOs. This is a reflection of the diversification illustrated in Figure 6.3 above, which indicates that LGSP civil society partners have become more active in all forms of engagement of local governance.

Strengthening the Role of Media in Local Governance

As part of the original scope of work under the contract with USAID, LGSP developed a program to strengthen the role of the media in local governance. So that the media could play a meaningful role in democracy, the media-strengthening program aimed to develop and support a diverse range of credible media and voices. If government or citizens do not believe that the media are credible, legal restrictions may be placed on media freedoms, or the media may simply lack impact and sufficient attention. Likewise, where the media are not concerned with governance issues, focusing instead on infotainment, they will lose the potential for democratic impact. Under the IR "Improved use of local media as a responsible source of information between local governments and the citizens," LGSP supported the local media to develop their dual role as:

- **Watchdogs/reporters**, with a responsibility to provide useful, accurate, objective, and balanced coverage of governance issues, public officials, and government activities
- **Corporate citizens**, with a responsibility to improve citizens' capacity to understand government, work effectively with public officials, stimulate public dialogue, and galvanize community action.

Until May 2007, LGSP implemented a local media-strengthening program of capacity building by offering technical training for journalists, promoting law and ethics, encouraging media and journalist associations, and improving political communication between the state media and civil society. Initially, the program focused on regular training of journalists and editors on how to report on governance issues such as public service delivery, local elections, corruption, and citizen engagement. The latter part of the program aimed at drawing media players into public debates and developing their role as corporate citizens. LGSP also developed an editors' forum where media decision-makers could share their views on important policy issues and how best to report them to the public.

As a separate component, LGSP subcontractor IMPLC supported regional discussions on media ethics and media freedom. Through regional press clinics, workshops and hands-on technical assistance, IMPLC brought together senior working media, local government public relations staff (*Humas*), local councilors, and media observers to discuss and improve media relations in partner provinces. Often, this was the first time that local government officials, editors, and media experts had come together to discuss media ethics and press freedom.

LGSP introduced and supported many practices in local government reporting, including regular meetings of senior editors to deepen their understanding of governance issues, and training with alternative media such as community radio on responsibly reporting on local government policies and processes. The program led to concrete results in terms of improved relationships and better media coverage of local governance issues such as planning events and the local budget. Through the training of the local government public relations office, government officials became more secure in their relations with journalists, and understood what they could demand of journalists in terms of professionalism. Following training to enhance writing skills, the number of press releases issued by local governments in several jurisdictions doubled.

In early 2007, a decision was made to shift more resources to national-level work, and the media program was closed in May 2007 at the request of USAID. Some journalists continued to participate in LGSP training and events for CSOs, which received good press coverage in the local media, suggesting a continued interest in covering governance issues. Media and investigative journalism can play a crucial role in government transparency and accountability; however, this role could not be fully maximized by the project since the media program had insufficient time to have a lasting impact. Still, in the short period of program activities, the importance of media in supporting good local governance was clearly highlighted.

Government and Local Council Perceptions of Civil Society Organizations

So far, this chapter has highlighted CSO perceptions of and engagement in various governance processes. During LGSP's end-of-project assessment, government officials and council members were also asked for their perceptions of civil society. This section presents their views on civil society.

Figure 6.14 shows the assessments made by government officials (mostly finance and planning staff) on CSO capacity in 2009. Figure 6.15 shows how council members perceived civil society activists had changed from 2006 to 2009.

Figure 6.14. Local government perceptions of openness and CSO capacity, 2009

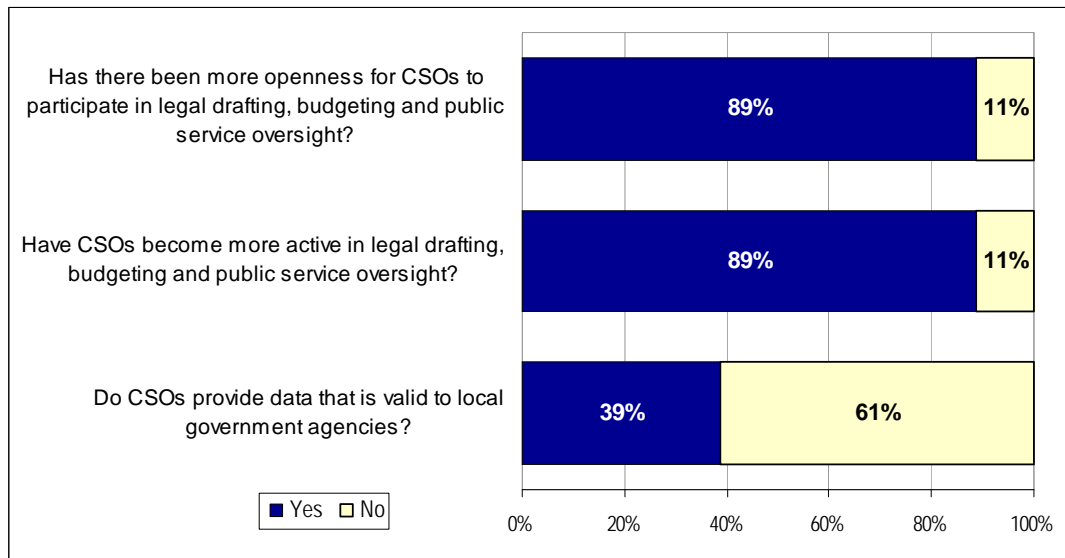
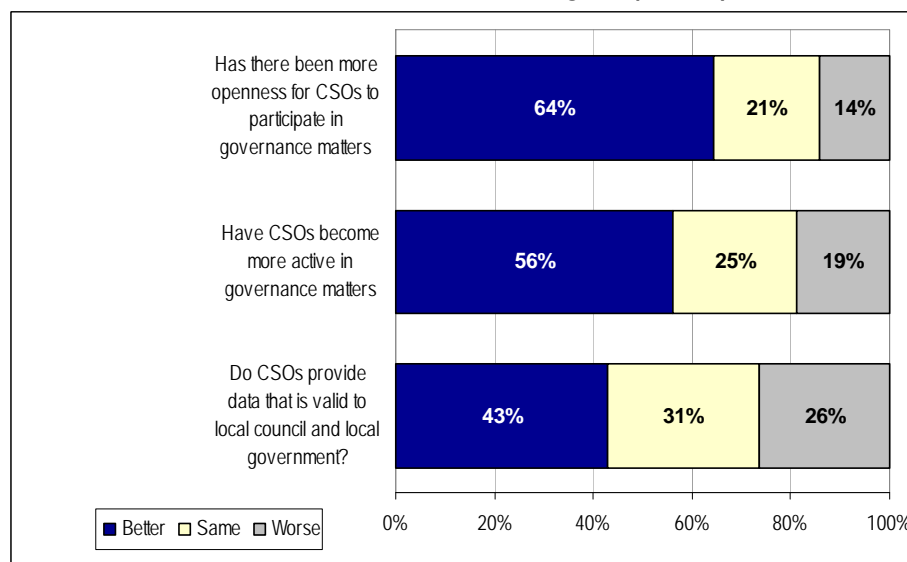


Figure 6.15. Local council perceptions of openness and CSO capacity, 2006–2009

Question: In these fields, has [openness/CSO capacity] become better, worse, or remained at the same level during the past 3 years?



The results for the first two questions—on government openness and CSO involvement—are positive in both graphs. Government officials and council members both felt quite strongly that CSOs had become more engaged. Eighty-nine percent of government staff felt that more opportunities had been provided to CSOs and that civil society was more willing to engage with

the government (a significant increase in trust). The local council figures were also positive: 64% perceived that there was more openness for CSOs during the past three years, and 56% felt that CSOs had become more active.

Despite these achievements, one issue that CSOs still need to address is the perceived quality of their input (the last question). Sixty-one percent of government officials felt that CSOs did not provide accurate data, and 57% of council members perceived that the quality of CSO data either had not improved or had gotten worse. Government officials and council members thus remained reluctant to fully embrace the input provided by CSOs, many of which were still inexperienced and had enthusiasm that might have run ahead of analytical capacity.

In late 2009 this still seemed to be a general weakness among civil society groups in Indonesia. A recent brief on the Indonesian budget transparency movement noted that “the budget work in Indonesia is, for the most part, not as technically sophisticated as that done by civil society organizations in some other countries.”¹⁷ With support from LGSP, civil society groups addressed this weakness by using more sophisticated tools such as citizen report cards and budget analysis software in collecting their data for advocacy. Figure 6.16 compares the results on the questions of openness and data validity for the 19 partner jurisdictions that trained in and administered citizen report card surveys with those for all partner jurisdictions presented in Figure 6.14.

Figure 6.16. Government perceptions of CSOs in 19 CRC jurisdictions, compared with all partner jurisdictions, 2009

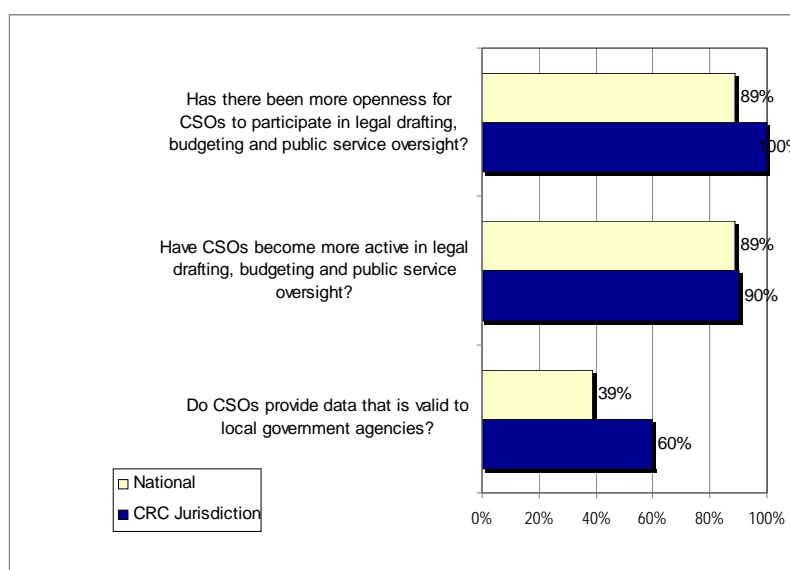


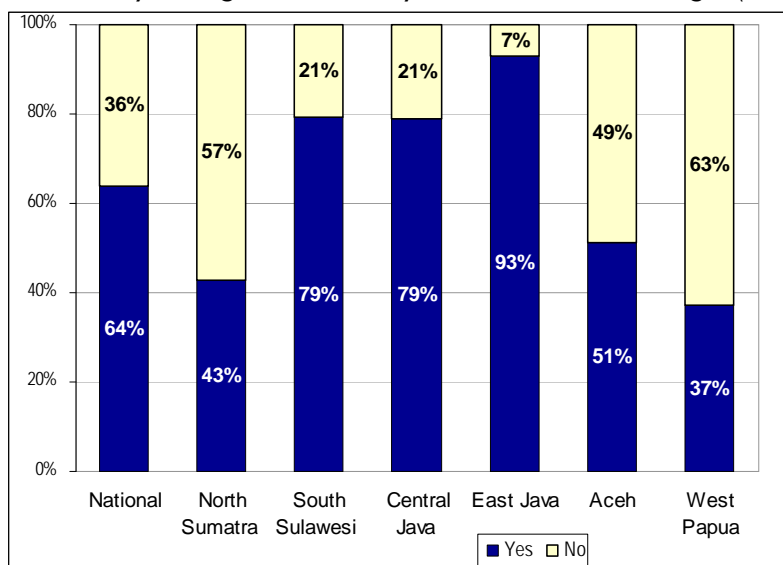
Figure 6.16 is a good measure of the democratic impact of such targeted LGSP assistance. After the CRC training, all figures rose, but the largest increase was in how government staff perceived CSO data: rising from 39% for all partner jurisdictions to an average of 60% in the 19 jurisdictions where CSOs administered a CRC survey. So with improved research capacity, civil society groups had become more trusted partners of the government. The success of these analytical activities was linked to the ability of groups to present the information in a useful and strategic way, generally through well-sequenced advocacy activities.

Regional Variation

There was some regional variation in CSO engagement in local governance. While an average of 64% of CSOs in all LGSP partner jurisdictions reported having analyzed government budgets, as shown in Figure 6.6, Figure 6.17 breaks down these figures by region, revealing variation across regions.

Figure 6.17. Regional variation in CSO capacity to analyze budget, 2009

Question: Has your organization analyzed the local draft budget (RAPBD)?



North Sumatra and West Papua¹⁸ scored the lowest. In those two regions, less than half of the CSOs had been able to access and analyze government budgets. In contrast, the corresponding figures were almost double for South Sulawesi, Central Java and East Java, with East Java scoring highest with 93%.

On involvement in legal drafting (Figure 6.18) and public service oversight (Figure 6.19), the regional pattern was similar.

On public service oversight by CSOs there was again substantial regional variation, but this time Aceh and South Sulawesi led the other regions. One reason for their high figures was the presence of strong provincial CSO networks (FIK ORNOP in Sulawesi and Forum LSM in Aceh) focusing on improvements in basic public services. These networks partnered with LGSP in many events but also had their own programs. Such networks did not exist in East Java, Central Java, or North Sumatra.

While Aceh and West Papua have similar backgrounds (recent military operations, distrust of Jakarta, and weak government), one significant factor may account for the different outcomes: the 2006 local elections in Aceh, which produced reform-minded and legitimate local governments that were able to replace distrust in CSOs with more positive sentiment.¹⁹ Another factor that may have contributed was that the reconstruction efforts after the 2004

tsunami in Aceh (including intensive support for community-based groups in the province) moved from chiefly humanitarian assistance in 2005 to more governance-oriented activities from 2008 onward.

Figure 6.18. Regional variation in CSO involvement in legal drafting, 2009

Question: Has your organization been involved in a legal regulation working group?

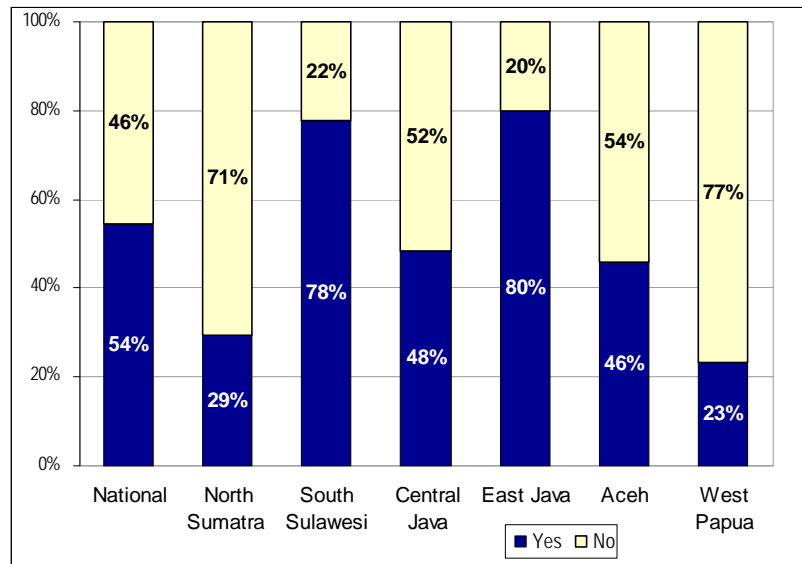
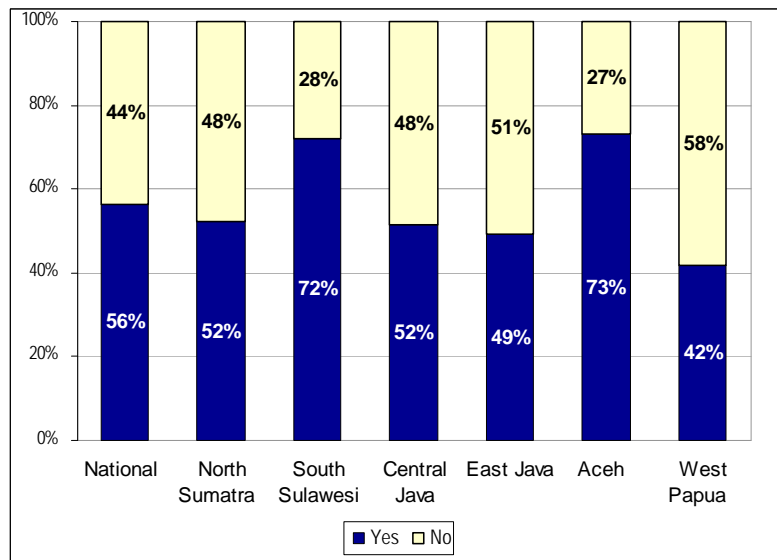


Figure 6.19. Regional variation in CSO involvement in public service oversight, 2009

Question: Has your organization channeled citizen complaints to the local government or council?



Sustainability Efforts

This chapter has reported on the strengthening of CSO participation and the role that citizen demand plays in local governance. These factors are likely to increase in importance in terms of the future success of local governance and democracy in Indonesia. This section looks at LGSP's efforts to support the sustainability of some of these achievements and practices.

In 2005, civil society was often fragmented and weak, although some CSOs had already begun to develop their capacities and engage. By 2009, CSO coalitions or alliances had emerged in most partner jurisdictions. But these new groups were not established by the project. (Prior experience suggests that local-level forums established by projects tend to disappear after the donor pulls out.) These new coalitions were in most cases created organically, by the activists themselves, in reaction to a perceived need or opportunity. In 2008 and 2009, LGSP targeted these coalitions and alliances for advanced training in the use of the *Simranda* budget analysis software, expenditure tracking, and citizen report cards. Many of the coalitions have established good relations with the government, play an active role in multi-stakeholder partnerships, and are committed to continue working to promote good local governance.

During the final months of the project, LGSP endeavored to ensure that a support structure was in place for these local civil society groups and coalitions, including support organizations. At a final workshop in July 2009, LGSP partners, staff, and service providers came together and committed to continue support for the use of the approaches, tools and modules produced by LGSP. It was decided that a network organization would be established, supported by former LGSP staff, reform-minded DPRD members, service providers, and civil society activists. Known as "LGSP-Link," this network would function as a resource center and information-sharing hub for its members.

In addition, it was agreed that the civil society strengthening work would be supported by four LGSP partners:

- The Indonesian Forum for Transparency in Budgets (FITRA) will support the CSO budgetary work
- The Regional Research and Information Center (PATTIRO) will support the civil society oversight work
- The Citizen Forums Caucus (*Kaukus 17*) will support the work on town hall meetings, citizen forums, and other new forms of deliberative democracy
- The Center for Legislative Strengthening will support the work on local regulations, including citizen involvement in legal drafting.

These institutions will house LGSP's training materials and act as clearinghouses. They will also generally update the budget analysis software and citizen report card work, and ensure that the training modules remain consistent with any new national laws and policies.

Conclusions and Lessons Learned

LGSP assistance in the civil society field was designed to strengthen the ability of citizens groups to advocate for service improvements and performance monitoring, and to directly participate in local planning, budgeting, and public policy decision-making, increasing opportunities for citizen engagement and strengthening citizens' capacity to constructively and effectively contribute to public policy. As the data from the 2009 assessment show, citizens groups in LGSP target jurisdictions became more successful in lobbying government for higher allocations for education and health care for the poor, and for more gender-sensitive budgeting. Training and support for citizen report cards and budget expenditure tracking allowed for government–citizen interaction on public services, encouraging government agencies to improve their services in response to public demand. NGO watchdogs exposed corrupt government practices. Town hall meetings and the revival of traditional consensus-building community meetings provided forums for constructive engagement between citizens and government, facilitated by CSOs. Better-trained journalists helped citizens make more informed choices, and provided some checks and balances to ensure that government officials upheld their promises and delivered priority services. In short, numerous practices and experiments emerged, led by reform-minded government officials in partnership with local citizens groups.

Developments in CSO Capacity and Commitment, 2005–2009

There were considerable improvements in both the quantity and quality of citizen engagement in partner jurisdictions. From 32 questions asked of CSO activists in 45 jurisdictions about the changes since 2006 (a total of 11,520 individual answers), 46% of responses noted improvements in commitment and reform among government officials and local councils, another 46% indicated that there had been no change, and only 8% indicated that the particular governance indicator had worsened since 2006. This positive attitude from civil society toward local governments shows that trust has emerged and that local government is well along the road toward building sustainable governance partnerships. Local government is more accountable to the people, and local governance reforms are becoming the main source of public innovation and social change in Indonesia.

There has been a healthy growth in more constructive civil society engagement in local governance, with many of the government-sponsored “red-plate NGOs” now marginalized by legitimate citizens groups. With LGSP assistance, civil society coalitions have moved away from “protest politics” and are engaging with government agencies in public consultations, budget hearings, and multi-stakeholder task forces. With new skills in using objective analysis and factual data as the basis for advocacy, citizens groups in partner jurisdictions have increasingly gained the trust of responsive government officials. LGSP's assistance to civil society and reform-minded counterparts in local government illustrates the importance and potential impact of developing CSO capacities for analysis, advocacy, and stakeholder management. Armed with these new tools, citizens have been willing to engage with government when the opportunity arises, reflecting a degree of maturation among civil society activists who formerly were distrustful of state actors, tending to see their role as opponents of the state, rather than engaged participants.

In a 2007 study, participation theorist Robert Chambers²⁰ argued that the past 10 years had a seen a “quiet tide of innovation ...by which local people themselves produce numbers.” Around the world, improved data gathering has become a powerful tool of community empowerment that can lead to changes in government policy and practices. The citizen report card experiences in Indonesia highlight the dual processes of empowerment and impact on policy. For the first time, civil society groups were able to engage local government agencies on an equal footing. Backed by facts and numbers, civil society groups could sit down with government agencies and discuss public service improvements—no longer the passive clients of services provided by a beneficial patron. Hard data on staff performance, pricing, and service quality gave organized citizens groups the kind of information that they needed to hold public agencies accountable for their actions.

With LGSP assistance, individual citizens and citizens groups became actively involved in even fairly technical and tedious policy work, such as analyzing budgets and drafting white papers for local regulations. If civil society activists were initially “long on enthusiasm and indignation, but short on political savvy,”²¹ that situation changed quite radically toward the end of the project. Many civil society groups improved their policy making and budgeting skills. The extent of these changes in CSO engagement has been recognized internationally. Indonesian’s experience in budget advocacy and transparency has been termed a “civil society budget movement”²² in light of the sheer number of groups active in the field, and their success in advocating for higher budget allocations (but as we have seen, there is still some lack of technical sophistication). LGSP contributed to this movement by supporting hundreds of civil society groups to engage in budget analysis. In partner jurisdictions, policy-oriented CSOs emerged whose interactions with the government and the private sector were based on analysis and data.

Nevertheless, the capacity and—perhaps more important—the commitment of CSOs still varied significantly, both within and among regions, toward the end of 2009. While LGSP helped many CSOs to undertake substantial engagement with local governments, some CSOs still preferred to focus on extracting short-term benefits from government officials, such as increased budget allocations or public services for a particular social group rather than the broader issue of holding public officials accountable for their actions (or inaction) to encourage them to perform their responsibilities consistently and effectively. Civil society organizations also often were limited to expressing citizens’ voices and promoting more inclusive government, rather than holding government agencies and actors responsible for ensuring that government provided these services in the first place. This can restrict citizen input to petitioning, making connections and lobbying—i.e., strengthening existing patterns of patronage—rather than creating a culture of accountability where citizens have a right to demand effective government. Furthermore, although productive relationships between local governments and CSOs developed in many locations, local governments still operated in an environment not always conducive to participation, transparency, and accountability.

Despite these variations, many local governments were responding to the more dynamic and constructive role CSOs were assuming in state-citizen relations. In a transition that can be characterized as a move **from government to governance**, state actors were no longer the sole holders of public knowledge. LGSP for its part encouraged the government to facilitate and make things happen—as happened in town hall meetings and public hearings. Government

officials had to develop the skills to interact with people, not as clients or objects or even customers, but as citizens with rights who demand to be involved. They began to learn how to create opportunities for citizen involvement in policy decisions and oversight; how to commission (rather than provide) a range of public services; and how to lead negotiations and mobilize consent on desired local policies. In short, they learned how to serve the public.²³ The officials participated in multi-stakeholder forums together with citizens, and organized *Musrenbang* planning forums using professional facilitators. In town-hall meetings and interactive talk shows, they took off their official uniforms and sat down with citizens to discuss joint concerns. These were all important steps toward creating a local governance system that is more responsive to citizens, transparent in its handling of public policy, and accountable to the public for its actions.

Lessons Learned

Lessons learned and recommendations from the civil society strengthening program include the following, aimed primarily at the donor community since they relate to project design.

- ***There must be both demand for and the supply of effective, democratic governance*** to make public services work for the citizens' benefit, with the balance between these strategies depending on the local context.
- ***A governance program works best when collaboration occurs among government, civil society, and local councils.*** This might sound like common sense, but the balance between these is often skewed in favor of one partner. Governance programs should be designed as partnership programs among equal partners with different roles and functions, promoting the legitimate role of citizens in oversight and involvement.
- ***The multi-stakeholder approach to governance is effective, but cannot be forced.*** Trust is something that needs to be won and cannot be forced. LGSP was fortunate to work in most jurisdictions for three years, and could thus build the governance nexus from within. This was crucial to the success and sustainability of practices.
- ***Civil society groups can function as intermediaries between citizens and government.*** To give a voice to those seldom heard, there is a strong argument for the support of various forms of NGOs and intermediary CSOs. Their voice is stronger than that of individual citizens, and they can play important advocacy and monitoring roles. By holding government accountable, CSOs can also make it more effective.
- ***CSOs need deeper support for ways to hold government accountable,*** through social audits, expenditure tracking, citizen report cards, and the like. This will allow CSOs to play a critical role in keeping the community informed of government policies and actions as well as to shine a light on bad government performance.
- ***The analytical skills of civil society groups need to be developed.*** Many government officials remain distrustful of the quality of the data provided by civil society groups. With training in evidence-based data collection methodologies, this distrust can be removed.

- ***There is a long-term need to support emerging policy institutes in the regions.***
These can be civil society groups or universities which can offer policy analysis and policy alternatives.
- ***Civil society capacity development is most effective when done in real time.***
Training that uses actual policy documents—such as district budgets, draft legislation or local policy issues—is more effective. However, trainers will face more preparatory work since they cannot use a generic approach and must incorporate such documents into their materials.

Endnotes to Chapter 6

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- ¹ These included The Asia Foundation, the Ford Foundation, the World Bank, and the USAID-funded Civil Society Support and Strengthening Program and PERFORM.
- ² For some relevant studies, see Hans Antlov, “Civic Engagement in Local Government Renewal in Indonesia,” in Hans Antlöv, Aya Fabros, Nina T. Iszatt, Barbara Orlandini and Joel Rocamora, *Citizen Participation in Local Governance: Experiences from Thailand, Indonesia and the Philippines*. Manila: Institute for Popular Democracy and LogoLink, 2004, pp. 139-172; Edward Aspinall and Greg Fealy (eds.), *Local Power and Politics in Indonesia*, Singapore: Institute of Southeast Asian Studies, 2003; Stanley Adi Prasetyo, A. E. Priyono, and Olle Törnquist (eds.), *Indonesia’s Post-Soeharto Democracy Movement*. Jakarta: Center for Democracy and Human Rights Studies (DEMOS); *Decentralization 2006: Stocktaking on Indonesia’s Recent Decentralization Reforms*. Jakarta: Democratic Reform Support Program, for the Donor Working Group on Decentralization, August.
- ³ Antlov, Hans, Rustam Ibrahim, and Peter van Tuijl, “NGO Governance and Accountability in Indonesia: Challenges in a Newly Democratizing Country,” in Lisa Jordan and Peter van Tuijl (eds.), *NGOs Rights and Responsibilities*, London: EarthScan, 2007.
- ⁴ *Decentralization 2006: Stock Taking on Indonesia’s Recent Decentralization Reforms*, Jakarta: USAID-DRSP, 2006, pages 101–110.
- ⁵ For more details of the work plans and results of LGSP, see the 2007 and 2008 annual reports and the 2007, 2008, and 2009 annual work plans, available at www.lgsp.or.id.
- ⁶ Some of the English-language studies include Geoff Dixon and Danya Hakim, “Making Indonesia’s Budget Decentralization Work: The Challenge of Linking Planning and Budgeting at the Local Level,” *International Public Management Review*, Volume 10, Issue 1, 2009; *Decentralization 2006. Stock Taking on Indonesia’s Recent Decentralization Reforms*, Jakarta: USAID-DRSP, 2006; *Decentralization 2009. Stock Taking on Indonesia’s Recent Decentralization Reforms*, Jakarta: USAID-DRSP 2009; Raza Ahmad and Erin Thebault Weiser, *Fostering Public Participation in Budget-Making. Case Studies from Indonesia, the Marshall Islands, and Pakistan*, Manila: Asian Development Bank and the Asia Foundation, 2008; and *Indonesia – The Challenges of Implementing a Performance-based Budget System*, <http://blog-pfm.imf.org/pfmblog/2007/11/indonesia-the-c.html>, accessed on January 5, 2009.
- ⁷ Detailed in Ministry of Home Affairs National Development Planning Agency’s Joint Circular Decree 0008/M.PPN/01/2007 on “Technical Instructions for Organizing Musrenbang,” section V. C.1.
- ⁸ Measured through a composite figure of three indicators: (i) availability of database of poor households, (ii) procedures and mechanisms in place for addressing economic differences in the budgeting process and (iii) increased budget for poverty alleviation programs. For more details, see Chapter 3 of this report, on finance and budgeting.
- ⁹ For more details, see Lilis N. Husna, *Berprakarsa untuk Menjamin Partisipasi: Dokumentasi Pengalaman Organisasi Masyarakat Warga dalam Meningkatkan Kualitas Pelayanan Publik*, Jakarta: LGSP, 2009.
- ¹⁰ Management Sciences International, *External Review of LGSP*, September 2008, page 17.
- ¹¹ *District Planning Process: Improving Responsiveness to Citizen Priorities*, Jakarta: LGSP 2009.
- ¹² Other reforms include revising existing regulations so that local budgeting becomes responsive to local preferences (Dixon and Hakim, “Making Indonesia’s Budget Decentralization Work,” 2009), and strengthening the oversight role of local councils.
- ¹³ See Karrie McLaughlin, *Engaging with Local Government in Indonesia. Multi-Stakeholder Forums and Civil Society Coalitions. Lessons from Selected LGSP Jurisdictions*. Jakarta: LGSP, 2008, page 17.
- ¹⁴ The CRC is an international best practice to improve public services and promote government accountability. It is based on the premise that feedback on service delivery collected from actual users through sample surveys provides a reliable process for citizens and communities to engage in dialogue and partnership action to improve public services. See <http://www.citizenreportcard.com/crc/index.html> and LGSP’s practical guide to citizen report card surveys available from the LGSP website, www.lgsp.id.org.
- ¹⁵ This section draws on the article “Multi-stakeholder Forums and Civil Society Coalitions,” LGSP 2008 annual report, pages 10–17.

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- ¹⁶ Janmejy Singh, *From Shouting to Counting: Introducing the Concept of Social Accountability*: World Bank 2004, available at http://siteresources.worldbank.org/INTRANETSOCIAL_DEVELOPMENT/Resources/Strategy/288162-1122046774487/ECA-CSO-Social-Accountability-Intro-and-Cases-2004May.ppt and Robert Chambers, *Who Counts? The Quiet Revolution of Participation and Numbers*, Brighton: Institute of Development Studies, Working Paper 296, December 2007.
- ¹⁷ International Budget Partnership, *Indonesia – A Civil Society Budget ‘Movement’?* Washington, DC, 2009, page 3.
- ¹⁸ It should be noted that LGSP lasted less than two years in West Papua compared with three to four years in the other regions discussed. The inaccessibility of some West Papua jurisdictions (Fakfak and Kaimana have no road access) made them more isolated. Furthermore, there have been fewer donor projects in West Papua than in Java, South Sulawesi, or Aceh. Given this handicap, some of the achievements in West Papua are impressive—even though they do not show up in this assessment.
- ¹⁹ This is corroborated by the similar perceptions found among DPRD members elected in West Papua and Aceh in 2004, as well as citizen perceptions in these two regions.
- ²⁰ Chambers, *Who Counts?*, 2007, page 3.
- ²¹ World Bank, *Cities in Transitions: Urban Sector Review in an Era of Decentralization in Indonesia*. East Asia Working Paper Series, Dissemination Paper No. 7, June 30, 2003, page IV.
- ²² International Budget Partnership, *Indonesia – A Civil Society Budget ‘Movement’?*, 2009.
- ²³ For a general study of these processes, see Janet Denhardt and Robert Denhardt, *The New Public Service. Serving, Not Steering*. New York: M.E. Sharpe, 2007.

7 Cross-Cutting Areas of Support

LGSP undertook work in a number of cross-cutting areas that supported the core technical areas described in the preceding chapters. These included:

- **Participatory approaches in training** and facilitation to enhance the uptake of innovations and consensus building in action planning
- **Performance monitoring and evaluation** to measure and assess project performance and outcomes, and develop benchmarking instruments
- **Development of service providers** to sustain the transfer of knowledge and provide consulting services to local partners
- **Communications and knowledge sharing** to disseminate good practices and lessons learned.

This chapter describes LGSP's experience in these areas of work.

Participatory Approaches in Training and Facilitation

The previously centralized and hierarchical system of government and traditional approaches to learning in Indonesia created a culture whereby government officials simply issued instructions for citizens and junior officials to follow. In contrast, LGSP's approach to capacity building relied on a more inclusive problem-solving framework in which all stakeholders could provide input. So from the outset, to add value to its program of assistance, LGSP trained stakeholders in participatory approaches and the design of interactive events.

LGSP's mission in training in participatory approaches was to improve the quality of participation in its technical assistance, encourage the use of the training tools, and help its partners to institutionalize participatory methods. The two goals were to ensure that training and facilitation were highly participatory and to develop a strategy for sustained use of the training tools by partners. The use of participatory learning approaches enhanced the transfer of technical information in the areas of planning, budgeting, service management improvement, and legislative strengthening. It not only helped local stakeholders understand the concepts more easily, but also gave them opportunities to work together and prompted changes in the way they communicated with each other. Local partners included representatives from the local government (executive and legislative) and CSOs, while regional and national partners included the central government and government training institutes.

This section reviews the content and assesses the outcomes of LGSP participatory training assistance. After considering the dissemination method used for participatory training approaches, and the types of assistance involved, this section then looks at efforts to institutionalize the participatory approach to learning and facilitation and, finally, presents some conclusions and recommendations arising from LGSP experience.

Disseminating Participatory Learning Approaches

During the early stages, all project staff were trained in participatory training and effective facilitation techniques (also known as the “technology of participation,” or ToP¹) to ensure a common understanding of how to use the basic methods of participation. Since many program activities involved facilitation of workshops to bring stakeholders together to agree on common approaches and solutions, it was essential for LGSP staff to apply these methods effectively. The technology was also introduced to selected local governments and CSO partners in each region. As the project progressed, facilitation evolved and the basic methods were enriched through further training on fundamental attitudes and essential skills for facilitation. The body of knowledge on facilitation was then formalized through a series of training technology modules.²

During the first two years of the project, participatory facilitation training was conducted by LGSP training specialists. The number of local partners and service providers trained in this approach reached 2,200, many of whom were then trained to train others in this approach. By the end of the project, training in participatory facilitation was delivered almost entirely by service providers.

Program Areas

The participatory training assistance consisted of three areas, described below:

Training in participatory facilitation and event design

At the basic level, the ToP courses introduced three basic participatory methods: discussion, consensus building, and action planning to create an *effective facilitation* course. Training participants with a few months of practical experience in using basic facilitation methods then learned how to design an *interactive event* by applying effective facilitation principles and participatory methods. The course targeted facilitators and training designers who then learned *how to train others* in the participatory approach. At the outset, participatory training was fully funded by LGSP. As the demand increased, a cost-sharing mechanism was introduced, and in some cases the training became fully funded by the partners.

Applying participatory approaches to technical programs

LGSP specialists used the participatory approach for technical training and for workshops, which required interactive workshop design skills. The approach was used to train facilitators for development planning meetings (*Musrenbang*) and other local planning events, for service improvement action plan development, DPRD-citizen forum development, and many other technical assistance activities described elsewhere in this report. Since most local partners and service providers who took this training were also practitioners in the technical areas—whether local government officials, CSO representatives or academics—they also helped to disseminate this approach in the technical activities they conducted. In addition to disseminating this approach to partners and service providers, LGSP also supported other projects interested in applying these techniques, including USAID’s Health Services Program.

Facilitative leadership training

With the popularity of the facilitation training and recognition that the skills developed by midlevel technical staff in local governments could benefit senior leaders, the project developed and conducted facilitative leadership training. This executive-level training targeted decision-makers at both national and local levels to help them comprehend their roles as facilitators, managers, and leaders; recognize the basic skills needed for each role; and be inspired to promote changes in their own environment. Three rounds of executive training were conducted, two of them organized by MOHA's training center in Jakarta, and the other by its training center in Makassar in South Sulawesi. The Jakarta participants included MOHA executives and the heads of provincial MOHA training centers, while the Makassar training was attended by the heads of local government units and district heads. Executives and key decision-makers at MOHA who had undergone the training asked the training agency to introduce more participatory and interactive methods into the national training system as part of its training reforms, with the support of MOHA policy makers.

Institutionalizing Participatory Approaches

As the project progressed, participatory approaches to learning and facilitation were institutionalized through three mechanisms: adoption of interactive and participatory approaches by government training agencies, establishment of facilitator networks, and adoption of the participatory approach by other parties.

Uptake by government training agencies

LGSP collaborated with government training centers, particularly those of MOHA and the State Administration Institute (LAN), at both national and provincial levels. At the provincial level, LGSP worked with the MOHA training centers in Makassar and Banda Aceh, and with LAN in Makassar. LGSP provided comprehensive facilitator training for selected *Badan Diklat* (or *Diklat* for short) trainers, who now apply participatory methods and interactive designs to their own training. National and provincial training centers committed to disseminate the participatory approach and include facilitator training in the curriculum for their trainer upgrading programs. *Diklat* also incorporated the participatory training approach into competency-based training courses.

Establishment of facilitator networks

Individual facilitators came together to establish facilitator networks in a number of provinces following LGSP training, including West Java and Central Java, the latter to provide services to the Resource Development Center. Service providers in East Java created a Good Governance Promotion Forum (*Forum Penggerak Pemerintahan yang Baik Jawa Timur*, or *FP2B Jatim*). In South Sulawesi, a network of service providers and provincial *Diklat* trainers was established as the Human Resource Development and Strengthening Forum (*Forum Pengembangan dan Pemberdayaan Sumber Daya Manusia*). The networks in Central Java and West Java obtained funding from the provincial budget. All of these networks, which were initiated by LGSP-trained

service providers, began developing self-sustaining programs and shared information and experiences with each other.

Adoption of participatory facilitation approach in other environments

Technology of participation and other participatory methods introduced in the effective facilitation training were adopted by other parties. The methods are now used in decision-making meetings by multi-stakeholder forums in Central Java, East Java, North Sumatra, and South Sulawesi. Since most LGSP service providers trained in ToP and effective facilitation were university lecturers or teachers, they also applied the approach to the courses in their own universities and schools. For instance, Universitas Panca Budi in Medan included ToP in its teacher upgrading program curriculum. And by networking with an education foundation, this university was able to disseminate ToP to the broader lecturer community in Indonesia, and to the foundation's associates in Malaysia.

Conclusions and Recommendations

Successes

The participatory learning approach contributed to many positive changes in program outcomes through its integration into the technical training, assistance, and action planning described in previous chapters of this report. Post-training feedback from training participants showed that effective and well-planned use of various participatory training techniques and tactics contributed to the effectiveness of the activities. Participants commended the interpersonal communication skills of trainers and facilitators (both verbal and nonverbal); the use of a variety of media, training aids, and interactive methods throughout the training process; and the mastery of the material shown by the trainers and facilitators.

The three basic ToP methods (discussion, consensus building, and action planning) used by partners in their training and meetings functioned as both an analytical and simplifying tool of facilitation. For example, the development steps of the SIAP and the prioritization steps of the *Musrenbang* process were tools that helped to guide the technical processes. These three techniques helped to keep discussions on track, achieve consensus, and prepare systematic plans.

The use of the participatory approach in technical activities not only made the technical content easier to understand, but also created greater equality in the dialogue, helping to build trust among participants. It was reported to reduce male dominance in discussions. And it enabled the accommodation of participant input and priorities—which included reducing the number of formal speeches, thereby improving the *Musrenbang* process.

Challenges

Although LGSP contributed to significant changes, there were a number of challenges in adoption or implementation of a participatory approach to learning, some of which remain. Negative attitudes toward use of participatory approaches continued to some degree, especially among those not familiar with or not used to bottom-up planning and participatory approaches, including many government officials, academicians, and community leaders. The use of facilitation strategies, techniques, methods, and tools, combined with a professional attitude and solid communications skills,³ can help facilitators overcome this challenge—but only if the facilitators know the boundaries for not overusing participatory approaches, are well prepared to present the technical content, and are therefore able to contribute to focused and informed results.

Recommendations for sustaining achievements

Recommendations for sustaining the achievements in participatory learning include the following.

For the government

- As the MOHA training agency has committed to institutionalizing the participatory approach throughout its training centers at both provincial and local levels, a ministerial decree may be needed to support this.
- Concerned agencies (MOHA, LAN) should consider the most practical and efficient way for MOHA training agencies to use existing facilitator networks and service providers, for example by issuing facilitator certification procedures.
- Local governments should be encouraged to include capacity building in facilitation and the participatory approach in their budgets, as well as funding to employ professional facilitators for participatory planning and action planning events.

For service providers

- Service providers should ensure that they are well prepared on the technical elements of the subject matter, and find ways to explain data in a creative manner to elicit thoughtful inputs from participants.

For donors

- Donors should incorporate participatory learning approaches into local governance capacity-building programs, including support for facilitator networks to strengthen their marketing and presentation skills, and to connect them with a wider audience.

Performance Monitoring and Evaluation

The LGSP project design called for an extensive monitoring and evaluation framework in the pursuit of identifying proxies for “good governance” and tracking causality between project actions and changes in governance or citizen behavior. This section outlines the tools used and lessons learned in the process of monitoring and evaluating LGSP. It covers the following:

- Initial assessments and benchmarking
- Performance monitoring plan
- Other project monitoring assessments
- Lessons learned and recommendations.

Initial Assessments and Benchmarking

The contract project design included an extensive array of initial assessment and benchmarking activities, some of which were to be repeated annually. These included: (i) undertaking a set of initial assessments to determine which districts would be assisted, what kind of assistance would be provided, and what indicators would be included in a performance monitoring plan; (ii) establishing a data bank of detailed knowledge of the districts in which LGSP was to work; and (iii) conducting opinion polling of districts to determine changes in citizen perceptions. The ambitious architecture was to be integrated with other USAID DDG databases and to yield intimate knowledge of the districts in which LGSP worked for the benefit of all USAID programs.

Local Government Rapid Assessment Module (LG-RAM)

The LG-RAM was a rapid appraisal designed to help in the selection of LGSP sites. Carried out by service providers in the various regions to determine the first round of 30 LGSP partner governments, it covered issues such as political will and ability of stakeholders to work together, in addition to existing transparency and accountability.

The final selection of sites used a combination of (i) the systematic findings from LG-RAM; (ii) the judgment of LGSP staff who had worked on predecessor projects (PERFORM and BIGG), based on their qualitative knowledge and experience working with those governments; (iii) discussions with USAID; and (iv) consultations with the Government of Indonesia. In the second-round selection of partner governments, USAID determined that LGSP sites should be co-located in districts where other USAID sector projects (in health, education, and environment) were being implemented, to increase opportunities for synergy. The LG-RAM was therefore not applied.

Local Government Activity Mapping Protocol (LG-AMP)

The LG-AMP was a needs assessment undertaken to ensure that the design of the LGSP technical assistance program would directly correspond to the needs of local governments. More specifically, the LG-AMP aimed to assess a local government's systems, structure, and practices as they affected the government's performance in the delivery of its functions and basic services. The LG-AMP opened with a "road show" to explain LGSP and then continued to a "surface assessment"—discussion with stakeholders to determine in which broad areas they felt they needed assistance. It then continued with more in-depth discussions. It was carried out in round-one locations, but was replaced in round two by simplified diagnostic assessments undertaken by project staff who could more rapidly feed results directly into their work.

Since LG-RAM and LG-AMP were carried out by a number of different service providers in the different regions, there was variation in quality between them. Coupled with the very large volume of information produced, and implementation only in round one, these factors made it difficult to use the information from either the LG-RAM or LG-AMP as baseline data for midterm or end-of-project assessments.

Local Governance Assessment Tool (LGAT)

As an adjunct to the above assessment tools, the contract called for development of a Local Governance Assessment Tool to provide a measure of "qualitative aspects of governance,"⁴ to develop a numeric score to be assigned to local governments to reflect the strengths and weaknesses of their governance practices. Adapted from the Global Campaign on Urban Governance initiated by UN-Habitat, it adopted and measured five core principles of governance: effectiveness, equity, participation, accountability, and transparency. These five principles were supported by 20 specific indicators, which were converted into 70 operational questions that were verifiable through secondary documents and interviews. LGAT was ready for implementation in round-two locations, where it was conducted in mid 2006.⁵ It became the basis for the Good Governance Index (GGI) work with *Bappenas* (described below).

LG data bank

The LG data bank was originally envisaged as a clearinghouse for governance-related data to be used by USAID to maintain a profile of, and act upon, a wide range of socioeconomic data, participant tracking, geographical information systems (GIS), identification of a wide range of nongovernment institutions in each district, development of correlates with other USAID projects and programs, and a host of other data. The data bank was to identify key actors at the local level, assess changes in the performance of local governments, and assess LGSP performance. It was planned to include the results of LGSP assessments, results of the Local Governance Assessment Tool, and demographic information on LGSP partner governments. However, it turned out that much of these data—such employment levels, lists of all local government projects, education and health data, poverty indices, and investment levels—were not available or realistic for LGSP staff to collect, and the data bank was essentially abandoned after initial input of data.

Opinion polling

The contract's description of the LG data bank alluded to the desirability of undertaking public opinion surveys to assess comparison of public opinion data across time and space. In response, LGSP undertook two separate rounds of opinion polling to measure citizens' perceptions of local democracy and governance issues in LGSP partner jurisdictions in each of the two batches of LGSP partner governments. The purpose of the opinion polling was to explore what democracy and governance meant to ordinary people, and to examine public views on local governments and their delivery of services, public representation through local legislative councils, political efficacy, the public's access to information, the participation of women, and perceptions about the overall quality of life in Indonesia.

The public opinion polls were originally designed to be repeated annually, at a cost of about \$250,000 per poll. However, it was very difficult to link the outcomes of the polls and LGSP activities, since many factors contributed to people's perceptions of governance. For example, results from one poll on good governance conducted by LGSP were considerably lower than those from previous or subsequent polls. Trend data from nationwide governance opinion polling also showed a dip during the same time period, attributed to the raising of fuel prices. This factor is likely to have affected LGSP results as well.⁶ These complications made annual polling difficult to correlate with project results.⁷ In addition, the step-by-step nature of the LGSP start-up in two successive rounds of districts complicated the polling. The staggered nature and timing of the data collection for each round reduced the feasibility of drawing comparison across districts.⁸

Finally, although the opinion polling results were statistically significant at the national level, they consisted of very small samples (30 people) in some districts. This made the polls' validity at a district level quite weak, and therefore they could not be used as a tool for dialogue at the district level. Moreover, since the sample consisted only of LGSP districts, it was not large enough to elicit interest by the national government to engage in a dialogue on the polls' findings. In agreement with USAID at a time when the project faced financial constraints, the polling was dropped as an annual exercise. It was ultimately decided not to repeat the polling at the end of the project, but instead to focus on targeted program assessments.

Measurement of Program Activities: Performance Monitoring Plan

As called for in the contract, LGSP developed a performance monitoring plan (PMP; see Annex G) at the inception of the project (required within 90 days of contract signing), to be based on the findings from the above initial assessments, the Local Governance Assessment Tool, and the LG data bank. This meant that all of these assessments and development of indicators were all going on simultaneously, at the same time that the project was setting up offices and hiring staff (as well as adding program activities in Aceh following a contract amendment to respond to the December 2004 tsunami). It is likely, therefore, that initial program indicators were established on the basis of somewhat scanty data and without the consensus building among staff (who were still in the process of being recruited) that is desirable in order to ensure realism of indicators and assessment techniques. Notwithstanding this inevitable tradeoff between setting down markers early in the project in order to have a

baseline, and having full understanding of all nuances of the indicators, the project team made every effort to move both program implementation and monitoring mechanisms forward.

The project sought to monitor performance through three interlinked sets of indicators and through a variety of performance measurement instruments. First, LGSP reported on two sets of USAID global indicators: Governing Justly and Democratically (GJD) indicators and Democratic and Decentralized Governance (DDG) indicators. USAID implements these indicators globally and reports performance against these indicators to the United States Government. Second, LGSP developed its own results framework, which tracked performance across a range of indicators specifically relevant to LGSP's programs. As far as possible, LGSP incorporated the USAID indicators into its performance monitoring system, and there was much commonality across the three sets, thereby enabling LGSP to use the same data source to report on, and ensure consistency among, all sets of indicators. In addition to monitoring activities, LGSP carried out various assessments and evaluations to assist in understanding its impact.

Setting targets and tracking achievement was challenging due to the variance between LGSP's fiscal year (October 1–September 30) and the time frame for the work plans that LGSP agreed with its local partners, which was based on the GOI financial year and corresponded to the calendar year.

The district-level targets were therefore established annually based on the calendar-year work plans developed by LGSP's regional offices, with guidance from the Jakarta-based advisors. Because of the urgency of setting up the initial PMP, the process of setting these initial targets was facilitated by RTI home office monitoring and evaluation (M&E) staff and the LGSP performance monitoring advisor, in consultation with USAID DDG staff and LGSP staff on board at the time (regional coordinators, regional technical and performance monitoring staff, and national office advisors). The performance monitoring specialists in each regional office attempted to ensure consistency and coordination. In contrast to the district-level targets, targets related to the national enabling environment for local governance, which were derived largely from LGSP's national office work program, were set against the USAID fiscal year (October 1–September 30), as were the GJD and DDG indicators.

Data generally came from the regional technical specialists, and were then checked by the performance measurement specialists in regional and national offices to assure data quality and consistency. The regional performance monitoring specialists were also supported through periodic training, regular dialogue with the national advisors, and periodic visits by national office specialists to the regional offices.

USAID global indicators

As described above, LGSP reported on five GJD indicators. These in turn incorporated the DDG indicators.⁹ Targets were set through a consultative process between USAID and LGSP. Performance was reported quarterly against each indicator. Data for both GJD and DDG indicators generally were taken from the same sources as the results framework's intermediate results, described below.

LGSP results framework

LGSP developed a results framework and associated monitoring indicators specific to the project to capture performance across key areas of LGSP's engagement. The initial results framework had an overarching objective of "more participatory, responsive, transparent, and accountable local governance that consolidates Indonesia's reform agenda." It was supported by four pillars, consisting of "access to basic services," "democratic representation," "local policy reform" and "civic participation." It included over 55 indicators, to be drawn from activity reports, opinion polling, LG-AMP, and secondary data.

At USAID's request, this framework and indicators were adjusted in mid-2006, and the overarching structure changed to "expanding participatory, effective, and accountable local governance," with supporting categories of indicators that focused on support to the different stakeholders: Executive (Effective), Legislative (Accountable), Civil Society (Participatory), and Strategic Partnership (Sustainable). The last category reflected a greater focus by the project on work with the national government, which started in earnest in early 2007. Despite the fact that the overarching categories remained the same for the remainder of project implementation, many of the indicators continued to change until the end of 2007, as USAID and LGSP staff sought to refine definitions and targets and to scale back the number of indicators to those directly related to the concrete areas in which the project was working.

The initial plan included information to be gathered from polling data and activity reports, the latter submitted by the technical specialists. However, activity reports only covered what trainings they conducted, and not outcomes, such as laws passed or submissions by CSOs to government. As a result, LGSP assistance for an activity was initially counted as fulfilling an Intermediate Result. For example, budget calendars were originally counted if they were developed by a local government following LGSP assistance. However, it was subsequently recognized that for budget calendars to be effective, they must also be *disseminated* to stakeholders, so this was later added to the definition of producing a budget calendar in order to be counted as an IR accomplishment. Similarly, in the early years of LGSP, *initial drafts* of a midterm development plan were counted as fulfilling an IR. However, a greater focus on the need for local governments to finalize the document (in addition to developing it via a participatory process) led to definitional change that only *final drafts* would count toward meeting IR targets. (Ideally, they would only be counted when passed into law, but the indicator attempted to strike a balance between what the project could accomplish and what was fully driven by local politics.) As definitions became more rigorous, the numerical achievement of some indicators, not surprisingly, went down.

As a way to stay "on the same page," regional performance monitoring staff met relatively frequently for training and information exchange, and for staying on top of the frequent changes of indicators. LGSP advisors, regional coordinators, regional technical staff, and regional performance monitoring staff faced a constant challenge of understanding and setting targets in an equivalent manner. While it helped that there was relatively little staff turnover in regional offices, there was a high level of turnover of M&E staff in the national office. Indonesian nationals with M&E skills are highly fungible across donor projects—especially World Bank, GTZ, and USAID-financed programs—and LGSP experienced frequent "poaching" of its staff working in this area (in contrast to very little turnover in other technical areas). Although this

says much about the quality of the Indonesian staff LGSP was hiring, inability to retain an Indonesian national to take over from international staff to head the M&E effort (which was mandated in the project design), was partly responsible for the four different M&E advisors who filled the post during project implementation. Each was fully capable, but the changes obviously hampered institutional memory.

Other Assessments

Annual assessments of service improvement action plans

In addition, LGSP undertook yearly assessments of partner LGs' SIAPs, beginning with a simple discussion between staff and stakeholders in 2007 (see Chapter 4 on public service management systems). A more rigorous approach was taken in 2008, which included more structured focus group discussions in which participants evaluated their progress to date and planned steps going forward. In 2009, LGSP staff evaluated the progress to date in all locations.

Periodic assessments and evaluations

LGSP undertook a number of thematic assessments and evaluations over the course of project implementation to address particular issues within each technical area, as described earlier in this report. In addition, LGSP undertook an assessment of the supply and demand for consultant services to better understand the challenges of and opportunities for creating a sustainable market for service providers to carry on activities and initiatives developed under LGSP.

End-of-project assessments

LGSP conducted an end-of-project assessment in four technical areas—planning, finance and budget, civil society strengthening, and legislative strengthening—that served as input to both closeout discussions with local governments and the final program report. The design of these was tailored to the relevant technical area and the nature of baseline data available for each area. In finance and budgeting, LGSP fielded the PFM tool originally developed in collaboration with the World Bank. Since this survey had been undertaken in all locations at the beginning of the project, results could be clearly compared over time. In the areas of planning, legislative strengthening, and civil society support, LGSP drew on diagnostic assessments undertaken in the second round of partner jurisdictions to make comparisons over time in some locations. In addition, all respondents were asked a series of questions on whether relations between the various branches of government and CSOs had improved over time, allowing respondents to assess any changes over the LGSP period of performance. Significant coordination among the various teams allowed for the views of many respondents from a district on the same questions, which can give a more comprehensive picture of perceptions of change in a location.

The finance and budgeting assessment relied heavily on document review, with some interviews, while the other assessments were largely interview-based. The assessments were designed by national office advisors and implemented by LGSP's regional technical specialists,

assisted by LGSP's regional performance monitoring staff under direct oversight by the national office advisors. All data were double-checked between national and regional offices and, where there were inconsistencies, staff returned to the field to verify or correct the data.

Because the PFM tool provides comparison data over time (project inception and project completion) for all locations, it is fairly robust. Project inception data for the other thematic areas were found to be incomplete in some cases, due to the early assessments being undertaken largely to provide guidance on program content rather than serve as a baseline. Greater reliance was therefore placed on current respondents' perceptions of change. In addition, since the surveys were implemented by project staff interviewing partners who had a good relationship with LGSP staff, there was a risk of positive bias. Nonetheless, these assessments were an important tool for understanding accomplishments and providing a framework for discussions with local governments on lessons learned and actions required to sustain program achievements. Their findings are reported upon in the thematic chapters of the report.

Support for Local Government Benchmarking: Good Governance Index

Bappenas requested that LGSP assist in incorporating the Local Governance Assessment Tool into the GGI, *Bappenas's* planned framework for local governance issues. The GGI was intended to be a self-assessment tool that local governments could use to judge their performance on four key issues of good governance: participation, transparency, accountability, and rule of law. LGSP assisted in the development of a questionnaire for local governments, which was tested in four locations (two of which were LGSP partners): Binjai, North Sumatra; Klaten, Central Java; Bekasi, West Java; and Sidenreng Rappang, South Sulawesi.

LGSP phased out its support for the activity in December 2008 for several reasons. In the course of field-testing the instrument, it became clear that *Bappenas* did not have a sufficient mandate to encourage the use of the assessment. The work was begun with the understanding that the questionnaire would be part of the regulation (PP 6) on local government monitoring and evaluation under the jurisdiction of MOHA, the ministry with the mandate to monitor and evaluate local government performance. As development of that regulation encountered internal difficulties within MOHA (including incorporation of a very large number of indicators and requirements), and as coordination between the two ministries within the context of *Bappenas's* Good Governance Task Force was weak, the GGI was not included in the MOHA regulation. However, because PP6 is likely to represent a significant burden for local governments, they are even less likely to undertake a voluntary GGI self-assessment. The ultimate GGI product was limited to articulation of formal legal sources for good governance, and the main finding that came out of the field tests was that local governments were not numbering many of their regulations. While this is important for public access to information, it is unlikely to be the biggest problem facing a local government, or to be perceived as the biggest transparency issue for local CSOs seeking greater access to local government practices.

Lessons Learned and Recommendations

Lessons Learned

A complex assessment and monitoring framework can be difficult to apply within a monitoring system

The initial architecture adopted for LGSP proved unable to permit correlation between some of the assessments and opinion polling on one hand, and project activities designed on the basis of more qualitative assessments—and dialogue with the clients—to determine what was the most appropriate project response. The initial enthusiasm of both USAID DDG staff and LGSP advisors for extensive measures perceived to be state-of-the-art, could not be sustained. This in turn hampered the development of sound, and trackable, monitoring indicators.

Assessments (and indicators) need to be sufficiently linked to the content of the program

The initial assessments that were undertaken were useful for developing LGSP programming. However, they were too open-ended to be used as a baseline to subsequently assess the work of the project. Similarly, the public opinion polls initially implemented by LGSP were too broad to describe change driven by LGSP. Although they were originally envisaged as providing information for project indicators, it was not possible to determine a causal link between opinion polling findings and project outcomes in order to realistically measure project progress. Even the best of assistance may not immediately spill over into public opinion, which is influenced by a multitude of factors, most of which are outside an individual project's control. Finally, achievement of some of the indicators required not only LGSP's technical assistance but also overcoming of political hurdles (as is particularly the case in passing local legislation).

Changing program indicators affects the ability of the project to monitor change

LGSP's intermediate results framework was changed several times prior to 2008, sometimes at the request of USAID. This contributed to several inconsistencies between the data that were collected at the beginning of the project and the data collected at the end.

Assessment consistency is critical to be able to draw lessons more clearly

There are at least two ways in which assessments must be consistent to be effective. They need to be consistent across locations and consistent across time. LGSP gave the multiple service providers who carried out the initial assessments manuals and measurement standards to use. Yet their methodologies and resulting reports varied across regions. In addition, different time frames were sometimes required for the same instrument (opinion polling) due to the staggered launch dates for work in different districts, making comparability difficult, since public opinion on general issues such as trust in government is shaped by many exogenous factors and “news of the day.” LGSP was able to draw on some of the internal diagnostic assessments that were carried out in the various thematic areas. For example, the Public Financial Management tool provided a very clear picture of capacity before and after assistance. However, work with civil society organizations and DPRD was more difficult to capture over time, given the shifting composition of CSOs and variable engagement among DPRD members.

Process and dialogue is important in developing indicators and setting targets

Governance indicators are difficult to develop, and some trial and error on what is an effective measure is inevitable. Through progressively greater in-depth discussions among managers and technical and performance monitoring staff within the project, both at the national and regional levels, greater buy-in on the indicators was achieved.

Competition by donor projects for M&E specialists hampers continuity and consistency of monitoring efforts

As noted above, the insatiable demand for M&E staff by donor projects and resulting high turnover of national staff created challenges to institutional memory and ability to interpret data collected in different reporting years.

Governance self-assessments are unlikely to be adopted by local governments

Local governments currently face a plethora of obligatory reporting requirements to the national government. An additional voluntary assessment is therefore unlikely to be taken up.

Recommendations

Most of the recommendations below are aimed at USAID (or donor institutions more generally) as they stem from reflections on internal project monitoring. However, the last recommendation, regarding support to local governments for monitoring and evaluation, is relevant to both donor institutions and the Government of Indonesia.

Differentiate between project design assessments and establishment of baseline data

Assessments can be used to help a project define its direction. However, they may not be sufficient to assess the project later. Once a program design is established, collection of good baseline data is essential to effective project assessment.

Fit indicators to the project and make sure that they are clearly defined

Indicators should be well matched to project activities. This means that practitioners should have a chance to reflect on the indicators and provide feedback on indicator “fit” with activities. In addition, indicators need to be clearly defined for all parties. This should include a clarification or recognition (both within the project and from USAID) of what indicators do and do not show. Many indicators used by LGSP contained a large element of political unpredictability. For example, passage of a regulation was counted as an LGSP “output,” but local councils faced a host of political choices in implementing a law, and LGSP could not compel passage of legislation.

More nuanced indicators are needed in the future to measure quality as well as quantity

During the course of LGSP, a number of key governance activities were mandated by the national government. For example, local governments that did not approve their budget in time became subject to having their budget cut. While this increased the number of budgets passed on time, budget quality may have deteriorated. Similarly, while the *Musrenbang* process was strengthened, serious challenges still remained in linking the planning and budgeting phases of

the yearly planning and budgeting process. Attempting to track proposals through the planning and budgeting process, although difficult, may be useful to more clearly advocate for a linked process. These types of more nuanced tracking may need to be commissioned rather than undertaken as part of project monitoring.

Supplement indicators with focused periodic qualitative assessments and evaluations

Governance is difficult to measure by outputs that can be counted. And a performance monitoring plan needs to focus on accountability and program implementation—not on answering all questions and issues that arise during project implementation. The number of laws passed, or the timeliness of the budget, only go so far in determining the quality of governance. Survey questions regarding changed perceptions can go some distance in determining whether or not the government is more open to CSO input, or whether DPRD and the executive can work effectively together. However, to understand the details of what has changed, more information and interpretation is generally needed. Some of these might be rapid impact assessments; others might call for more in-depth evaluation. This approach would allow for a better understanding of how changes in governance, or how concrete outputs such as local regulations, actually affect citizens. It also would help performance monitoring staff validate the quality of information that they received from the technical specialists.

Support the development of performance-based monitoring and evaluation within local governments

Despite the inability of Bappenas to move forward the concept of a good governance index, local governments still needed considerable assistance to ensure that they were measuring and evaluating their progress in a way that fed into the planning and budgeting process. Assistance to help local governments develop and implement practices of performance-based monitoring and evaluation should be given priority, since it is highly relevant for the quality of their day-to-day implementation of public services. LGSP began this work as an extension of support for the development of the performance-based budgeting cycle, explained in greater detail in Chapter 3. These need to be developed in collaboration with GOI to ensure sustainability, as LGs are bound to comply with MOHA-mandated M&E systems.

Development of Service Providers

The long-term success of governance assistance is generally predicated on the development of indigenous capacity, through national and local consultant services, to support subnational governments in carrying out their tasks. One of LGSP's objectives was to develop "strategic partners" who would become national and local service providers on a sustained basis to support local governance capacity building and problem solving in the future. These service providers included university-based centers, development NGOs, private consulting firms, and specialized professional groups.

LGSP's initial project design envisaged "stimulating and simulating" a market of technical assistance exchanges with local government partners through LGSP's contracted provision of expertise. Over the life of the technical assistance relationship with local government and community partners, it was expected that LGSP assistance would taper off as local service

providers progressively engaged more directly in providing needed services under contract to local government.

This model proved more difficult to apply than anticipated, for a number of reasons. First, and possibly foremost, the business environment in Indonesia was not always conducive to the establishment of consulting firms. Regional disparity in availability of consultants also was a problem. In some regions, qualified service providers were scarce, particularly for the applied, pragmatic assistance LGSP staff provided. Despite scarcity of SPs in some regions, however, local governments often wanted to deal with SPs only from their region, not another. Moreover, most local governments were not familiar with, or were not inclined to recruit, consultants and did not have a budget line item that could accommodate consultant procurement.

In addition, donor projects that support the use of SPs can themselves perpetuate dependency among local consultants. There are a number of reasons why most consultants prefer to work for donor-funded projects. First, donor projects provide better fees and more reliable payments. When hired by a donor project, consultants can transparently negotiate fees and benefits. Second, consultants who have been hired by donor projects based on due process and qualifications—and officially introduced to the clients—carry a “seal of approval” that provides additional credibility and legitimacy in the eyes of local governments. Third, donor-funded consultants are attractive to local governments because they come free of charge with a contract in hand, saving the client a lot of work. Fourth, both donor consultants and local governments feel more secure within the environment of a donor project because it provides an institutional backup or safeguard in case legal and financial problems occur. Fifth, as both consultants and clients engaging in governance work usually find it hard to determine the level of effort to be provided, the timeline for inputs, and the results to be achieved, they find it convenient to leave that to the donor project.

Creating a Market for Consultant Services

Given these difficulties, in late 2008 LGSP undertook an assessment of the potential for service provider development specifically in the thematic areas in which LGSP worked. The study¹⁰ examined barriers that affect the provision of consultant services in governance in a decentralized environment. Taking a market approach to the demand for and supply of consultant services for capacity development in governance, the study argued that an effective market exists when a local government consumer recognizes the causes of underperformance, concludes that a capacity-development solution is required, and is willing to “pay” for a solution service (*effective demand*); and when a service provider can market and deliver the technical expertise to solve the problem with a demonstrated positive impact on performance (*effective supply*).

While there was emerging evidence of demand for governance expertise and advisory services, the report highlighted the following factors as constraints to this demand on the part of local governments: limited incentives, political will, or pressure to reform; difficulty in identifying and articulating specific needs; limited information about solutions and service providers; and limited

capacity to assess, procure, and manage the less tangible kinds of services embodied in good governance (compared, for example, with engineering or a sector expertise).

On the supply side, the following factors emerged as constraints to the development and sustained supply of consultant services: limited information about market opportunities; weak marketing and business management skills; inappropriate technical products and services; variation in service provider availability and quality across regions; and the corruption that these consultants confront. In particular, there was a fragmented regulatory framework and a tradition of central government focus on ensuring compliance rather than on facilitating a market-based system.

The study concluded that the next steps should be to help local governments translate general development priorities into specified capacity needs, to assist new and existing service providers to improve their technical offers and marketing capabilities, and then to enhance the capacity of both to effectively manage the service contracting process. Finally, the study described measures for strengthening the market for consultant services with a view to sustainable governance capacity development.

LGSP Service Providers' Assessment and Recommendations

To consolidate its assistance to service providers working in the area of governance to strengthen their capacity to provide free-standing services to local governments, LGSP invited its primary service providers—representing individual consultants, forums, university networks, and corporations—in each of the technical areas in which it worked to join LGSP staff at the final set of thematic workshops held near the end of LGSP implementation. It included a half-day specifically targeting SPs to assist them in marketing themselves; understanding the regulatory, financial, procurement, and tax framework for operating as an independent consultant; and providing the opportunity for an exchange of experience on models for different kinds of consultancies.¹¹

Service providers were upbeat about the opportunities generated under LGSP to develop a spirit for local governance reform and improvements that local governments were adopting—and thereby generating demand by local governments for soliciting assistance from consultants. The most important tool for individual marketing is building up one's reputation for a solid product and focused expertise, spread by word of mouth and by development of networks. Use of media—brochures and the Internet—can be helpful. LGSP assisted in launching these service providers by introducing them to local governments with which LGSP worked, and by providing continuing marketing support by including the names and profiles of over 270 service providers on its website.

Service providers noted that while local governments' awareness of the need to hire expertise was growing, challenges remained in working with local governments. These included both lack of transparency and administrative roadblocks. To address some of these constraints, service providers expressed an interest in working through institutions, such as universities, and other networks to give them some institutional support and protection. However, they acknowledged that these institutions did not always possess the financial or administrative framework to deal

with consultancies. In addition, it was important for consultants to understand local regulations and some of the national regulations (Presidential Decree 80 on goods and services procurement, MOHA Decree 22 on inter-local government collaboration) governing procurement services, to help them understand their rights and responsibilities.

Some service providers noted that the central government was an attractive strategic partner as it could generate more employment over the long run. LGSP's spearheading of innovations that are now being adopted by MOHA hold promise to provide avenues for future employment. Consultants also expressed hope that universities can demonstrate potential for improving transparency in local government.

Most of the recommendations emanating from the workshops were directed at service providers themselves. These included:

- Continued strengthening of individuals' expertise, coupled with more strategic business planning and creative marketing models—including use of media.
- Expanded networking with other consultants in the same field (as those working in governance are doing—see section on governance) as well as with selected local governments.
- Use of materials developed by LGSP, adapted as necessary.
- Awareness of the regulatory framework for procurement and financial management.

Communications and Knowledge Sharing

LGSP made extensive use of communications and knowledge-sharing tools. Its public outreach activities were designed to communicate program activities and events, program results, innovations and best practices, and lessons learned. The publications mission was to translate learning approaches developed for hands-on training into generic tools and modules for off-the-shelf use and to disseminate best practices and news to as broad an audience as possible. As LGSP progressed, and as a result of the wide range of materials produced to capture lessons learned, what started as communications transformed into knowledge sharing among partner regions, GOI, and other donor programs. LGSP is reported to have produced one of the largest libraries of technical materials in governance across USAID-funded governance projects.

This section reviews the methods and tools used, and the achievements in knowledge sharing through the dissemination of training materials and best practices.

Information Sharing

LGSP trained all its district coordinators and selected regional office staff in media relations and story development. Regional reporting included fortnightly activity highlights for internal dissemination by email, and articles for publication in LGSP's newsletters (*LGSP Newsletter* and

Aceh Update). Up to 5,000 copies of each edition of these newsletters were distributed to partner regions.

In addition, selected success stories from partner regions were published and shared with both local stakeholders and the donor community, and posted on the USAID Indonesia website.¹² Success stories posted on the USAID website included the topics of budget transparency in Aceh and elsewhere; use of citizen charters at a health clinic in North Sumatra; and freedom of information in West Papua. USAID's *Aid in Action* website rubric also posted LGSP stories on development of responsive local leaders, and the national recognition for e-government software developed by LGSP in partnership with a local service provider, PT Inovasi.

Publications Overview

Training manuals and supporting materials were published in the Indonesian language, while many of the technical publications and all of the newsletters were published in both English and Indonesian. Program reports were produced in English. They were then disseminated to a range of stakeholders, depending on the target audience. Annex D lists the LGSP publications and provides a précis of each. As noted elsewhere, electronic downloads will be available from www.lgsp.or.id for one year beyond the end of LGSP.

Training materials

Of all publications that LGSP produced, training manuals constituted by far the largest range and number of print runs, with 58 titles.¹³ These included guides for participants as well as facilitator guides.

Technical briefs and monographs

One of the project deliverables required under the project was a “brief policy assessment” of some aspect of policy or practice on the performance of local government, to be produced every six months. LGSP produced seven of these in English and Indonesian in what was called the Good Governance Brief series, for dissemination to local stakeholders, the GOI and donor partners. They proved to be particularly popular and had to be reprinted. LGSP also produced five major technical monographs in English and Indonesian on topics where more in-depth analysis was undertaken. These briefs and monographs are listed in Box 7.1.

Box 7.1. Principal technical publications produced in English and Indonesian

Good governance briefs

- *Musrenbang as a Key Driver in Effective Participatory Budgeting* (July 2007)
- *Local Government Financial Management Reform in Indonesia* (September 2007)
- *LGSP Aceh Election Support* (June 2007)
- *The Role of DPRD in Promoting Regional Autonomy and Good Governance* (March 2008)
- *Citizen Engagement and Participatory Governance* (August 2008)
- *Innovations in Local Public Service Management* (July 2009)
- *Role of Local Governments in Promoting Decentralized Economic Governance in Indonesia* (February 2009)

Technical monographs

- *Local Governance Assessment Tool: A Gauge for Good Governance* (March 2008)
- *Citizens' Perceptions of Democracy and Local Governance: Findings of Governance Opinion Polls in Eight Provinces in Indonesia* (March 2008)
- *Promoting Citizen Participation in Local Governance in Indonesia: Practices, Policies and Agenda* (March 2008)
- *Engaging with Local Government in Indonesia: Multi-stakeholder Forums and Civil Society Coalitions* (September 2008)
- *Local Governance in Indonesia: Developing a Market for Consultant Services* (March 2009)

Posters and brochures

LGSP produced a number of brochures, including flowcharts and introductory materials, for use as training or briefing guides. It also published posters on topics ranging from the service improvement action planning framework to performance budget indicators. The most popular of these was a poster series on anti-corruption, which could be found in a large number of government offices, and even appeared in a national newspaper photo when it was carried in a major anti-corruption demonstration in Jakarta in 2007.

Good practices and handbooks

Collections of good practices were produced in each of the thematic areas, along with handbooks for local government officials, councilors, and CSOs.

Publications catalogue and DVD compendium

More than 10,000 copies of the LGSP publications catalogue (see Annex D) were distributed to local stakeholders, international donor agencies, and other development partners. Five thousand copies of a publications compendium were produced on DVD and disseminated at district and regional closeout workshops, and to partners and service providers. The DVD contained over 100 LGSP training and technical publications and 180 slide presentations.

An English-language version of the compendium was distributed to Indonesian government counterparts, international donor agencies, and other development partners at LGSP closing debriefings. The English version also contained all program reports and supporting materials produced by the project—annual reports, quarterly reports, performance monitoring reports, work plans, newsletters, success stories, program highlights, media reports, and fact sheets.

Achievements in Information Sharing

LGSP website

The LGSP website (www.lgsp.or.id) was an external communications tool and platform for LGSP to share news, materials and updates on LGSP activities. The site was created as fully bilingual, in Indonesian and English. It was revamped in 2008 to make the growing library of publications downloadable online. Altogether, 172 publications were posted on the LGSP website, including 19 technical publications, 117 training and supporting materials, and 36 program reports, newsletters, and other documents.

The numbers of web page hits¹⁴ and publication downloads continued to rise as the program reached completion, as Figure 7.1 and Table 7.1 illustrate.

Figure 7.1. LGSP website hits by quarter, 2007-2009

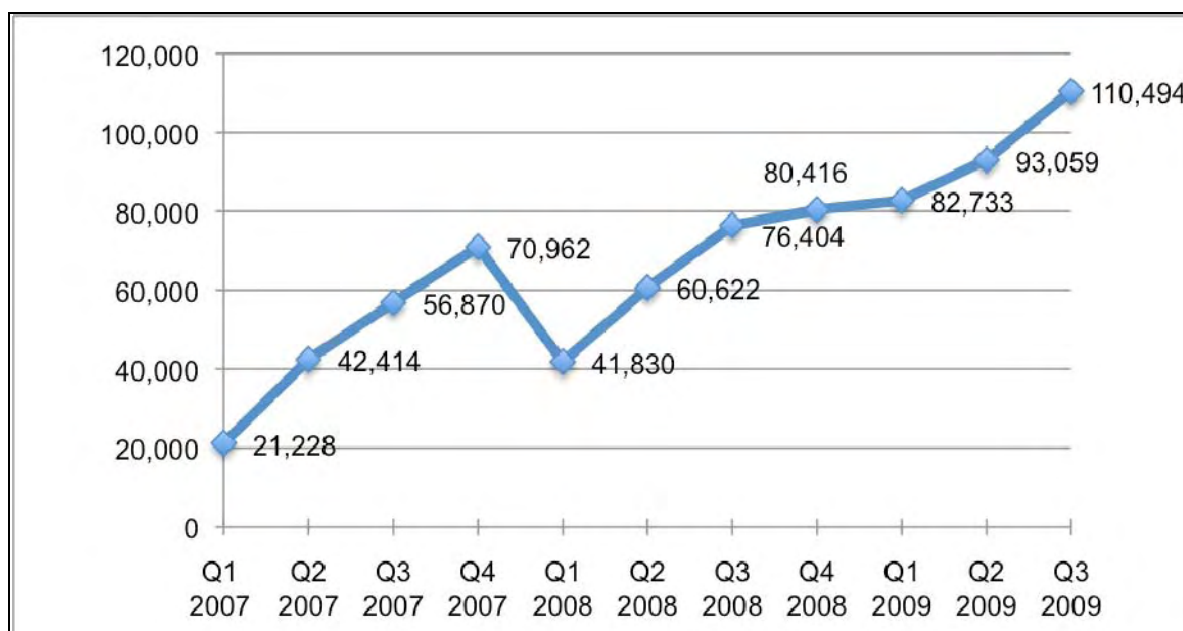


Table 7.1. LGSP website hits and publication downloads, 2005-2009

<i>Year</i>	<i>Website hits</i>	<i>Publication downloads</i>
2005	1,820	0
2006	46,801	607
2007	191,474	9,014
2008	259,281	27,845
2009	286,286	89,028
Total	785,662	126,494

Downloads of some of the more popular Indonesian-language training materials exceeded the number of copies that had been printed. The most popular publication downloads by thematic area can be found in Table 7.2.

Table 7.2. Top publication downloads from LGSP website, by thematic area, 2006–2009

<i>Title</i>	<i>Thematic area</i>	<i>Number of downloads</i>
Preparation of Regional Development Plans: Guidelines for Training and Facilitation, Series 1: Long-Term Local Development Planning (2007)	Participatory Planning	1,978
Internal Audits for Local Auditing Officials (2008)	Finance and Budgeting	2,591
Improving Public Services Through Action Planning (brochure) (2008)	Local Government Management Systems	1,967
Legal Drafting: A Handbook for DPRD Members (2007)	Legislative Strengthening	2,725
Citizen Engagement in Local Planning and Budgeting: Facilitator's Handbook (2008)	Civil Society Strengthening	1,565

The LGSP website is being kept active until September 2010. The Decentralization Support Facility plans to upload all technical and training publications to its website, www.dsfindonesia.org.

International public service expo

The Ministry for Administrative Reform (*MenPan*) held a large and well-attended public services exhibition in Jakarta in June 2009 at which public agencies promoted their services. LGSP had a booth to display and distribute its publications and brochures. Over three days, 1,000

publication catalogues and DVD compendiums were distributed to visitors to the booth, along with hundreds of SIAP brochures, books, posters, and interactive CDs. Two of LGSP's service providers greeted visitors to the booth and addressed a larger audience in talk shows, with strong interest being expressed by local government officials in the service improvement instruments offered. After the event, the head of the anti-corruption information department at *MenPan*¹⁵ wrote to LGSP to say how impressed he was with LGSP's range of publications.

Service provider database

LGSP developed profiles of over 270 individual and institutional service providers that it had partnered with and fostered during 4½ years of capacity-building activities in the regions. This searchable database listed service provider specialties, coverage areas, and contact details. The profiles were posted on the website, with plans for DSF to take over administration of the service provider database and place it on the DSF website. Searchable profiles of LGSP specialists were also posted on the LGSP website as a further resource for sourcing technical expertise fostered by LGSP.

Endnotes to Chapter 7

- ¹ ToP (*Technology of Participation*) is a registered trademark of Governance and Local Democracy, a USAID-funded project in the Philippines. It was introduced in Indonesia by a prior USAID project, the Civil Society Support and Strengthening Program and The Asia Foundation in the early 2000's, and was modified and transformed by LGSP to become "effective facilitation."
- ² See Annex D for the full series of LGSP training technology titles.
- ³ The basic techniques, methods, tools, and strategy required in facilitation, and the important skills and critical attitudes required of facilitators, can be found in the LGSP training technology modules (see Annex D for more details).
- ⁴ From the LGSP contract, page 10.
- ⁵ A more complete report was produced on the outcomes of the initial assessment. See *Local Government Assessment Tool: A Gauge for Good Governance* (LGSP, March 2008).
- ⁶ From opinion polling in *The Jakarta Post*, January 8, 2008. For an analysis of the opinion polling, see *Citizens' Perceptions of Democracy and Local Governance: Findings of Governance Opinion Polls in Eight Provinces in Indonesia* (LGSP, March 2008).
- ⁷ From annual public opinion surveys, commissioned by USAID and conducted by Democracy International, disaggregated by districts in which LGSP and other USAID projects worked. The surveys also found variable results by district in terms of confidence in local government institutions. See *Indonesia: Annual Public Opinion Surveys: 2007 Report*, Jakarta: Democracy International, February 2008.
- ⁸ Polls were initially conducted in round-one locations in December 2005, and in round-two locations in May 2006. A follow-up round was conducted in round-one locations in September 2006. A final survey was conducted in West Java and West Sumatra districts in September 2007 when LGSP activities in these provinces were completed.
- ⁹ The DDG indicators require that training data be shown separately for DPRD and non-DPRD members.
- ¹⁰ *Local Governance in Indonesia: Developing a Market for Consultant Services*, Jakarta: LGSP, March 2009.
- ¹¹ More detailed observations and recommendations can be found in *LGSP Quarterly Report No. 18, July-September 2009*, Annex 9.
- ¹² <http://indonesia.usaid.gov/en>, accessed November 8, 2009.
- ¹³ Consisting of 12 planning manuals, 19 finance and budgeting, 11 public service management, 5 legislative, 4 civil society, 7 training technology.
- ¹⁴ LGSP website statistics do not distinguish between hits generated by internal users (i.e., LGSP staff) and external users. Individual users may also generate multiple hits.
- ¹⁵ *Kepala Bidang Pengembangan dan Penyuluhan Anti-Korupsi, Kedeputan Bidang Pengawasan - Kementerian Negara PAN*.

8 Regional Variations in Outcomes

The purpose of this chapter is to identify regional variations in results of LGSP capacity-development efforts and to discern possible trends or reasons for these differences. As introduced earlier, LGSP project results were measured through assessments made in early 2009 in each participating local government on the capacity of the stakeholders working with the five thematic areas of LGSP. These thematic results are discussed in Chapters 2 through 6 of this report. In the case of participatory planning and performance-based budgeting, assessments were compared with the diagnostics carried out in early 2006. For DPRD strengthening and CSO strengthening, only the 2009 assessments are shown, due to the absence of comparable data for 2006. The results of this analysis are presented in this section as variations in results by region. This is followed by more general comments on overall results within the context of the background and environment of each region.

Comparisons across regions are subject to some cautionary notes. First, the duration in which LGSP provided assistance affected the potential for improvements. The duration of LGSP's programs ranged from 2½ to 3½ years in most regions before the end-of-project assessment was undertaken in January–February 2009. The later start in West Papua resulted in a 12- to 18-month period of collaboration (two districts were only added in early 2008, which meant that there was less time to achieve improvements). Moreover, the use of consultants to handle much of the financial work in West Papua resulted in a higher baseline for budget and accounting and did not reflect indigenous capacity.

Finally, regional averages conceal considerable variation *within* regions. In addition, the overall result for a particular region can easily be affected by the presence of one or two low performers. Figure 8.1 presents an assessment of participating local governments within one region (Central Java) for the performance-based budgeting measure. Figure 8.2 compares the results for this particular measure by region.

The 2009 assessment score ranged from 46% to 67% for the local governments within Central Java (Figure 8.1)—a spread of 21%. Between regions, the range was 48% to 60% (Figure 8.2)—a spread of only 12%. In 2006 the spread was 24%-44% for Central Java, vs. 23-39% for all regions.

Figure 8.1. Changes in performance-based budgeting capacity in Central Java LGSP districts, 2006 and 2009

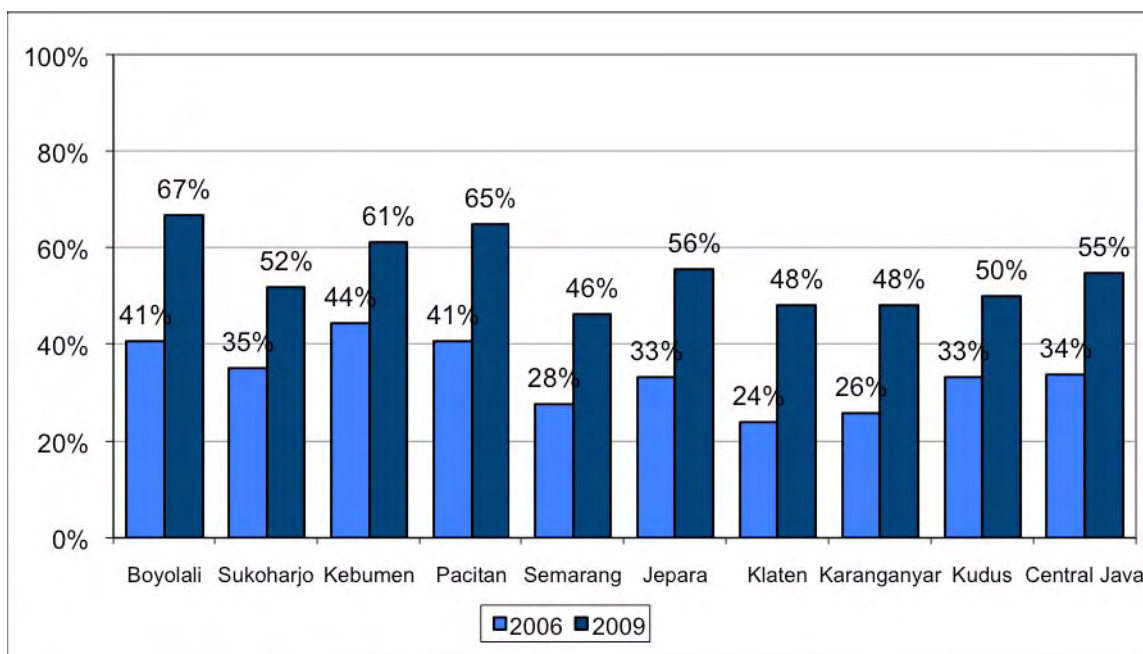
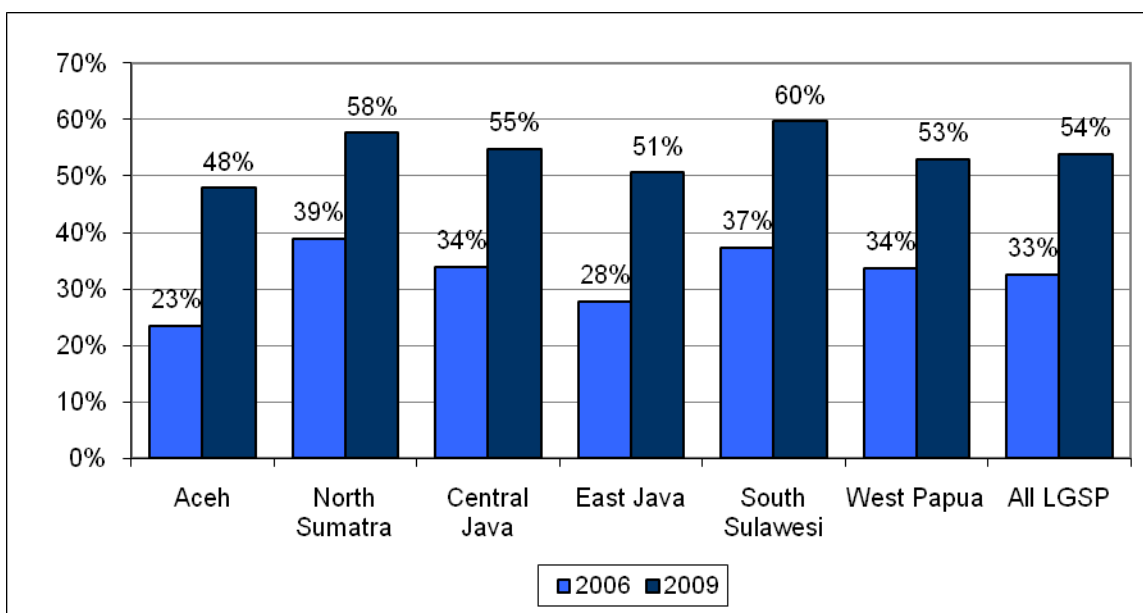


Figure 8.2. Changes in performance-based budgeting capacity in all LGSP regions, 2006 and 2009



Comparison of Performance Between Regions

Seven of the most significant measures, shown in Table 8.1 below, were chosen to review for variations in results between the regions, in four thematic areas—planning, finance and budgeting, local council strengthening, and civil society strengthening. No indices were included for public service management because there was no end-of-project assessment for public service management, and low-performing activities were dropped at various times during the project, leaving only successful activities in this area. The general discussion on each region at the end of this chapter does review some of the very good results achieved in public service management.

Since the range in percentage differences in final performance was often very small between regions, regions were ranked in five ranges of performance. Table 8.1 shows the relative ranking of the regions for each measure. The highest and lowest rankings were the extremes for each measure. The low and high measures were for observations close to the low or high end. The medium group was for observations near the average value. Where regions performed very similarly, more than one region is included in a box.

Table 8.1. Distribution of 2009 assessment measures for LGSP regions, according to relative ranking

<i>Thematic area</i>	<i>Measure</i>	<i>Lowest</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>	<i>Highest</i>
Finance and Budgeting	Performance-based budgeting	Aceh		Central Java, East Java, West Papua	North Sumatra	South Sulawesi
	Accounting	West Papua		South Sulawesi	North Sumatra, East Java	South Sulawesi, Central Java
Participatory Planning	Participatory planning capacity	North Sumatra	East Java	Central Java, West Papua	Aceh	South Sulawesi
DPRD Strengthening	Legal drafting	Aceh		North Sumatra, South Sulawesi, West Papua	Central Java	East Java
	Budget deliberation	South Sulawesi	West Papua	North Sumatra	Aceh, East Java	Central Java
CSO Strengthening	Budget advocacy	North Sumatra	West Papua, Aceh	Central Java	South Sulawesi	East Java
	Public service oversight	West Papua		North Sumatra, Central Java, East Java	South Sulawesi	Aceh

2009 Performance

Table 8.1 reveals that all regions except Central Java are represented in all three rankings: low (including lowest), medium, and high (including highest). This implies that each region generally responded differently to the technical assistance provided in each thematic area.

South Sulawesi demonstrated the best overall results, shown by high performance in four of the seven measures, and only one rating in the low range. East Java followed with three measures in the top categories, and two in the low categories. West Papua had the most low and lowest rankings, but these results are not conclusive because of the shorter time frame for program implementation in West Papua cited above.

Aceh showed the most variability in results, with three measures in the high category and three in the low. The other two regions—North Sumatra and Central Java—had the most measures in the medium category, with four and five respectively. However, Central Java was the overall stronger performer of the two, with two rankings in the higher categories and none in the low, versus a spread between the two categories for North Sumatra.

Changes in Performance: 2006 to 2009

More significant possibly than absolute level of performance is the change registered between the beginning of LGSP and the end. Time series data are available for three of the above indicators: performance-based budgeting, accounting, and participatory planning. Comparisons over time for these three measures are shown in Table 8.2.

Table 8.2. Change in performance in budgeting, accounting and planning, by region, 2006–2009

<i>Performance-Based Budgeting</i>				
<i>Region</i>	<i>2006</i>	<i>2009</i>	<i>Relative change (%)</i>	<i>Ranking</i>
Aceh	20	47	135	1
East Java	32	55	72	2
Central Java	31	53	71	3
South Sulawesi	41	61	49	4
North Sumatra	36	53	47	5
West Papua	41	54	32	6
Average	34	54	61	

Accounting				
Region	2006	2009	Relative change (%)	Ranking
Aceh	17	59	247	1
East Java	21	56	167	2
Central Java	37	60	62	4
South Sulawesi	44	62	41	6
North Sumatra	33	69	109	3
West Papua	36	55	53	5
Average	31	60	92	

Participatory Planning				
Region	2006	2009	Relative change (%)	Ranking
Aceh		86		
East Java	20	74	270	1
Central Java	57	80	40	4
South Sulawesi	29	94	224	2
North Sumatra	34	69	103	3
West Papua		83		
Average	35	79	126	

As demonstrated above, the change over time provides a very different picture of the outcomes across regions. Aceh, in particular, showed significantly greater improvement in two of the three indicators than other regions, with increases in capacity from 2006 to 2009 of 135% and 247% in performance-based budgeting and accounting respectively. Although South Sulawesi had the highest absolute scores of all regions in 2009 for performance-based budgeting and participatory planning, it ranked fourth and second respectively in terms of improvement in performance. North Sumatra registered the highest absolute measurement for accounting capacity in 2009, but the relative change over the three years under review was 109%—a large increase in accounting capacity, but much lower than the 247% increase experienced in Aceh.

East Java showed the second-largest increases in capacity in performance-based budgeting (72%) and accounting (167%), and the largest increase in participatory planning capacity (270%). South Sulawesi also showed a noteworthy increase in participatory planning capacity, with a relative increase of 224%.

Two overall conclusions can be drawn from these results. First, all regions showed good progress in the capacity for each area measured. And second, the increases in capacity tended to be greater in those regions where the capacity was found to be low when LGSP began its

activities. In short, there was a tendency to bring the regions up to a more equal footing. In these end-of-project measurements, the relative differences in capacity in 2009 were not as high as in 2006 when LGSP started. Although there was evidence of differences in capacity-improvement results between regions, these measures indicate that LGSP achieved some very positive results overall.

Regional Highlights

The following discussion of the general background and other characteristics of each partner region is intended to aid understanding of each region's performance. In addition to the measures cited above, the discussion comments on performance in public sector management, the findings of which are taken from the annual service improvement action planning assessments (see Chapter 4). The regions are presented based on their geographical location, traveling from west to east—beginning with Aceh and ending with West Papua.

Aceh

Aceh started from a difficult position following years of conflict and a tsunami that hit the province in December 2004. In general, local government capacity was quite low when LGSP was first tasked to assist Aceh in March 2005. Some of this low capacity was due to the absolute loss of staff and infrastructure from the tsunami itself, along with low levels of education in conflict areas. Assistance to Aceh began with assistance to the districts hardest hit by the tsunami, namely five districts along the western coast. Immediate attention was given to providing assistance with the coordination of donor assistance and direct assistance to the planning departments in the participating local governments. Transportation and communications were two critical challenges in reaching the locations further from Banda Aceh. Infrastructure in general was a major hurdle to surmount.

These needs gradually receded, and a technical assistance program that was similar to those in other regions began to get a foothold. The last two years were especially productive, as evidenced by the end-of-project assessments. Looking at the distribution of assessment measures for LGSP regions, Aceh showed the most dramatic variation in results. It performed very well in participatory planning, DPRD budget deliberation, and CSO public oversight, and relatively poorly in performance-based budgeting, DPRD legal drafting, and CSO budget advocacy, leaving only accounting in the mid-range.

Reviewing some of the more detailed assessment measures described in earlier chapters, in participatory planning, there was consistent improvement in the *Musrenbang* assessment data. Performance-based budgeting and accounting had the largest relative increases. The variation in performance of work with CSOs may be attributed to the particularly outstanding results achieved in CSO public service oversight, which had the highest ranking among all regions in 2009, in turn attributable to the highly successful development and implementation of SMS gateways, which gave the public the chance to convey their complaints to the local government

via cell phone, and then obtain a prompt response. This system was implemented in six districts in Aceh and was also adopted in other provinces.

CSO performance fared less well in regard to budget advocacy. CSOs could access some processes (e.g., obtain budgets) but did not succeed in convincing local councils to develop local regulations for transparency and participation (although very few regulations of any kind were initiated by DPRD in Aceh). Councils were poor at providing information on their work schedule or legislation schedule, but better at involving CSOs in their deliberations.

Public service management assistance was one thematic area that had excellent results in Aceh. In addition to the SMS gateway discussed above, some very important organizational changes were made in all local governments being assisted by LGSP. In one change, the local government finance department took over local revenue generation and asset management functions. Overall, Aceh had the highest number of public service management activities and the highest ratings for public services management among all LGSP regions in 2009.

With the march toward achieving good results by the midpoint of the project, the World Bank provided a grant to RTI International in September 2007 to expand LGSP to include the six districts on the east coast of Aceh through the Support for Poor and Disadvantaged Areas program financed by the Multi Donor Fund for Aceh and Nias. While results were not measured there due to the short duration of interventions in these six districts, the new districts benefited from the experience of LGSP during the first three years of implementation, and some very good results were produced in the relatively short time that LGSP operated in these new areas.

LGSP's end-of-project assessment showed a province committed to change. Much of this commitment can be attributed to important new opportunities to improve public services and rebuild the government capacity to serve the public, almost from scratch. Given the history of conflict in Aceh and the widespread devastation when LGSP began working in Aceh, the overall results were extraordinary.

North Sumatra

LGSP was the first experience that North Sumatra province had had with USAID projects to increase local government capacity.¹ This affected both the way LGSP approached operations there and the project outcomes. In general, commitment was initially difficult to obtain from some areas. But when local stakeholders became convinced of the value of the program, they developed into very strong proponents of the work and became closely involved with its implementation. For example, Deli Serdang's first reaction to LGSP's arrival in the province was not to participate in the program at all. However, after several visits to explain the program as well as some prodding by the provincial governor, the district government eventually agreed to let LGSP work with it—six months after the other districts had started. The results eventually achieved in Deli Serdang were among the best to be found in North Sumatra, and it became the topic of a USAID success story.²

The North Sumatra program encouraged close cooperation among the thematic areas, progressing to a more multidisciplinary approach to technical assistance. Public service management improvement had especially noteworthy results, with districts such as Deli Serdang focusing on providing better health services and adopting a citizen charter to strengthen the commitment of all stakeholders. Another outstanding example was the one-stop service center for integrated local economic services at the district level.

However, gains were made in the other thematic areas, particularly the more technical skills in budgeting and accounting, with very high marks in the latter. There was less success in CSO strengthening, perhaps held back by resistance of the executive branch of government to more interaction with the public.

North Sumatra showed overall improvement in all areas. However, as confirmed by other observers,³ it had a longer distance to go to have good functioning governance systems than the other LGSP regions. Given the early hesitancy to participate in LGSP and low commitment to change in some cases, these lower results in the area of governance may be understandable. Getting commitment and trust is very much a factor of time, and the local governments in North Sumatra had only this one experience of technical assistance in the governance area.

Central Java

Central Java presents a somewhat enigmatic picture in terms of the assessment results: It ranked below South Sulawesi, East Java, and Aceh in number of assessment measures in the high category, but it was the only region that did not have any assessment measures in the low ranking category. Its two high ratings were in local council strengthening, reflecting the higher level of skills and commitment in local councils in Central Java enabling them to draft local regulations and review local government budgets. CSOs were more active in districts where the local government understood the benefits of public participation and no longer felt threatened by them. Public service management activities achieved average results but made good use of connections with the provincial government to share the knowledge gained with non-LGSP districts.

Central Java made more connections to the provincial government than most other regions. The formal connections provided for in national-level regulations on how provinces should interact with local governments are unclear. Nevertheless, connections were made to the province in Central Java through informal meetings with planning agency (*Bappeda*) and investment board officials, seeking further information and training on public service management, and their support for a service provider forum in Central Java. This led to the Resource Development Center being used to extend the reach of LGSP in Central Java.⁴ The RDC, which receives operational funding from the provincial government, serves as a stimulus for governance activities in Central Java by linking local governments with service providers, as well as being an engine of change, especially in the sphere of local economic development.

Central Java has strong universities, and LGSP was therefore able to establish good relationships with them. They soon became an important source of technical support as service providers, both within Central Java and in other partner regions. The universities also adapted

LGSP documents and training materials for use in courses on urban planning and community health.⁵ Courses that used LGSP materials were seen as a good way to sustain and upgrade the materials developed during the program.

In addition to the RDC and the universities, two other outcomes from Central Java were directed toward sustainability. One was the formation of technical teams—committees appointed by the local government and including representatives from all stakeholders—to oversee sustainability activities in the district following the closure of LGSP. These technical teams had also been used during the program implementation, and became an important institution for ensuring the continuation of project activities post-LGSP. Another was integrated planning and budgeting clinics, which will continue to provide information and consultations for both planning and budgeting where these clinics are located in the former LGSP local governments.

Given the generally higher level of human resources and socioeconomic development more generally in Central Java, the results for this province might have been expected to be higher. Nevertheless, Central Java was a reliably productive region for the results being measured, and the preparations for sustainability through institutions developed during the program should help to further good governance in this province.

East Java

The results in the assessment measures for East Java show a region that had high rankings overall and was second only to South Sulawesi. The high measures were in DPRD strengthening (budget deliberation and legal drafting), CSO strengthening (budget advocacy), and accounting. The DPRD measurements were similar to Central Java, reflecting a consistently higher level of DPRD skills on the island of Java. CSOs in East Java were ranked the highest for their budget advocacy but average on public service oversight. Overall, the combination of good results in DPRD performance and good results for CSO measures would suggest East Java was progressing well in developing good governance.

The results in finance and budgeting were mixed, with a high ranking in accounting but an average ranking in performance-based budgeting. Participatory planning capacity was not as strong as in other regions. The results in public service management were generally below average, even after East Java dropped two-thirds of its public service management activities. However, there were some good results in this area, with successful initiatives to improve services to small and medium enterprises through *Kampung Sepatu*—or “shoe village”—in Mojokerto, a new revolving fund in Kediri, a participatory local economic development forum in Probolinggo, and a business clinic in Batu.

While East Java was the second-best performing region overall, the program faced difficulties obtaining commitments from all stakeholders during the first two years. For example, planning and budgeting activities in Kediri had strong support, while the DPRD strengthening program only began holding training during the third year of the program. The reverse was true in Madiun, where the response from the DPRD was very strong, but the planning and budgeting programs were not accepted. These issues were overcome as low-commitment stakeholders

were persuaded that they needed to improve their capacity in order to carry out their tasks better and be able to work with other stakeholders. Getting the necessary commitment took some time, and the program in East Java eventually achieved higher commitment from all stakeholders, as the results bear out.

South Sulawesi

South Sulawesi showed the best overall results for the seven measures described earlier. Four of these measures were in the high range, and only one measure—DPRD budget deliberation—had a low rating compared to the other regions. In terms of relative changes, the participatory planning measure showed a very large change, with a 224% increase from the 2006 baseline.

Another thematic area that performed well in South Sulawesi was public service management assistance, which came from behind to almost catch up with the other provinces thanks to rapid progress in opening local business clinics in 2009 to help develop local economic development. More generally, the public service management activities tended to rally the stakeholders to work together. The strength in this area may help to explain the good progress in other thematic areas.

The reasons for these good results are not straightforward, but the key to success seems to be related to the breaking down of resistance to working together among local stakeholders. In almost all districts, good working partnerships among local governments (*Pemda*), DPRD, and CSOs were formed and were growing very well in their capacity to work together. In addition, the commitment level of local government leadership improved greatly over the final two years. The provincial governor's support for LGSP, and for good governance in general, also strengthened this commitment.

Post-LGSP activities began in August 2009, before the regional office had closed. Initiatives included new complaint desks in Gowa and Pinrang; participatory planning in Jeneponto and Pinrang; citizen report card surveys in Gowa, Parepare, and Soppeng; and new local regulations in Enrekang. The main forces driving these activities were the action plans formulated at the district closeout workshops (which were followed up by both the executive and legislative branches), a good market for local service providers, strong local CSOs, and the presence of former regional specialists of LGSP.

West Papua

Some very important outcomes were achieved in West Papua, and the foundation was laid to improve the competencies of all stakeholders (CSOs, local governments, and local councils) and enhance the communication and coordination among these stakeholders. The performance-based budgeting measurements for West Papua ranked in the medium range, which can in large part be ascribed to the routine use of consultants⁶ to prepare important finance and budgeting documents. But there was a marked improvement in the capacity of the stakeholders to carry out the processes themselves. Although the measurements for DPRD and CSOs were in the low range, both groups made good progress in a difficult environment and in a relatively short time.

Several outcomes in West Papua are worthy of note. One was the development of planning and budgeting clinics in Kaimana and Fakfak. The commitment of Fakfak to become more open with information was reflected in billboards that displayed the 2009 local budget—a major breakthrough and an example for other district governments to follow. Steps were taken in Manokwari to ensure continuity of the technical assistance and training by establishing a group of CSOs, service providers, and former LGSP specialists.

While there were champions ready to carry the torch of good governance in West Papua, the critical mass needed for good governance principles and practices to continue in a self-sustaining way was not yet evident at LGSP's end.

Closure of Two Regional Programs in 2007

In 2007, LGSP completed its program of collaboration in two provinces—West Sumatra and West Java—due to financial constraints of the program at that time. These closures did not follow the same process as the regions that closed out in 2009, at the end of the project. In particular, assessments were not carried out to measure program results. A short review of the accomplishments in each region follows.

West Sumatra

West Sumatra had important results in several areas. The budgeting capacity of the six partner districts was strengthened, and some notable outcomes were recorded. Participatory planning was used in all partner governments, and budget transparency was promoted through posters displayed in community centers—a well-publicized result of LGSP efforts in Padang Pajang. The local council worked more closely with the executive branch to ensure better coordination and oversight of the budgeting and reporting processes, and many important local regulations promoting good governance were developed. Assistance to several public service management sectors resulted in commitments from most local governments to continue efforts to improve them. Examples included the processing of waste disposal with community participation in Bukittinggi (with good coordination with neighboring jurisdictions) and steps taken to improve the effectiveness of schools and education in Solok and Tanah Datar.

West Java⁷

The overall development of good governance was consistently achieved in all local governments in West Java (eight partner governments) and Banten (two partner governments). During the period of LGSP support, participatory planning and performance-based budgeting was deepened. All partner governments followed the participatory guidelines for *Musrenbang* provided by LGSP. In addition, two partner governments held public hearings on the annual budget and three introduced general dissemination of the annual budget through posters, newspapers, and other communication channels. DPRD also benefitted from LGSP technical assistance, particularly in developing their skills for budget oversight and a more responsive

attitude toward the needs of their constituents. Government services improved in several locations, focusing on more effective health care in Bandung, and basic education and local economic development in Tasikmalaya, where a small and medium enterprise revolving fund had its management improved and a complaint desk was set up for constituents to raise concerns with education officials. And LGSP achieved excellent cooperation with the provincial government in launching an e-procurement facility, in collaboration with an MCC-funded project.

Conclusions

While there were variations in performance and rates of improvement within and between regions, gains were made in all thematic areas in all regions. No one region came out as the top performer in each and every category assessed; indeed, almost all of them performed across the range from high to low. Moreover, there was a lower degree of variation among regions at the end of LGSP than at the outset. LGSP tended to bring up the capacity of the different regions to a more equal footing—i.e., closer to the average for all regions.

Endnotes to Chapter 8

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- ¹ In 1979, a feasibility study (Medan Urban Development Study) was carried out in Medan by USAID. This was followed by the USAID Medan Urban Development Project. This technical assistance, along with projects funded by the Asian Development Bank later in the 1980s, was limited to Medan and the metropolitan area around Medan.
- ² See *Success Story: Citizen Charter in Deli Serdang Health Clinic*, Jakarta: LGSP, May 2009.
- ³ See *Indonesia Annual Public Opinion Surveys. 2008 Report*, USAID/Indonesia, under contract with Democracy International, December 2008, p. 36.
- ⁴ The Resource Development Center was developed by GTZ to arrange technical assistance for local governments, with the support of the provincial government.
- ⁵ Community health was one of the important public service management activities in Central Java.
- ⁶ The “consultants” usually came from the national internal audit agency (BPKP). This government agency has become a quasi-governmental organization, many of whose staff have become consultants who prepare district governments’ financial documents, utilizing their extensive experience in implementing government regulations.
- ⁷ Banten (with two districts in the LGSP program) was included in the West Java region.

9 Conclusions: Sustainability and Lessons Learned

As demonstrated in the preceding chapters, LGSP was able to develop human resources and model practices for good governance across a wide range of jurisdictions and partners—local governments, local councils, CSOs, and service providers. While the project trained a large number of people—an estimated 100,000 people in training sessions, workshops, clinics, and technical assistance events—it is LGSP’s more fundamental achievements that are significant. The project encouraged commitment by local leadership to transparency and innovation. It created greater awareness among a considerable number of local council members of their roles and responsibilities in democratic governance. And it strengthened the capability of CSO coalitions to advocate for participation and citizen voice. In doing so, it was able to achieve its overarching objective of “expanding participatory, effective, and accountable governance.”

Achievements in Sustainable Good Governance

The above achievements may be laudable but are they sustainable? LGSP sought to promote approaches that specifically contributed to sustainability of the training and technical assistance provided. They included the following:

Development of National and Local Regulatory Frameworks

Although LGSP was initially designed to exclude policy and capacity development at the national level, some of its initial tools and work at the local level elicited dialogue with national partners—particularly in MOHA and *Bappenas*. The explicit request by USAID in late 2006 to focus more on the enabling environment for good governance paved the way for intensifying work with national ministry partners. The participatory planning work with the MOHA Directorate for Regional Planning achieved the greatest initial progress in translating LGSP support into officially issued decrees, guidelines, and evaluation tools for preparation of local planning documents, as well as enhanced capacity of the Directorate to support local planning offices.

In the final two years, other departments within MOHA sought out LGSP to provide assistance in issuing a range of regulations to improve local public services, based on successful field-testing at the local government level. These included guidance on service contracting, regional cooperation, application of service improvement action planning, and adoption of electronic citizen information systems. With future support from donors, MOHA plans to continue to upgrade the e-CIS manual and SIAP guideline from a Circular Letter to a Ministerial Decree.

Given the requirement for actions and intentions to be enshrined in local regulations before LGs felt able to move forward, LGSP assisted in developing a range of local laws, including regulations or administrative orders to promote participation and transparency in planning, budgeting, and service delivery; to apply more effective practices in public service delivery; and

to make organizational changes to improve regional financial and asset management functions. Formalizing these improvements, as well as arrangements for citizens to access documents and participate at specified stages of local government processes, would ensure that these practices can more readily be sustained.

Escalation of Local-Level Successes to National Level for Subsequent Leveraging

Rather than beginning with a national edict for subsequent promulgation nationwide, the national regulations described above were developed on the basis of local-level experimentation that subsequently captured the attention of MOHA officials (with LGSP's help). This supported sustainability of innovations, because not only were they ultimately disseminated across a wide number of jurisdictions, as occurred when MOHA's Directorate General of General Governance sponsored three major workshops across Indonesia to bring attention to LGSP-developed tools, but also the innovations had been tried and tested before dissemination, and were therefore less likely to have to be rescinded or be simply ignored.

Establishment of Informal Institutions and Networks Within Districts to Provide Continuing Support

Development of informal local institutions provided the opportunity for local parties to work together on a sustained basis. One of the more successful of these was the **planning clinic** developed under *Bappeda* auspices. The clinic provided technical advice to the sector agencies, strengthened *Bappeda*'s coordination role, and established a forum for dialogue with local finance officials, as well as with the relevant commission of the local council. This in turn strengthened links between planning and budgeting. In most partner LGs, **core finance teams** were identified by LGSP among finance office managers and staff as well as LG internal auditors who received LGSP training, to continue their capability as trainers and users of LGSP approaches. In some cases these teams were formalized through local government decree. These teams ran **budgeting and accounting clinics** to coordinate among themselves and local-level sector agencies for budget formulation and financial reporting. **Coalitions of CSOs and reform-oriented local council members**, who participated in joint training, also strengthened prospects for continuity of application of reforms.

Stimulation of Networks of Reformers and Innovators Across LGSP Partners

Replication of LGSP-assisted reforms took place largely as a result of a head of LG agency, council, or CSO observing an innovation in one district, and taking it back home for adaptation and application in his/her home district. It also occurred when innovators in a particular domain came together from across LGSP districts to discuss issues and approaches. These informal networks of innovators, which generated enthusiasm, provided ongoing mutual support, and spawned new adopters, need to develop organically based on common interest. For this reason, a large project like LGSP provided the critical mass to undertake experimentation that

led to innovations and subsequent development of these networks that a small project simply could not.

Establishment of Service Provider Networks

In every thematic area in which LGSP worked, capable service providers were identified, trained (often through practical experience gained via twinning arrangements with LGSP staff), and supported through the use of LGSP materials and introduction to LG partners. While finance and budget SPs were recruited largely through 10 local universities that can continue to promote their services, others were recruited individually. Among the latter, a number went on to create formal forums or networks, particularly in governance and participatory training approaches. A number of these were contracted directly by both partner and nonpartner local governments. As noted elsewhere, the LGSP website includes a list of over 200 individual and 86 institutional SPs; the Decentralization Support Facility intends to upload this list to its website as well.

Creation of Provincial Champions as Purveyors of Services

While the province proved to be a less propitious partner than originally anticipated (see challenges section below), there were a number of successes in establishing provincial services to improve governance. These included facilitation of establishment of e-procurement agencies in three provinces, establishment of a Regional Development Center in Central Java to support small businesses, and creation of provincial mechanisms for distribution of the special oil and gas funds in Aceh.

Incitement of a “Tide of Rising Expectations” Among CSOs and Reform-Minded Council Members

The analytical and practical skills imparted by LGSP gave council members greater confidence in dealing with the executive branch, and gave CSOs tools they could market to both LGs and councils, rather than relying on protest instruments. Because of the “soft power” these confer, they are likely to be more sustainable than might be the case with technical training provided to government staff.

Creation of Tools and Approaches That Remain in Demand and Accessible After Project Closing

LGSP is reported to have produced one of the most extensive libraries of training and technical tools among all USAID governance projects worldwide. Running the gamut from technical and training manuals to handbooks, policy briefs, and posters, these constituted a knowledge sharing base that was perceived as valuable by government officials, council members, CSOs, and service providers. The 110,000 hits and 40,000 document downloads from LGSP’s website in the final quarter of the project attest to the value of LGSP materials to stakeholders. Moreover, familiarization with the tools by service providers helped ensure a continuing stewardship of

them, as SPs are more likely than governments to update them when conditions change or new laws are issued, so as to use them as marketing materials.

Challenges

A number of areas of challenge confronted LGSP in successfully implementing and sustaining its program innovations. Since most were institutional and many were associated with the budget process, LGSP was at best only able to overcome them partially; many continue to confound policy makers, local governments, and other donor projects.

Labyrinth of Conflicting, Incomplete, or Rigid Regulations

The decentralization legislation, as well as other laws affecting local governments, continues to befuddle local governments. Most laws require elaborate implementing regulations, which are either delayed, poorly drafted, or incomplete. This can create paralysis, given the strong reliance on rules and laws rather than on practices, especially since officials are subject to prosecution if they fail to comply with national legislation.

Fragmented Financial Allocation Framework

There is no unified budget at the local level: Budget allocations come through many channels, from numerous sources, and some are transferred from a national ministry directly to the operating institution itself, down to the school level, for example. Because the annual budget and corresponding work plan are earmarked largely for salaries and other nondiscretionary expenditure, they provide only a partial picture of expenditure patterns, and leave little room for establishing priorities. This reduces the value of getting citizen input and engaging in exhaustive deliberation of the annual budget.

Lack of Integration Between Planning and Budgeting

Weak linkages between annual planning and budgeting pose the greatest challenge to the effectiveness of participatory planning. If priorities established in the planning process do not carry over sufficiently into the budget prioritization process, a highly participatory planning process can be rendered irrelevant.

Inadequate Socioeconomic Database on Which to Base Performance Planning and Budgeting

Even with a more coherent budget framework and stronger links between planning and budgeting, the weakness of data means that neither government nor citizens have the information necessary to establish priorities. Improvement of data availability requires efforts

within sectoral agencies, as well as demographic and performance data, for which national assistance is required to ensure analytical quality and consistency of data collected.

Highly Political Budget Process

While the budget process is essentially political in all countries, in Indonesia it has also traditionally been subject to a high level of rent seeking and other abuses. Weak capacity and closed-door tendencies of the local councils, which must approve the budget, make the process all the more resistant to technical analytics or citizen inputs.

Weak Articulation Between Province and District

As a result of ambiguities in Law 32 regarding the role of the provincial governments, development of programs of oversight or dissemination of good practice at the provincial proved more difficult than anticipated at project inception. The roles and responsibilities of provincial and district administration do not necessarily mirror one another, nor is there a reporting/accountability relationship between the two in many areas of governance. District programs supported by LGSP were therefore not easily scaled up to the provincial level.

Difficulties in Targeting Meaningful Areas of Collaboration with Some Strategic Partners

LGSP had planned to work with local government associations and with national and regional training institutions (LAN and *Badiklat*) to leverage and disseminate LGSP-supported innovations. However, the associations remained splintered, with different associations for cities and districts (*kota* and *kabupaten*) and for government staff and councilors. During implementation of LGSP, they were still focused largely on gaining more political voice for their members vis-à-vis the national government, and their capacity to provide technical support to their members, the area in which LGSP would have been involved, was weak. The associations also benefited from assistance by other donors (GTZ in particular).

In the case of LAN (assisted by a large Asian Development Bank program) and the MOHA *Badiklat*, adoption of new courses is an arduous process requiring initial vetting and certification by the technical departments within MOHA. Courses are heavily weighted toward knowledge of civil service rules and regulations. LGSP had greatest impact on *Badiklat*'s course offerings in one area that was not covered by departmental mandate: that of training in participatory approaches to facilitation and event design. LGSP was able to develop a strong relationship in this area, leading to *Badiklat* offering several leadership courses in this area. There were not, however, similar prospects for uptake of LGSP's technical training modules. (These institutions have subsequently asked for assistance in DPRD training within the context of DRSP.)

Weak Initial Capacity and High Turnover in Local Councils

The empowerment of local councils is still a relatively new phenomenon and the institutional and individual capacity of councils and councilors respectively is understandably still fragile.

Corruption is still a challenge. In addition, the turnover of council members is very high at elections—an average of 70% in the 2009 elections, attributable to the fact that constituents really do not know their councilors' records, and are amenable to bribes for votes. However, since a democracy needs a functioning legislative branch of government, efforts need to be redoubled to foster positive models of council capacity and integrity.

Limited Technical Capability and Fluid Membership of CSOs

Civil society organizations focusing on governance also have a somewhat short history, since they had no *raison d'être* or legal framework prior to authority shifting to the local level. In addition, with CSOs operating on a shoestring budget (if any budget at all), members all have “day jobs” separate from the CSO, and may move in and out of active involvement in their CSO. As a result (and not so different from CSOs worldwide), their enthusiasm and commitment generally run ahead of their analytical capabilities. This is one challenge that LGSP was able to turn into an opportunity, as partner CSOs were very eager to acquire skills in budget analysis, legislative drafting, and public service oversight that LGSP was able to offer.

Lessons Learned

Based on achievements, institutional challenges, setbacks, and other observations, LGSP's experience yielded the following lessons related to (i) the overall conceptual framework for governance projects; (ii) project design approaches and content; and (iii) measurement in governance programs.

Conceptual Framework for Governance Projects

Governance projects should be designed to engage all governance “pillars” to enable them to gain practice working together

If functioning democracies are predicated upon healthy relationships among the executive, legislature, and citizenry, then governance projects need to have as their primary objective the building of relationships among the parties. Process is the product. As such, supply and demand for good governance remains a valid concept. Years of providing technocratic support to government agencies and separate programs to develop the capacity of civil society organizations in Indonesia have not been sustainable because they have lacked the incentive structure for the parties to interact effectively with each other and to bring pressure for accountability.

Trust building requires time and long initial gestation

There are few quick fixes in relationship building. Time is needed at project inception to build trust among stakeholders before more substantial tasks can be undertaken in the area of governance. Initial gains are modest and setbacks are inevitable. “Success stories” of substantive

outcomes cannot be emitted on a regular schedule, and certainly not at early stages of project implementation. Promoting means to build trust, as LGSP endeavored to do through use of ***participatory learning approaches***, can be helpful in bringing parties together.

Political commitment is indispensable. But identifying sure “winners” in advance is risky

In no jurisdiction could LGSP make progress without the political commitment of senior leadership. If support was not initially forthcoming from the district head, the support of the head of a key sector agency or *Bappeda* and/or leader within the council was imperative for achievement of some degree of uptake of learning, reforming of planning and budget processes, or launching of an innovative practice. In fact, in some cases it only took a few committed individuals in local councils, particularly if one or more were in leadership positions, to be sufficient to spark reforms. However, some ultimately strong proponents were not initial adherents to local governance reform but came on board later; for example, the successful adoption within a sector agency sometimes galvanized broader support by the district head at a later date. In the case of Aceh, weak uptake of LGSP approaches might have been reasonable to expect given both the devastation caused by the tsunami and, possibly more significant, the long history of civil conflict and absence of representative government. Yet Aceh made possibly the most significant improvements in performance of all provinces in which LGSP worked, and had some of the most prolific adopters of innovations among LGSP partners.

In contrast, initially strong candidates as advocates for good governance were subject to derailment: they could be turned out of office through election or diverted for other reasons. Finally, not all the reformers were from the same province—they were scattered across the eight provinces supported by LGSP. A large enough cohort of provinces and local jurisdictions is therefore required to allow for both “dropouts” and “late bloomers.”

Governance projects are building blocks for sector-based projects, but do not replace them

As envisaged by the original project design team, LGSP aimed to provide fundamental skills and opportunities that cut across sectors, not to achieve service-delivery targets. Once a project is hard-wired with service delivery objectives, the element of choice is lost: the project shifts focus from “What are citizens’ priorities?” to “What are citizens’ priorities for accomplishing a predetermined objective?”

Program Design Approach and Components

Actions and activities based on locally identified issues and tangible deliverables and goals create greater focus

Ideas that originate locally, rather than external “solutions,” and those that have tangible products or outcomes to address locally identified priorities, stand a better chance of engendering local commitment and follow-through (although they do not guarantee it). This makes for messier conditions for establishing baseline data and outcome criteria or targets, but

creates greater focus and urgency to solve the problem. In some cases, particularly when working with local councilors, LGSP found it more effective to build support for what worked rather than to try to fix what did not work. Capacity development of all parties—government officials, councilors and members of CSOs—is also most effective when use is made of actual local policy documents rather than generic materials and hypothetical approaches.

Multi-stakeholder groups can enhance buy-in and creative solutions but require careful design and management, and are not fail-safe

LGSP found that multi-stakeholder groups to address service delivery improvements could generate innovative ideas and strengthen commitment to achieve results. At the same time, they were subject to a number of limitations: composition of the group might not be appropriate for the issue being addressed once the problem area was more clearly defined (but it was difficult to eject “founding members”); the issue might require regulatory or structural changes outside the control of the group—or even of the district; progress could be hijacked by special interests represented in different CSOs, who in turn could overwhelm the proceedings and fall prey to internal squabbling or rivalries; and lack of genuine interest by the sector agency involved could lead to paralysis at key junctures, as when legislation was needed. Despite all these pitfalls, multi-stakeholder groups, like democracy itself, are often superior to administrative fiat for addressing many local issues.

Progressive leaders will use citizen criticism to their advantage, especially if they can use technology to spark attention

Rather than shy away from citizen criticism, progressive leaders will use innovative or well-informed CSO products to prod their subordinates—and especially heads of sector agencies who resist change—to introduce innovations. The citizen report card, electronic citizen information systems (SMS gateway), e-procurement, and citizen charter are examples of these. Use of state-of-the-art technology enhanced the attractiveness of these instruments, as when the mayor of Banda Aceh announced, when launching the SMS gateway, that Banda Aceh was on its way to becoming a cyber-city. Donor-supported projects can help by introducing these instruments to leaders; LGSP found that even leaders the project expected to be unresponsive would often “see the light” and embrace the innovation for eliciting citizen concerns.

Learning across jurisdictions can be powerful

Much of LGSP’s successful replication of innovations was the result of stakeholders learning from one another and observing new practices and institutions for themselves. Since good practices need to be adapted to local conditions if they are to be successfully transplanted, leaders who could witness these practices and envisage how to adapt them were able to implement innovations much more rapidly than if they had not observed the experience of others. This learning can take place through exchanges, visits, and topical workshops. However, it does require a reasonably large project to generate a range of innovations that will be of interest to different partners.

Performance-based budgeting and evaluation processes, as well as performance targeting more generally, merit further development

Performance-based budgeting and evaluation require further understanding and political commitment among higher leadership levels of a local government. Performance evaluation also requires work at the national level, to ensure a consistent framework. Improved socioeconomic and performance data are needed, however, to provide the basis for evaluation against tangible, rather than financial, performance. Development of multiyear expenditure frameworks would provide a longer-term vision and basis for establishing and sequencing of priorities. Performance-based budgets can also help set the bar for establishing performance targets more generally within sector agencies.

Budget processes may provide better opportunities for citizen engagement than formal planning processes

Even without fully functioning performance-based budgets, public meetings, town halls, and access to budget documents provided a better vehicle for citizen voice than some of the more formalistic planning processes at the district level because the former tend to be more focused and “real time.” Given the challenges cited earlier in integrating planning and budgeting processes, which limited the translation of citizen input at the planning stage into budget priorities, citizen inputs directly into the district budget process may be a more straightforward means of generating impact on budgets.

Citizen engagement in village and subdistrict-level planning processes may provide greater prospects for ensuring citizen voice than at the district level

The corollary of the above lesson is not that citizen voice is not important in planning processes. But it may have more impact at levels where citizens can more easily track whether their priorities have been acted upon by government. For example, citizen input into the uses of the Village Fund Allocation has greater visibility and relevance for citizens than does the annual district planning process. *Musrenbang* held at these lower levels can focus on issues of immediate interest to citizens. Longer range issues can—and should—also be addressed most effectively if citizen input is solicited on multiyear plans that can be more priority-oriented than can annual plans. However, means need to be found to present socioeconomic data to citizens in a manner that has meaning for them; for example, showing local health or education indicators relative to other jurisdictions or describing tangible ways to improve education for their children.

Media and investigative journalism can play a crucial role in government transparency and accountability

As such, they merit support in local governance projects. Improving journalists’ understanding of public interest issues and ability to analyze them is a first and critical step in providing citizens with access to government practices and processes. LGSP’s support for media strengthening was terminated before gains could be maximized but the potential for more effective media was emerging.

Measurement in Governance Projects

The greatest challenge confronting a decentralized good governance program like LGSP is measuring and documenting the change brought about by the program. Governance projects are about process and choice rather than predetermined outputs, and generally cannot be hard-wired in advance for specific service delivery outcomes. They seek to alter or imprint patterns of individual and group behaviors that determine governance, so outcomes not only are messy but also do not lend themselves to production of short-term measurable changes in indicators of performance or welfare. A recent World Bank report on decentralization raises the difficulty of directly linking decentralization reform with specific service-delivery metrics or outcomes.

More generally, determining and isolating causality between distinct governance indicators and specific policy or reform measures—or between improved governance and service delivery—can also be difficult to prove. Indeed, the 2002 *Human Development Report* focusing on democracy argued that the links between democracy and human development are not automatic, and strengthening these is the greatest challenge of democratic governance. At the same time, a number of recent international and Indonesia studies point to the importance of stimulating demand for good governance through participatory and citizen-based processes to strengthen government services and good governance.

That said, LGSP offers a number of lessons in measurement. LGSP's initial design included an elaborate architecture of initial assessments, establishment of databases, and launching of citizen opinion polling. As these proved unsustainable, the project's results framework was repeatedly scaled back, or changed as new priorities emerged. In light of the complexity and changes, project staff focused their attention on program delivery and did not in retrospect keep a sufficient eye on ensuring that the monitoring indicators were meaningful and that targets were met. As earlier chapters in this report demonstrate, however, an end-of-project assessment and other tools were able to capture and quantify considerable progress.

Going forward, the following lessons may be of use:

- **The design of assessment and monitoring frameworks needs to be realistic** in terms of determining what is attributable to the program and what can be readily monitored and updated. Definitions of what constitutes accomplishment of a target need to be articulated. Those who will be implementing the program and undertaking the monitoring should be involved in establishing and defining the initial indicators, to help ensure that these capture local practices accurately, are consistent across regions and program components, and have clear points in time at which they can be measured.
- **Establishment of annual targets needs to engage both management and technical project staff** to ensure realistic targets and to get buy-in for meeting the targets.
- **Monitoring frameworks should be accompanied by periodic assessments** in greater depth to evaluate the “whats and whys” of project accomplishments.

Concluding Remarks

Governance projects are predicated on the rationale that a pluralist system that brings more views and voices into decision-making is preferable, on grounds of responsiveness and ultimate sustainability, to authoritarian systems in which the executive makes all the decisions. In the words of former USAID Administrator Henrietta Fore: *“While it may be possible for a government to improve regulations on its own, success has always been greater when the reforms come out of dialogue between the government and the private sector, between management and labor, between business and consumers.”* LGSP was designed to support the paradigm shift embodied in Indonesia’s decentralization efforts not only to delegate authority to the local administrations but also to bring local councils and citizens into planning, budgeting, and service delivery processes that had heretofore been reserved to the executive branch of government.

No donor-supported governance—or sector—project can guarantee its own sustainability. It cannot substitute for strong and committed leadership. It cannot launch a guaranteed self-perpetuating pool of trained civil servants or service providers, or of local councils committed to integrity or of civil society organizations capable of holding government to account. But it can bring parties together, share tools and lessons, break bottlenecks, and help create networks and markets that can promote sustained reform.

LGSP is honored to have contributed to these outcomes.

LGSP Final Report Annexes

Annex A: LGSP Regional Sites Map

Annex B: LGSP Partner Jurisdictions and Service Improvement Priorities

Annex C: LGSP Organization Chart

Annex D: LGSP Publications

Annex E: LGSP Results Framework

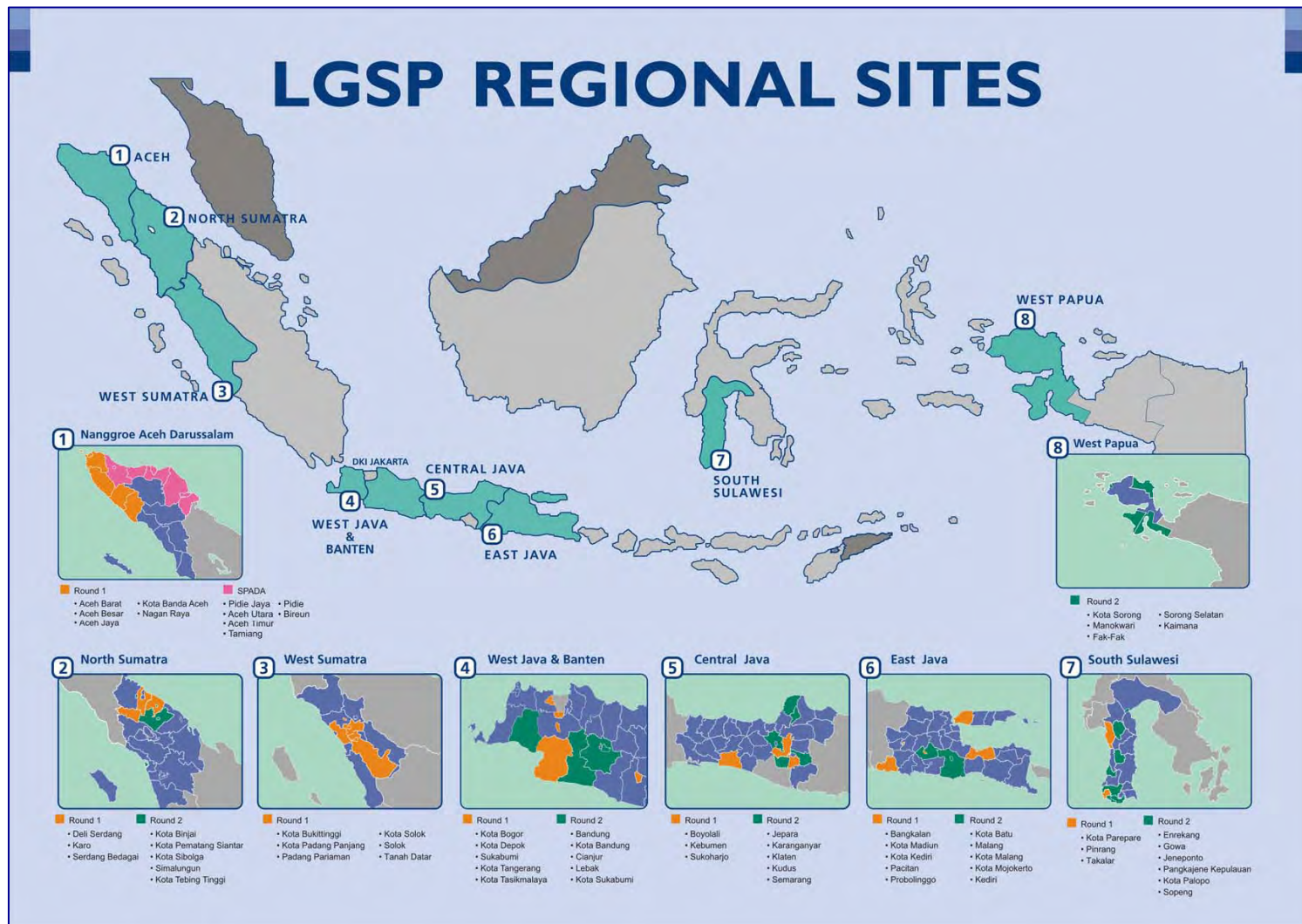
Annex F: List of LGSP Service Providers

F.1 Individual Service Providers

F.2 Institutional Service Providers

Annex G: Performance Monitoring Report

Annex A: LGSP Regional Sites Map



Annex B: LGSP Partner Jurisdictions and Service Improvement Priorities

Province	Jurisdiction (Kota = city Kab. = district)		Service Improvement Priority Areas*					USAID projects in same jurisdiction, and additional notes
			Health	Basic Education	Economic Services	Environmental Services	Organization	
Aceh	Kota Banda Aceh						2	DBE, HSP, ESP
	Kab. Aceh Besar						2	HSP, ESP, DBE
	Kab. Aceh Jaya					1	1	HSP, ESP
	Kab. Nagan Raya						1	
	Kab. Aceh Barat						2	HSP, ESP
	Aceh Province							
West Sumatra	Kota Padang Panjang			0				Phased out
	Kab. Solok			1				
	Kab. Tanah Datar			1				
	Kab. Padang Pariaman	1						
	Kota Solok				1			
	Kota Bukittinggi					1		
	West Sumatra Province						1	
North Sumatra	Kab. Karo				1			ESP
	Kab. Serdang Bedagai			0				Local regulation
	Kab. Deli Serdang	1						HSP, DBE
	Kab. Simalungun					1		
	Kab. Pematang Siantar				1			
	Kota Sibolga					1		HSP, DBE
	Kota Binjai	1						DBE
	Kota Tebing Tinggi				1			DBE
West Java	Kab. Sukabumi			1				Phased out
	Kota Depok				1	1		
	Kota Bogor	1						
	Kota Tasikmalaya				1			

Legend: DBE=Decentralized Basic Education; ESP = Environmental Services Program; HSP = Health Services Program; SENADA = Indonesia Competitiveness Development Program

Province	Jurisdiction (Kota = city Kab. = district)		Service Improvement Priority Areas*					USAID projects in same jurisdiction, and additional notes
			Health	Basic Education	Economic Services	Environmental Services	Organization	
	Kab. Bandung		I					
	Kota Sukabumi				I			
	Kota Bandung				I			
	Kab. Cianjur			I				
	West Java Province						I	MCC
Banten	Kota Tangerang					I		Phased out
	Kab. Lebak						I	
Central Java	Kab. Boyolali		I					DBE
	Kab. Sukoharjo		I					
	Kab. Kebumen				I			
	Kab. Semarang		I					
	Kab. Jepara				I			DBE
	Kab. Klaten			I	I			DBE
	Kab. Karanganyar			I				DBE
	Kab. Kudus		I					DBE
	Central Java Province				I			SENADA
East Java	Kota Kediri				I			
	Kab. Pacitan			0				Local regulation
	Kab. Bangkalan						I	Completed
	Kab. Probolinggo				I			MBE,HSP
	Kota Madiun		I					
	Kota Malang				I			ESP
	Kab. Malang				I			Completed
	Kab. Sidoarjo							Phased out
	Kota Mojokerto				I			DBE, SENADA
	Kota Batu				I			ESP
	Kab. Kediri		I					HSP

Legend: DBE=Decentralized Basic Education; ESP = Environmental Services Program; HSP = Health Services Program; SENADA = Indonesia Competitiveness Development Program

Province	Jurisdiction (Kota = city Kab. = district)		Service Improvement Priority Areas*					USAID projects in same jurisdiction, and additional notes
			Health	Basic Education	Economic Services	Environmental Services	Organization	
	East Java Province							
South Sulawesi	Kota Parepare		0	0				Local regulation
	Kab. Pinrang		1				1	DBE
	Kab. Takalar						1	
	Kota Palopo				1			DBE
	Kab. Pangkajene Kepulauan				1			DBE
	Kab. Enrekang				1			DBE
	Kab. Soppeng				1			DBE
	Kab. Jeneponto				1			DBE
	Kab. Gowa		1					
	South Sulawesi Province							
West Papua	Kota Sorong							
	Kab. Manokwari							
	Kab. Fakfak							
	Kab. Sorong							
	Kab. Kaimana							
	West Papua Province							
Districts (Kab./Kota)		62						
Provincial Governments		7						
Total Governments		69						
Service improvement action plans (SIAPs) undertaken:		64	14	10	23	5	15	
Service improvement action plans (SIAPs) completed:		26	5	0**	11	2	8	

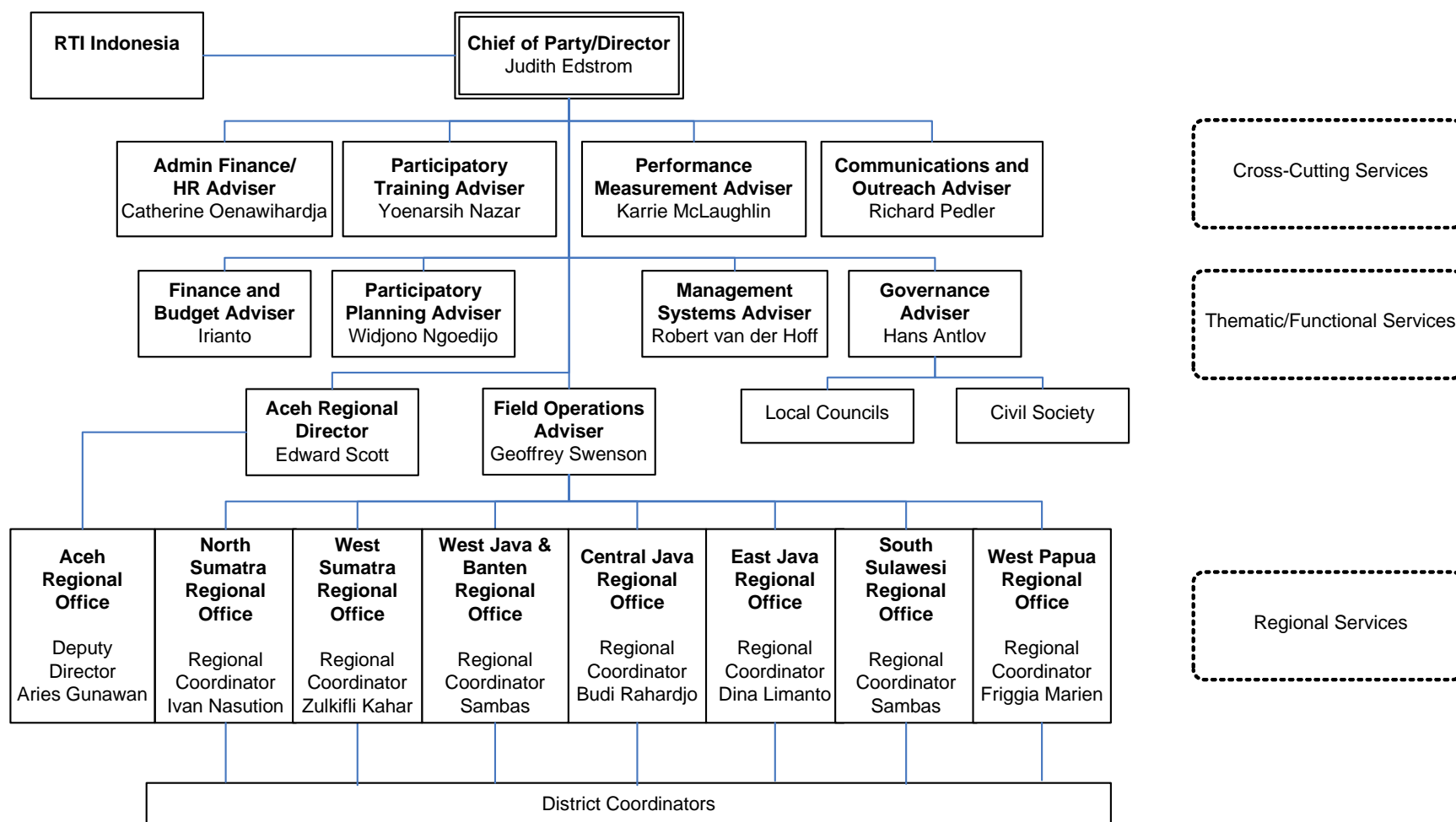
Notes:

* Numbers in shaded boxes indicate those SIAPs that were retained for completion through the end of the project.

** Six local regulations were prepared.

Legend: DBE=Decentralized Basic Education; ESP = Environmental Services Program; HSP = Health Services Program; SENADA = Indonesia Competitiveness Development Program

Annex C: LGSP Organization Chart



Annex D: LGSP Publications



The publications included in this catalogue are published in Indonesian unless otherwise stated.

All publications described herein were prepared by the Local Governance Support Program (LGSP), and the views expressed therein do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Foreword

The USAID/Indonesia Local Governance Support Program directly supports “expanding participatory, effective and accountable governance.” It is an integrated set of assistance activities designed to strengthen both sides of the good governance equation. First, it supports local governments to become more democratic, more competent at the core task of governance and more capable of supporting improved service delivery and management of resources. Second, it aims to strengthen the capacity of local legislatures and civil society to perform their legitimate roles of legislative representation and oversight, and citizen participation in the decision-making process.

As part of its capacity development programs, LGSP has developed a wide range of publications in the core areas in which it works: participatory strategic planning; financial management; budgeting and accounting; effective management of service delivery; guidance to local council members; tools for citizen participation in planning, budgeting, and service delivery; and participatory methods and techniques for training and facilitation.

LGSP publications described in the following pages include good governance briefs, technical publications, guidelines, training manuals, software manuals, posters and brochures. Many training materials include companion manuals for facilitators in addition to participant handbooks and supporting materials such as Powerpoint slide presentations. All publications listed here can be downloaded from LGSP's website (www.lgsp.or.id) along with the slide presentations where applicable. A companion DVD containing all of these publications and presentations is also available.

LGSP completes its program activities in August 2009, until which time you may email publications@lgsp.or.id with any enquiries or requests. Thereafter, please visit our website, which will remain active until September 2010.

We hope that you find these materials useful in your work in promoting decentralized good governance in Indonesia.

May 2009

Judith Edstrom
Chief of Party
LGSP

Table of Contents

Participatory Planning	I
Finance and Budgeting	7
Performance-based Budgeting	
Budget Oversight	
Government Accounting	
Asset Management & Revenue Generation	
Local Government Management Systems	14
Public Service Management	
- Service Improvement Action Planning (SIAP)	
- Local Economic Development	
- Health	
- Education	
- Environment	
Government Procurement of Goods and Services	
Public Service Accountability	
Public Service Contracting	
Finance & Asset Management Boards	
Legislative Strengthening	24
Citizen Participation	27
Participatory Training	30
Other Publications	32
Publications A-to-Z	34

Participatory Planning

Guidelines on Monitoring and Evaluating Annual Musrenbang

Pedoman Penilaian dan Evaluasi Pelaksanaan Penyelenggaraan Musyawarah Perencanaan Pembangunan (Musrenbang)

This guideline is an instrument for monitoring and evaluating annual multi-stakeholder development planning forums, or Musrenbang. It aims to support the monitoring and evaluation of these annual forums, and help local governments to identify their strengths and weaknesses in organizing these consultations. This guideline has been adopted as an annex to Minister of Home Affairs Decree 050-187/Kep/Bangda/2007 on Guidelines for Monitoring and Evaluating Annual Musrenbang, to be used by the Directorate General for Regional Development. (2007)

Guidelines on Assessing and Evaluating Medium-term Regional Development Plans

Pedoman Penilaian Dokumen Perencanaan Pembangunan Daerah (Rencana Pembangunan Jangka Menengah Daerah/RPJMD)

This instrument is targeted to local government staff responsible for formulating and implementing medium-term plans. It promotes the medium-term plan as the essential document in effective, participatory regional development. The guidance will assist local governments to enhance the quality of their planning documents by identifying strengths and weaknesses. This guideline has been adopted as an annex to Minister of Home Affairs Decree 050-188/Kep/Bangda/2007 on Guidelines for Assessing and Evaluating Medium-term Regional Development Plans, for use by the Directorate General for Regional Development. (2007)

Preparation of Regional Development Plans: Guidelines for Training and Facilitation

Penyusunan Rencana Pembangunan Daerah: Bahan Pelatihan dan Pendampingan

These training and facilitation materials strengthen the capacity of local governments, legislatures and civil society organizations to participate in local development planning. These six manuals include training materials and facilitation guidelines for developing long- and medium-term local development plans, strategic plans of sectoral departments, annual work plans for local governments, annual work plans for sectoral departments, and budget policies and budgets for local government departments. Users will be shown how to enhance the quality of the process, performance and products of regional development plans. The manuals also



demonstrate how to more effectively involve local councils and civil society organizations in local planning decisions. Easy-to-use templates for planning processes are provided. (2007)

SKPD Forum and RKPD Musrenbang: Facilitator's Training Manual

Forum SKPD dan Musrenbang Rencana Kerja Pemerintah Daerah (RKPD): Bahan Pelatihan Facilitator



This guide is for experienced facilitators who will facilitate the preparation of annual plans and budgets. It provides the basic knowledge and methods required to facilitate the implementation of multi-stakeholder public consultations and forums for local government departments. The guide includes an overview of the regulatory framework, facilitation suggestions for the regional planning and budgeting process, and simulation exercises. (2007)

DPRD Annual Work Plan Preparation Flowchart

Rencana Kerja DPRD: Panduan Ringkas Bagan Alir Proses, Tahapan dan Tata Cara Penyusunan Rencana Kerja DPRD

This chart shows the basic flow of the DPRD annual work plan process, and the various stages in preparing annual plans and budgets. It uses clear graphics and tables to show the activities, output, documents and tools needed, and the party in charge of each process. The intended audience is the district legislature, local executive, and civil society organizations concerned with DPRD annual work plan processes. (2009)

Integrated Planning and Budgeting Flowchart

Bagan Alir Proses Perencanaan dan Penganggaran Daerah Terpadu dan Partisipatif

This leaflet shows the basic flow of the regional planning and budgeting process based on laws and regulations as of May 2008. It demonstrates the five basic perspectives adopted when preparing planning documents: technocratic, democratic and participative, political, bottom-up, and top-down. It also shows links between related planning documents, especially between strategic and annual planning documents. The intended audience includes the local executive, the legislature, and civil society organizations concerned with planning and budgeting processes. (2008)

Preparation of Annual Work Programs for Local Councils: Facilitation Guide

Penyusunan Rencana Kerja DPRD: Bahan Pendampingan

This guide is intended to help local councilors and council support staff to organize and prepare their annual work plan and budget. It provides basic orientation materials and guidance in formulating objectives and priority programs, and sets out how to prepare a full set of programs and activities and detailed budget for local council programs and activities. (2007)

Role of the Media in Local Development Planning

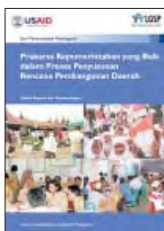
Peran Media dalam Perencanaan Pembangunan Daerah

This guide aims to strengthen the role and capacity of the media in local development planning. Topics include improving journalistic analysis of local development planning issues, evaluating local plans and budgets, enhancing public awareness about local development planning issues, and encouraging a good and effective relationship between the media and local development planning stakeholders. The guide presents the key aspects of the media's role in long-term, medium-term and annual strategies as well as in budget policies and plans for local governments and their departments. (2007)

Good Governance Practices in Preparing Regional Development Plans

Prakarsa Kepemerintahan yang Baik dalam Proses Penyusunan Rencana Pembangunan Daerah

This collection of good practices illustrates the wide range of good local governance initiatives, particularly the participatory planning approaches that have been undertaken by local governments, local councils and civil society organizations in preparing different types of local plans. These initiatives demonstrate the strong political will and commitment from the management and staff of local governments, as well as members of local councils and civil society organizations, to carry out more effective planning that meets stakeholders' needs and expectations. This volume also shows the breadth of impact of LGSP technical assistance to date in improved planning across regions. (2007)



Musrenbang as a Key Driver for Participatory Budgeting (Good Governance Brief)

Musrenbang sebagai Instrumen Efektif dalam Penganggaran Partisipatif (Good Governance Brief)

This brief is intended for local government partners and democracy and governance professionals interested in decentralization in Indonesia. It describes the status of the framework for participatory development as well as the multi-stakeholder consultation forum for development planning, or Musrenbang, and relevant regulations. It lays out the key issues in democratizing decision-making in local planning and budgeting. The final section offers suggestions for strengthening the quality of Musrenbang based on recommendations from a national workshop held in February 2007. (Available in both English and Indonesian.) (2007)

Guidelines on Preparation of Annual Regional Development Plans

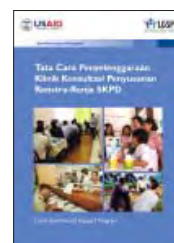
Pedoman Penyusunan Rencana Kerja Pembangunan Daerah (RKPD)

These guidelines, which have been adopted as an Annex to Minister of Home Affairs Decree No. 050-200/II/Bangda/2008 on the preparation of annual regional development plans (RKPD), contain step-by-step procedures for RKPD preparation. They are designed to allow local governments to make adjustments to accommodate their current circumstances and development planning capacity while conforming with good governance principles and Law No. 25 of 2004. The guidelines are intended to ensure the RKPD conforms with the principles of participatory planning and is responsive to citizen aspirations and needs. (2008)

Guide to Planning Consultation Clinics for Local Government Unit Strategic and Annual Plan Preparation

Tata Cara Penyelenggaraan Klinik Konsultasi Penyusunan Renstra-Renja SKPD

The planning clinic is a forum managed by the local planning agency (Bappeda) to give local government units (SKPD) an opportunity to consult on various issues and seek assistance in their strategic and annual work plan (Renstra and Renja) preparation. This guideline is based on LGSP experience in facilitating planning clinics in Central Java and Aceh. It should help local planning offices to improve the organization of Renstra and Renja consultation forums; enhance the planning agency's role in coordinating and assisting SKPD in preparing their Renstra and Renja; achieve greater consistency and integration between annual and strategic work plans and budgets; and improve the overall quality and effectiveness of Renstra and Renja SKPD documents. (2008)



Guide to Preparation of Local Government Health Unit Strategic and Annual Plans

Penyusunan Renstra dan Renja SKPD Kesehatan: Bahan Pelatihan dan Pendampingan

These guidelines are intended to help local government health units to prepare systematic, strategic and participatory annual work plans (Renja) and strategic plans (Renstra) that are responsive to public aspirations, that synergize national and local government policy, and that conform with the local planning and budgeting system and procedures. The two training modules can be used to prepare more effective annual and strategic plans, develop strategy to expand funding sources for health sector programs, and support advocacy for political commitment to the participatory process in health sector planning and budgeting at all levels of government. (2008)

Pocket Guide for Local Government Heads and DPRD: Supporting Effective Communication between the Executive and Legislative to Achieve Local Development

Buku Pegangan Kepala Daerah dan DPRD: Mendorong Komunikasi Efektif antara Eksekutif dan Legislatif bagi Keberhasilan Pembangunan Daerah

This book takes the form of a checklist to help local government leaders and legislators to understand the essentials of the documents, processes and output of regional development planning, budgeting, implementation, monitoring, evaluation and reporting. Good practices are presented for each phase of the development process to inspire local government leaders and legislators to replicate them in their own regions. (2009)

Checklist for Preparing Local Regulations and Decrees on Participatory Planning and Budgeting

Checklist Penyusunan Peraturan Daerah dan Peraturan Kepala Daerah tentang Perencanaan dan Penganggaran Daerah Partisipatif

This guide provides the local government, local council, and civil society organizations with a checklist to ensure that the process of drafting local regulations on participatory planning and budgeting is properly completed. The checklist should improve the quality of local regulations by enhancing stakeholders' understanding of the scope and complexity of participatory planning issues, and developing their capacity to prepare the necessary local regulations. (2009)

District Planning Process: Improving Responsiveness to Citizen Priorities

Proses Perencanaan Daerah: Meningkatkan Daya Tanggap terhadap Prioritas Kebutuhan Masyarakat

This paper reviews the positive changes in LGSP-assisted districts arising from their efforts to improve the quality of annual Musrenbang. These improvements offer lessons for replication in any district with a strong commitment to implement performance-based participatory planning. The study also provides valuable input on how to improve the quality of the planning and budgeting process in Indonesia. (2009)

See also:

Citizen Engagement in Local Planning and Budgeting: Facilitator's Handbook (page 27)

Finance and Budgeting

Local Government Financial Management Reform in Indonesia (Good Governance Brief)

Penerapan Kebijakan Pengelolaan Keuangan Daerah di Indonesia (Good Governance Brief)

This brief reviews local government financial reform as discussed during a national conference in Jakarta in May 2007. The issues include the legal framework, conflicts that have arisen among different policies, other obstacles and implementation challenges. It also documents recommendations from the conference participants for improving the implementation of local government financial management, and suggests revisions to national regulations. (Available in both English and Indonesian.) (2007)

Budget Planning Elements: Formulation of Vision, Mission, Goals, Objectives, Programs and Activities

Elemen Perencanaan Anggaran: Rumusan Visi, Misi, Tujuan, Sasaran, Program dan Kegiatan

This booklet presents a method for local governments to develop a vision, mission, purposes, objectives, programs and activities that are responsive, effective and interrelated. It is intended for planners and local government staff in general. (2009)

• Performance-based Budgeting

Performance-based Budgeting Series

This series of three manuals introduces local government officials to the purpose and principles of performance-based budgeting. There are 12 steps to developing a performance-based budget: (1) public involvement, (2) integrating budget priority documents and policy, (3) organizing the budgeting process, (4) estimating revenue, (5) accommodating departmental requests, (6) reviewing and (7) drafting approval by the regent or mayor, (8) budget evaluation by local councils and (9) by the public, (10) budget evaluation and approval, (11) making amendments, and (12) budget administration.

Performance-based Budgeting Part A

Penganggaran Kinerja Seri A

The first in a series of three manuals covers the first three steps in performance-based budgeting: public involvement, integrating budget priority documents and policy, and organizing the budgeting process. (2007)



Performance-based Budgeting Part B

Penganggaran Kinerja Seri B

This is the second of three manuals in the series on performance-based budgeting. It covers how to estimate revenue and accommodate sectoral department budget requests. (2007)

Performance-based Budgeting Part C

Penganggaran Kinerja Seri C

This is the last of three manuals in the series on performance-based budgeting. It explains the final steps in budget preparation, through which local government heads and local councils can review sectoral department budget proposals and hold consultations with citizens' representatives before the budget is ratified and implemented. (2009)

Using Performance-based Budgeting

Penerapan Anggaran Berbasis Kinerja

This guide relates performance-based budgeting to the policy and regulations on regional financial management applicable in Indonesia. After noting the changes in the basic budget concepts contained in the new regulations, the book explains how to use the new accounting codes, set up the performance indicators, develop the budget proposal and implement the approved budget. This guide is intended to assist regional government officials to implement performance-based budgeting in a situation where budget regulations and policy are constantly changing. (2009)



Performance Reporting

Penyusunan Laporan Kinerja Daerah

This book concerns outcome-based budget realization in relation to the performance targets that have been set. By focusing on performance indicators, it offers an alternative method of performance reporting for local governments based on the achievement of sectoral department and local government performance targets in the prior year's budget. (2009)

Performance Evaluation

Evaluasi Kinerja

This is the last module in the performance-based budgeting series. By analyzing performance reporting results, recommendations can be made for future action, focusing on outcome-based performance management. Applying a gap analysis model, this module considers four issues that give rise to a disconnect between financial management and performance measurement. These four gaps are reviewed using the 12 steps of monitoring and evaluation. (2009)



Preparing Budget Framework Documents

Penyusunan Kebijakan Umum APBD & Plafon dan Prioritas Anggaran Sementara

This book is a guide to preparing the budget framework documents (general budget policy and temporary budget ceilings, or KUA-PPAS). It describes the key aspects of the drafting process and treats the annual budget as an input to the budget policy document, stressing the key role played by performance indicators. It also explores the political considerations in budget policy formulation as a political covenant with the people. (2009)

Twelve Steps in Performance-based Budgeting

12 Langkah Penyusunan Anggaran Kinerja

This poster displays the 12 steps in preparing performance-based budgets, from public involvement to integrating the planning and budgeting documents to budget administration. All of these steps should apply the good governance principles of transparency, participation, and accountability. (2009)

Results-based Performance Evaluation Model

Model Evaluasi Kinerja Berbasis Hasil



This poster displays the eight steps for conducting performance evaluations, i.e. planning, budgeting, implementation, data collection and monitoring, data reporting, performance evaluation, performance reporting, and using the performance evaluation as input for the next planning process. (2009)

Evaluation of Local Government Performance-based Budgets (Technical Brief)

Evaluasi Anggaran Berbasis Kinerja Pemerintah Daerah (Ulasan Teknis)

This brief reports on a national conference on performance evaluation at which the national planning and audit boards and the Ministries of Finance and Home Affairs conveyed their views on performance reporting and evaluation. At the conference, representatives from West Sumatra province and Probolinggo district in East Java shared their experiences in performance evaluation. The conference resulted in a new concept for evaluating local government performance-based budgets. (2009)

Samples of Performance Indicators for Sectoral Departments

Contoh-contoh Indikator Kinerja untuk SKPD

This brochure is for local government officials with an interest in developing and obtaining sample performance indicators that are in line with their respective duties. These sample indicators are developed using the basic functions and duties of each sectoral department, in line with Government Regulation 41/2007 on local government organizational structure and working procedures. (2009)

Eight Criteria for Performance Indicators

8 Kriteria Indikator Kinerja

This poster presents eight basic criteria for selecting performance indicators: usefulness, availability of data, validity, clarity, reliability, controllability, cost and comparability. These criteria will assist both developers of performance indicators and evaluators. (2009)

• Budget Oversight

Eleven Questions for Local Councils Reviewing Budget Proposals

11 Pertanyaan DPRD untuk Pembahasan RAPBD

This poster is aimed at local legislators with an interest in reviewing the draft budget submitted by the local government. The 11 questions concern consistency in the planning process, community aspirations, local economic development, and anticipation of issues that may arise. (2009)



DPRD Budget Oversight*Pengawasan Anggaran oleh DPRD*

This manual provides step-by-step guidance for trainers of local councilors on budget oversight. A regulatory overview is followed by a review of local finance administration. Aspects of budget oversight that are considered include the purpose, method, time frame, tools, process, and technical analysis. Using clear presentations and exercises, the manual helps local councilors to gain a better understanding of budget oversight with reference to the analysis of both their own jurisdiction's financial report and the regional executive's accountability report. (2007)

Budgeting Manual for CSOs*Panduan Publik Memahami Dokumen Anggaran Daerah*

This Q&A booklet provides concise explanations on the process of developing general budget policy (KUA), sectoral department work plans and budgets (RKA SKPD), and the local government budget (APBD). It provides straightforward answers to the common questions raised by the public on budgeting, and includes explanatory tables, graphs, and flowcharts. (2009)

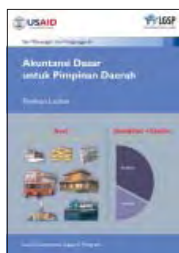
- Government Accounting

Government Accounting Standards*Standar Akuntansi Pemerintahan*

This module clarifies the 11 government accounting standards issued in 2005. A number of practical examples illustrate how these accounting standards should be applied to financial and consolidated reports. (2009)

Basic Accounting for Government Managers*Akuntansi Dasar untuk Pimpinan Daerah***Basic Accounting for Staff***Akuntansi Dasar untuk Pelaksana*

Following the change from cash to accrual accounting systems mandated by the government accounting standards, this training module gives a general perspective on accounting for the local government apparatus. The material shows the effect of switching to double-entry bookkeeping on data sources, recording mechanisms, journal entries and the preparation of financial reports. There are two versions of this basic accounting module: one for managers and the other for operational staff. (2009)

**Accounting and Financial Reporting for Sectoral Departments***Sistem Akuntansi dan Laporan Keuangan untuk SKPD*

This manual follows on from the modules on basic accounting and government accounting standards. It is intended to help sectoral departments perform their accounting in line with government accounting standards. By drawing on actual transactions by local governments, local government staff are shown how to perform their accounting and financial reporting functions. The book is accompanied by a CD containing an easy-to-use software application for accounting and reporting. (2009)

Internal Audits for Local Auditing Officials*Pengawasan Internal bagi Staf Badan Pengawas Daerah*

This module supports government auditors in performing their auditing duties, helping them to acquire a better understanding of the audit mechanisms, techniques, reports, and recommendations. It also gives parties that are being audited an understanding of the importance of audits, the roles and responsibilities of auditors, and the steps that may follow an audit. (2008)

- Asset Management & Revenue Generation

Basic Asset Management and Asset Management Planning*Pengelolaan Barang Daerah & Penyusunan Rencana Pengelolaan Barang Milik Daerah (BMD)*

This training guide contains two modules. The Basic Asset Management module shows government officials how to manage local assets, from planning and procurement through to sale and write-off, in order to perform better inventories and appraisals of the assets recorded on the balance sheet. The Asset Management Planning module helps sectoral departments to improve their medium-term asset management planning, and also helps local governments as a whole to improve their asset management. (2009)

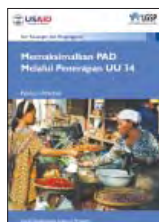
**Calculating Costs and Setting Fees***Penghitungan Biaya untuk Menetapkan Retribusi*

This manual is a reference guide for facilitators preparing training for local government officials on calculating fees. Designed to improve the knowledge and skills of local government officials tasked with calculating fees, it contains techniques for objectively calculating fees, determining strategy and assessing alternatives for decision-makers in drafting fee recommendations. (2008)

Maximizing Local Revenues by Applying Law 34

Memaksimalkan Pendapatan Asli Daerah (PAD) melalui Penerapan UU 34

This manual is a reference guide for facilitators preparing training for local government officials on applying Law 34 to maximize local revenues and improve public services. The manual discusses the internationally recognized criteria for designing local revenue alternatives, the requirements under Law 34, and ways to utilize the opportunities provided by this law. (2008)



Tax Revenue Appraisals

Mengevaluasi Pendapatan Pajak

This manual is a reference guide for facilitators preparing training for local government officials on how to evaluate tax revenues and develop and implement work plans to increase local government revenues. It explains the techniques for analyzing and evaluating tax revenue, discusses performance gaps in revenue sources, and offers ways to reduce revenue shortfalls so that more funds can be allocated to public services. (2008)

See also:

Integrated Planning and Budgeting Flowchart (page 2)

Musrenbang as a Key Driver for Participatory Budgeting (Good Governance Brief) (page 4)

Checklist for Preparing Local Regulations and Decrees on Participatory Planning and Budgeting (page 5)

Finance & Asset Management Boards in Local Government Management Systems (page 23)

Local Budget Analysis – Guidelines for DPRD (page 25)

Citizen Engagement in Local Planning and Budgeting: Facilitator's Handbook (page 27)

User's Guide to Local Budget Analysis Software (Simranda) (page 28)

Citizen's Guide to Evaluating Social Justice Budgets (page 29)

Local Government Management Systems

• Public Service Management

Guide to Public Service Performance Management

Panduan Manajemen Kinerja Pelayanan Publik

In the framework of service improvement action planning (SIAP), this guide provides a practical methodology for planning, monitoring and appraising service performance based on reliable data and performance indicators. It is therefore a useful introduction to the more detailed SIAP guide. (2009)

Innovations in Local Public Service Management (Good Governance Brief)

Inovasi pada Manajemen Pelayanan Publik Daerah (Good Governance Brief)

This brief describes current impediments to local public service delivery, highlights several innovations to improve customer orientation using approaches advocated by LGSP, and recommends ways and means to promote replication. (Available in both English and Indonesian.) (2009)

Service Improvement Action Planning (SIAP)

Service Improvement Action Planning Brochures

This collection of six brochures provides a brief overview of the background and methodology of service improvement action planning. These brochures can be used as introductory or reference material for practitioners, and as handouts at workshops and seminars on public service management. Each brochure is described in more detail below. (2009)

Improving Public Services through Action Planning

Peningkatan Kinerja Pelayanan Publik dengan Skema Tindakan Peningkatan Pelayanan (STPP)



This brochure explains public service management concepts and issues, problems and solutions, and regulations concerning public services. It is intended chiefly for local government sectoral department (SKPD) heads and their staff, and public service management experts.

Improving Public Services through Service Delivery Flow Analysis

Analisis Alur Pemberian Pelayanan untuk Peningkatan Kinerja Pelayanan Publik

This brochure presents an analysis of the flow of service delivery in order to improve public services.

Improving Performance by Improving the Organization of Public Services

Peningkatan Kinerja melalui Perbaikan Organisasi Pelayanan

This brochure explains the importance of organizational analysis and looks at the objectives and the challenges faced in improving the organization of public services.

Improving Performance by Improving Public Service Procedures

Peningkatan Kinerja melalui Perbaikan Prosedur Pelayanan

This brochure explains how improving public service procedures will enhance the effectiveness, efficiency, and equitable distribution of public services.

Improving Performance by Improving Personnel

Peningkatan Kinerja melalui Perbaikan Aspek Personil

This brochure explains how strengthening customer orientation will help local government personnel to improve public service delivery.

Improving Performance by Improving Policy

Peningkatan Kinerja melalui Perbaikan Aspek Kebijakan

This brochure explains the importance of constituent-focused local government policy and commitment for improving public services.

Service Improvement Action Planning: Facilitator Guide

Penyusunan Skema Tindakan Peningkatan Pelayanan Publik (Panduan Fasilitator)

Endorsed by the Ministry of Home Affairs in 2009, this guide for facilitators provides practical guidance on setting up a multi-stakeholder working group to draft an action plan focusing on a single public service, such as maternal and neonatal care in the health sector. LGSP has facilitated action planning in the areas of health, education, economic services, environmental services, and organizational development. (2008)



Framework for Developing Service Improvement Action Plans

Kerangka Penyusunan Skema Tindakan Peningkatan Pelayanan Publik

This poster presents the seven stages of service improvement action planning. (2009)

Local Economic Development

Participatory Approaches in Managing Local Economic Development

Pengembangan Ekonomi Lokal Partisipatif

Small and medium enterprise (SME) development is a responsibility of local governments, which can benefit from strengthened public services. This guide explains the problems, issues, policies and guidelines for local economic development activities. Some examples illustrate how local partners have applied these methods. This how-to guide is designed for local government officials, local council members, and stakeholders in SME development. (2005)



Role of Local Governments in Promoting Decentralized Economic Governance in Indonesia (Good Governance Brief)

Peran Pemerintah Daerah dalam Mempromosikan Tata Pemerintahan Bidang Ekonomi yang Terdesentralisasi di Indonesia (Good Governance Brief)

This brief provides an overview of local economic development policies, and efforts to improve services for SMEs, chiefly through local economic development partnerships, business development service centers, and micro-finance systems. The paper also recommends ways and means to promote good local economic governance through the approach advocated by LGSP. (Available in both English and Indonesian.) (2009)

Service Improvement Action Planning: Application for Economic Services – Development of Small and Medium Enterprises (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Ekonomi – Pemberdayaan UKM (Panduan Fasilitator)

This guide includes basic economic services terminology and is based on the generic service improvement action planning guide. It is accompanied by an interactive CD. Specific cases of SME development are provided in a separate compendium of good practices. (2009)

Good Practices in Improving SME Development

Praktek-praktek yang Baik dalam Pemberdayaan UKM

This compendium contains ten cases describing good practices in the delivery of basic economic services (Tebing Tinggi, Pematang Siantar, Jepara, Klaten, Probolinggo, Kediri, Mojokerto, Enrekang, Palopo, and Jeneponito). (2009)

Health

Service Improvement Action Planning: Application for Health Services – Achieving Health Service Excellence through Citizen Charters (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Kesehatan – Penerapan Pelayanan Prima melalui Pakta Pelayanan Kesehatan (Panduan Fasilitator)

This guide includes basic health service terminology and is based on the generic service improvement action planning guide. It is intended to help community health clinics (*Puskesmas*) to manage their health services. Specific cases of basic health service improvements are provided in a separate compendium of good practices. (2009)

Good Practices in Improving Health Services Using Citizen Charters

Praktek-praktek yang Baik dalam Peningkatan Pelayanan Kesehatan Menggunakan Pakta Pelayanan Masyarakat

This publication contains practical guidance on improving service delivery management by using citizen charters to build commitment for good service delivery. It includes good practices in the delivery of basic health care in four locations (Boyolali, Sukoharjo, Deli Serdang, and Kediri). (2009)



Service Improvement Action Planning: Application for Health Services – Using a Computerized Health Information System (SIMPUS) (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Kesehatan – Pengembangan Sistem Informasi Manajemen Puskesmas (SIMPUS) (Panduan Fasilitator)

This guide provides instructions on setting up a computerized system in community health clinics (*Puskesmas*) to manage health services. The system manages patient records, significantly reduces waiting time and administrative errors, and improves customer satisfaction. It can be aggregated at district level to provide the local health office with an integrated data management system. (2009)

Software Manual for Computerized Health Information System (SIMPUS)

Manual Perangkat Lunak Sistem Informasi Manajemen Puskesmas (SIMPUS)

This instruction manual includes a CD containing the SIMPUS software. It provides users with step-by-step guidance on installing the hardware and software for this customer management information system application. (2009)

Education

Service Improvement Action Planning: Application for Education Services (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Pendidikan (Panduan Fasilitator)



This guide includes basic education terminology and is based on the generic service improvement action planning guide. (2009)

Environment

Service Improvement Action Planning: Application for Environmental Services – Household Waste Management (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Lingkungan – Manajemen Limbah Rumah tangga (Panduan Fasilitator)

This guide includes basic environmental services terminology, specifically on improving the management of household waste. It is based on the generic service improvement action planning guide. (2009)

Good Practice in Improving Environmental Services: Household Waste Management

Praktek yang Baik dalam Peningkatan Pelayanan Lingkungan: Manajemen Limbah Rumah tangga

This publication provides the lessons learned and good practice in implementing a community-based household waste management program in Bukittinggi. (2009)

Service Improvement Action Planning: Application for Environmental Services – Drinking Water Supply (General Service Unit) (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Lingkungan – Badan Layanan Umum Daerah, Sistem Penyediaan Air Minum (BLUD-SPAM) (Panduan Fasilitator)

This guide includes drinking water services terminology and is based on the generic service improvement action planning guide. It explains the steps required to create a general service unit in local government to manage drinking water supply. (2009)

Good Practice in Improving Environmental Services: Creating a General Service Entity for Drinking Water Supply “Tirta Mon Mata” in Aceh Jaya

Praktek yang Baik dalam Peningkatan Pelayanan Lingkungan: Pembentukan Badan Layanan Umum Daerah, Sistem Penyediaan Air Minum (BLUD-SPAM) “Tirta Mon Mata” di Aceh Jaya

This publication provides the lessons learned and good practice in creating a new water supply management unit. (2009)

Service Improvement Action Planning: Application for Environmental Services – Drinking Water Supply (Local Water Enterprise) (Facilitator Guide)

Skema Tindakan Peningkatan Pelayanan Publik: Aplikasi Bidang Lingkungan – Perusahaan Daerah Air Minum (PDAM) (Panduan Fasilitator)

This guide includes drinking water services terminology and is based on the generic service improvement action planning guide. It explains the steps required to upgrade service management at a local water enterprise managing drinking water supply. (2009)

Good Practice in Improving Environmental Services: Partnership between Local Water Enterprise “Tirta Lihou” and Private Providers for Drinking Water Supply in Simalungun

Praktek yang Baik dalam Peningkatan Pelayanan Lingkungan: Kerjasama PDAM “Tirta Lihou” dengan Operator Non-PDAM dalam Peningkatan Manajemen Pelayanan Air Minum di Simalungun

This publication provides the lessons learned and good practice in creating a new partnership between public and private water providers at the local level. (2009)

• Government Procurement of Goods and Services

Government Procurement Watch Package

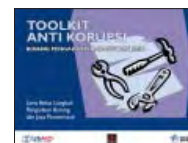
Paket Pengawasan Pengadaan Barang dan Jasa Pemerintah

This public procurement package consists of five handbooks intended for local councilors, oversight agencies, civil society organizations, and others interested in monitoring government procurement of goods and services. The practical information contained in these handbooks can help maintain integrity in the way the government procures goods and services. Each guide is described in more detail below. (2009)

Anti-corruption Toolkit

Toolkit Anti Korupsi

This publication raises the awareness of NGOs and communities on acting as a “whistleblower” or “watchdog” to prevent and combat potential corruption in government procurement of goods and services.



Monitoring Checklist

Daftar Simak Monitoring

This is a practical checklist for NGOs and communities on areas and methods of government procurement that are prone to malfeasance.

Basic Principles and Legal Framework

Prinsip Dasar dan Kerangka Hukum

This book explains basic principles and policies regarding government procurement of goods and services in order to improve NGO and community understanding.

National Strategy on Prevention and Eradication of Corruption

Strategi Nasional Pencegahan dan Pemberantasan Korupsi

This book provides practical guidance to NGOs and communities to raise public awareness and create a network to combat corruption in the procurement of goods and services.



Integrity Pact Implementation Manual

Manual Penerapan Pakta Integritas

This manual provides practical guidance to governments, private actors and communities on using integrity pacts to combat corruption, collusion and nepotism in government procurement of goods and services.

Vendor Guide to Regional e-Procurement Units

Petunjuk Pengadaan Barang dan Jasa Secara Elektronik untuk Rekanan

Tender Committee Guide to Regional e-Procurement Units

Petunjuk Pengadaan Barang dan Jasa Secara Elektronik untuk Panitia Lelang

This guide to regional e-procurement units was developed at West Java's Layanan Pengadaan Barang dan Jasa Secara Elektronik (LPSE). There are two versions, one for vendors and the other for the tender committee. The guide provides detailed practical guidance on the vendor registration process, locating bid information, pre-qualification requirements and registration, and the bidding process. (2009)



Good Practice at a Regional e-Procurement Unit in West Java

Praktek yang Baik di Unit Layanan Pengadaan Barang dan Jasa Secara Elektronik (LPSE) di Jawa Barat

This publication provides the lessons learned and good practices in developing a unit for regional e-procurement (LPSE) in West Java province. It covers the following topics: establishing the rules and regulations at national and regional level; establishing the LPSE team; implementing training-of-trainers for e-procurement; launching the LPSE; socialization to local governments, associations and vendors; and vendor training and qualification. (2009)

• Public Service Accountability

Electronic Community Information Services (e-CIS) Brochure

Brosur Sistem Pelayanan Informasi dan Pengaduan Masyarakat (SPIPM)

This brochure provides a brief overview of the background and methodology for managing electronic information and community complaints. It can be used as an introduction and reference guide for practitioners, and as a handout at workshops and seminars on public service management. (2009)

Establishing Electronic Community Information Services (e-CIS) (Facilitator Guide)

Sistem Pelayanan Informasi dan Pengaduan Masyarakat (SPIPM) (Panduan Fasilitator)



Endorsed by the Ministry of Home Affairs in 2009, this book for facilitators provides practical guidance on setting up a unit in local government to electronically handle citizen information, queries, and complaints regarding local public service delivery. The open-source software system is easy to install, and the only operational expenses are for staff training and system management. (2009)

Software Manual for Electronic Community Information Services (e-CIS)

Manual Perangkat Lunak Sistem Pelayanan Informasi dan Pengaduan Masyarakat (SPIPM)

This instruction manual, which is accompanied by a CD containing the e-CIS software, guides users through installation of the hardware and software for the e-CIS application. (2009)

• Public Service Contracting

Public Service Contracting (Facilitator Guide)

Kontrak Pelayanan Publik Bagi Pemerintah Daerah (Panduan Fasilitator)

Endorsed by the Ministry of Home Affairs in 2008 and added to the national curriculum for local government training, this book offers guidance on regional cooperation with third party providers. It helps local government units to appreciate the potential for improving the delivery of a particular service through contracting, to identify and select qualified service providers, and to take the necessary steps to prepare and manage the implementation of a service contract. (2008)



Public Service Contracting Brochure

Brosur Kontrak Pelayanan Publik bagi Pemerintah Daerah

This brochure provides a brief overview of the background and methodology for regional cooperation with third parties through public service contracting. It can be used as both an introduction and a reference guide for practitioners, and as a handout at workshops and seminars on public service management. (2008)

• Finance & Asset Management Boards

Guide to Establishing Regional Finance and Asset Management Organizations

Panduan Membentuk Organisasi Pengelola Keuangan dan Aset Daerah (OPKAD)

Based on existing government policy, this guide explains how local governments can merge regional finances with asset management under a single organizational structure. The guide covers policies, organizational functions and relationships with other sectoral departments (SKPD), the capacity of the personnel, and the steps required to set up the new organization. (2008)

Academic Paper on Reform of Regional Financial Management

Kajian Akademis Reformasi Organisasi Pengelola Keuangan Daerah

This study provides the Minister of Home Affairs with an analysis of the policy background to the establishment of a regional finance and asset management organization, with reference to the applicable laws, regulations and policies. (2009)

See also:

on Public Service Management:

Local Governance in Indonesia: Developing a Market for Consultant Services (page 33)

on Public Service Accountability:

DPRD Oversight of Public Services (page 25)

Citizen Report Card: A Handbook for Civic Monitoring of Public Services (page 27)

Engaging with Local Government in Indonesia: Multi-stakeholder Forums and Civil Society Coalitions (page 28)

Good Practices in Civil Society Engagement in Budgeting and Public Service Oversight (page 29)

on Health:

Guide to Preparation of Local Government Health Unit Strategic and Annual Plans (page 5)

on Finance & Asset Management Boards:

Asset Management & Revenue Generation (pages 12-13)

Legislative Strengthening

Legal Drafting: A Handbook for DPRD Members

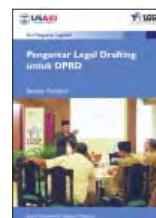
Legal Drafting, Penyusunan Peraturan Daerah: Buku Pegangan untuk DPRD

This handbook provides practical guidance to local council (DPRD) members on how to produce local regulations. It outlines the steps in legislative drafting, explains the legal framework for local regulations, and describes mechanisms for public consultations. It also clarifies how to formulate local regulations so that they are in accordance with both national administrative regulations and local aspirations. (2007)

Legal Drafting for Local Councils: A Facilitator's Handbook

Pengantar Legal Drafting untuk DPRD: Panduan Fasilitator

This training guide is a companion volume to the DPRD members' handbook on legislative drafting. It is intended for facilitators who will provide training on drafting regulations to local legislators. The guide contains an outline of the steps in legislative drafting, the regulatory framework for local regulations, and ways to manage the vetting of draft regulations with local governments and the public. It includes handouts on draft laws and the regulatory framework for legal drafting. (2007)



Managing Constituent Relations: A Pocket Guide for DPRD Members

Membina Hubungan Dengan Konstituen: Buku Saku DPRD

This handbook assists members of local councils to maintain good relations with citizens and constituencies. It provides a basic understanding on effective relations with citizens as part of local council performance and how to allow citizens to provide input into local council activities. Chapters cover techniques to map constituencies, how to relate to voters, communication skills, mapping and mediating local conflicts, and how to prepare visits to constituents. (2007)

Role of the DPRD in Promoting Regional Autonomy and Good Governance (Good Governance Brief)

Peran DPRD dalam Meningkatkan Otonomi Daerah dan Tata Pemerintahan yang Baik (Good Governance Brief)

This brief describes the role and function of local legislative councils and gives examples of how local councils are opening up for citizen input into public policy and oversight practices. The brief also presents challenges in strengthening the role of DPRD as promoters of regional autonomy and good governance, and contains recommendations for further action based on the findings of a national conference held in November 2007. (Available in both English and Indonesian.) (2008)

Good Practices in DPRD Transparency and Accountability

Meneropong Jejak Perjuangan Legislatif: Dokumentasi Pengalaman DPRD

This report documents local council (DPRD) initiatives and innovations in various LGSP-assisted jurisdictions relating to the DPRD's role in supporting transparency and public participation. It analyzes relationships between key actors, the significant factors for success, the enabling environment and pre-existing conditions, and concerns and recommendations arising from LGSP technical assistance. (2009)

Local Budget Analysis – Guidelines for DPRD

Analisa APBD – Panduan bagi DPRD

This training manual provides a technical analysis of local budgets by considering revenues, expenditures and payment methods. This training module should enable local council (DPRD) members to conduct a macro analysis of the local budget, including sectoral department comparisons, budget trends and per capita budgets, and to identify cases of local budget discrepancy or manipulation. (2009)

DPRD Oversight of Public Services

Pengawasan DPRD Terhadap Pelayanan Publik

This step-by-step guide to public service monitoring for local councils begins with a review of the applicable legal framework and local council responsibility for providing high quality public services equitably. Other topics include the scope, procedures and mechanisms for monitoring public services and making the results available to the public, and accountability for the results. (2009)



Representing Citizens: Orientation for DPRD Members (Facilitator Handbook)

Menjadikan Wakil Rakyat Semakin Bermartabat – Orientasi Bagi Anggota DPRD (Panduan Fasilitator)

This publication is a collection of training modules, guides, and other publications intended to support the capacity building of local council members. It includes executive training modules for new DPRD members, training on analyzing the local budget, and guides on public service monitoring and legal drafting. (2009)

See also:

DPRD Annual Work Plan Preparation Flowchart (page 2)

Preparation of Annual Work Programs for Local Councils: Facilitation Guide (page 3)

Pocket Guide for Local Government Heads and DPRD: Supporting Effective Communication between the Executive and Legislative to Achieve Local Development (page 5)

Eleven Questions for Local Councils Reviewing Budget Proposals (page 10)

DPRD Budget Oversight (page 11)

Public Consultations for Local Government and DPRD (page 29)

Citizen Participation

Citizen Report Card: A Handbook for Civic Monitoring of Public Services

Citizen Report Card: Panduan Monitoring Pelayanan Publik Berbasis Masyarakat

This practical guide is intended for civil society organizations and citizen groups. It explains how the citizen report card can be used as a tool to promote public service improvements through customer satisfaction surveys. In addition to providing technical instructions on implementing the citizen report card system, the handbook shows how to formulate action plans to follow up on the results of the monitoring process. It also describes how to advocate for budget allocations that are more responsive to public needs, and for quality improvements in specific public services. (2008)



Promoting Citizen Participation in Local Governance in Indonesia: Practices, Policies and Agenda

Membangun Partisipasi Warga dalam Tata Pemerintahan Daerah di Indonesia: Praktek, Kebijakan dan Agenda

This research report contributes to the documentation of best practices in citizen engagement in local governance, with examples drawn from five jurisdictions across Indonesia. The report provides input for the design of donor and government programs aimed at encouraging citizen engagement in local governance, and includes concrete recommendations on how local governments and citizen groups can improve community participation in the planning and budgeting cycle. (Available in both English and Indonesian.) (2008)



Citizen Engagement in Local Planning and Budgeting: Facilitator's Handbook

Partisipasi Organisasi Masyarakat dalam Proses Perencanaan dan Penganggaran: Panduan Pelatihan

This training guide is for facilitators and trainers who are building capacity among citizens and civil society organizations to engage in the local government planning and budgeting cycle. It describes the legal framework for citizen participation in local governance and the annual planning and budget cycle. It also offers ways for citizens to become involved and influence local government plans and budgets. (2008)

Citizen Engagement and Participatory Governance (Good Governance Brief)

Keterlibatan Warga dan Tata Pemerintahan Partisipatif (Good Governance Brief)

This brief focuses on the active role of citizens in local governance. It highlights efforts being made by civil society to improve the delivery of public services through the multiple roles citizens play in service delivery: as clients, as citizens advocating improvements, and as residents sharing in the provision of public services. It covers the emergence of civil society and citizen participation in Indonesia; the regulatory framework for citizen engagement; practices of civil society organization engagement in participatory governance; challenges to citizen participation in local governance and public services; and recommendations from a national conference on citizen engagement held in Jakarta in May 2008. (Available in both English and Indonesian.) (2008)

Engaging with Local Government in Indonesia: Multi-stakeholder Forums and Civil Society Coalitions



This report considers 14 case studies of LGSP support for civil society engagement with local government, identifying factors that foster or inhibit citizen engagement. It considers both activities carried out by civil society organizations (such as advocacy, budget oversight and participation in the planning process) and cases where LGSP has created multi-stakeholder working groups through which civil society organizations and government work together to address public service delivery issues. Based on this analysis, it draws out lessons for government actors, donors and members of civil society as they work to continue to develop effective relationships between citizens and government. The report is accompanied by a CD containing the case studies. (Only available in English.) (2008)

User's Guide to Local Budget Analysis Software (Simranda)

Panduan Penggunaan Software Analisis Anggaran Daerah (Simranda)

This handbook accompanies the Simranda local budget analysis software. Simranda is a computer program and database designed to analyze local budgets so as to encourage budget advocacy by both civil society organizations and local council members. Once the budget figures have been inputted, the software processes the data and produces reports that categorize activities by sector, classify revenues and expenditures, and compile budget reviews. (2009)

Citizen's Guide to Evaluating Social Justice Budgets

Panduan Menilai APBD Berkeadilan

This guide helps community groups and organizations to evaluate the fairness of local budgets in terms of pro-poor and gender-sensitive budgeting. The guide starts by presenting budget concepts focusing on the poor and gender responsiveness, and the urgent need for improved local governance. This is followed by analysis and evaluation indicators for planning and budgeting documents. The analysis considers the degree of consistency between these documents and the applicable regulations, effective targeting and proportionality, budget priorities and biases, and the potential for budget discrepancies. (2009)

Public Consultations for Local Government and DPRD

Konsultasi Publik: Panduan bagi Pemerintah Daerah dan DPRD

This guide shows local government departments and legislative councils how to hold public consultations that involve the local community in their decision making and policy formulation. After introducing the concepts and principles of public consultations, and their legal basis, the book describes the process of holding public consultations of various forms, including opinion polls, focus group discussions, radio talk shows, and public hearings. It concludes by presenting a number of cases where public consultations have been held. (2009)

Good Practices in Civil Society Engagement in Budgeting and Public Service Oversight

Berpraktika untuk Menjamin Partisipasi: Dokumentasi Pengalaman Organisasi Masyarakat Warga dalam Meningkatkan Kualitas Pelayanan Publik

This report uses case studies drawn from five regions to illustrate best practices in civil society engagement to encourage good governance, including citizen forums, citizen report cards, and budget analysis. The study highlights the factors that support these practices, and how they can help to open up space for citizen engagement in local government, increase multi-stakeholder cooperation and raise the standard of public services. The analysis offers valuable lessons for local government officials, civil society and donor agencies on how to develop effective communication between citizens and the government. (2009)

See also:

Role of the Media in Local Development Planning (page 3)

District Planning Process: Improving Responsiveness to Citizen Priorities (page 6)

Budgeting Manual for CSOs (page 11)

Government Procurement Watch Package (page 20)

Participatory Training

Basic Participatory Methods

Metode-metode Dasar Partisipasi

This module is prepared especially for facilitators. It introduces three basic methods that can be used to ensure a participatory process: discussions to stimulate ideas, workshops to build consensus, and action planning to prepare for a short-term project or activity. (2006)



Effective Facilitation – Facilitator's Handbook

Fasilitasi yang Efektif – Buku Pegangan Fasilitator

This handbook for facilitators provides the basic concept and key values of facilitation, including its meaning, and the connection with the learning process. It describes the role and function of facilitators, and the competencies required of them. The three basic methods explained in *Basic Participatory*

Methods are also discussed here, since they also contribute to the facilitator's competencies. (2009)

Effective Facilitation Training – Trainer's Manual

Pelatihan Fasilitasi yang Efektif – Buku Pegangan Pelatih

This is the companion book to the facilitator's handbook on effective facilitation. It is aimed at the trainers of effective facilitation training and contains practical step-by-step guidelines on how to conduct the training. (2009)

Designing Interactive Events – Facilitator's Handbook

Mendesain Kegiatan Interaktif – Buku Pegangan Fasilitator

This handbook is a second edition, aimed at facilitators and others who design interactive events. It refreshes the facilitator's knowledge of the participatory approach and presents various methods that can be used at different stages of a group dynamic, such as divergent thinking, convergent thinking, and the 'groan zone'. Readers are offered a systematic approach to designing an interactive event in which they are expected to apply both learning and participatory principles. (2009)

Creative Games for Participatory Events and Training

Permainan Kreatif untuk Kegiatan/Pelatihan Partisipatif

This reference book contains over 130 games that can be used for different purposes during various stages of a participatory event or training. Examples include games for eliciting participants' expectations, introductions, consensus building, defining problems, needs assessment, formulating objectives, leadership, getting feedback, and many more. The book will help facilitators and trainers to enliven their events with meaningful games and exercises. (2007)

Preparing a Participatory Event or Training

Menyiapkan Kegiatan/Pelatihan Partisipatif

This reference provides thorough guidance on how to prepare and manage a participatory event or training. Aimed at event designers and facilitators, it enriches their knowledge of creative methods and includes suggestions on how to plan the training, assess training needs, design the training, prepare a session, consider supporting factors, and evaluate the training. Examples and illustrations accompany the instructions. (2007)

Compendium of Impacts and Lessons Learned in Using Participatory Learning Approaches

Jejak Langkah Perubahan – Kumpulan Pengalaman Menerapkan Pendekatan Partisipatif

This book crystallizes lessons learned by LGSP's partners and service providers in implementing participatory approaches to learning, and includes examples of the results and impacts. The learning points are described from the facilitation perspective, including the changes promoted, the methods used, the challenges faced, and tactics used. The compendium also includes 35 articles that illustrate the experiences of these partners. (2009)



Facilitative Leadership

Kepemimpinan Fasilitatif

This book is for leaders. It highlights the characteristics of a facilitative leader and the importance of interpersonal and intrapersonal communication skills for a leader to turn his or her organization into a learning organization. In addition to highlighting the differences between a leader, a manager, and a facilitator, it presents the five levels of leadership and introduces the basic principles of change management. (2009)

Other Publications



LGSP Aceh Election Support (Good Governance Brief)

This brief describes LGSP's support during the election of local government heads in Aceh in 2006. It describes election management, voter registration, the candidate verification process, observer accreditation, training on polling and counting procedures, day-to-day technical assistance and management support to the election committee, and collaboration with other donors and USAID programs. It also documents lessons learned by LGSP during 18 months of assistance leading up to the Aceh election. (Only available in English.) (2007)

Citizens' Perceptions of Democracy and Local Governance: Findings of Governance Opinion Polls in Eight Provinces in Indonesia

Persepsi Warga terhadap Demokrasi dan Tata Pemerintahan Daerah: Temuan Jajak Pendapat Tata Pemerintahan di Delapan Provinsi di Indonesia

This paper highlights the findings from the LGSP-developed governance opinion poll implemented by an independent survey firm in 2005 and 2006. Citizens' views were solicited on seven main topics: living situation and quality of life, public representation and participation in local government, political efficacy, definitions of democracy and good governance, the quality of public services, public access to information, and sources of information about local governments. (Available in both English and Indonesian.) (2008)

Local Governance Assessment Tool: A Gauge for Good Governance

Instrumen Penilaian Tata Pemerintahan Daerah: Alat Ukur terhadap Tata Pemerintahan yang Baik



This paper describes the application of a tool developed by LGSP consisting of five core governance principles—effectiveness, equity, participation, accountability, and transparency—to assess the extent to which local governments apply governance principles, thereby highlighting the strengths and weaknesses of current governance practices and helping to drive performance. The findings of LGSP in applying the LGAT in 25 local governments are presented, illustrating the utility of the tool for establishing benchmarks in good governance and monitoring changes over time. (Available in both English and Indonesian.) (2008)

Local Governance in Indonesia: Developing a Market for Consultant Services

*Pemerintahan Daerah di Indonesia:
Mengembangkan Pasar untuk Jasa Konsultan*

This report examines opportunities and barriers to the provision of consultant services in governance in a decentralized Indonesia. Based on analysis of weaknesses in both the demand for consultant



services by local governments and the effective supply of different forms of consultant services, the report explores the role of regulatory frameworks, procurement practices, perceptions, corruption, accreditation and information flows. The report offers recommendations on how donors and local governments can strengthen the market for consultant services. (Available in both English and Indonesian.) (2009)

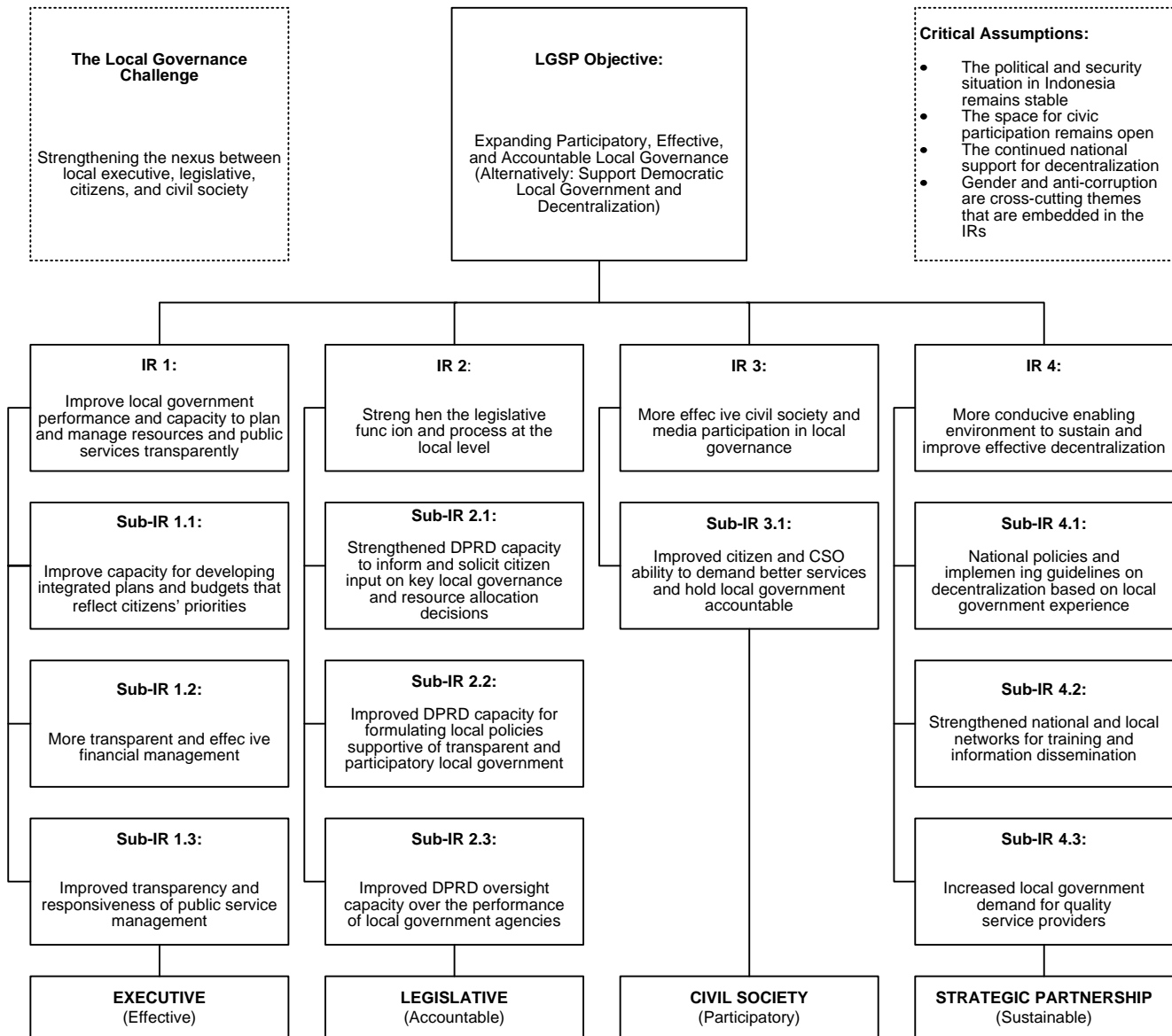
Publications A-to-Z

Title	Page
Academic Paper on Reform of Regional Financial Management	23
Accounting and Financial Reporting for Sectoral Departments	12
Anti-corruption Toolkit	20
Basic Accounting for Government Managers	11
Basic Accounting for Staff	11
Basic Asset Management and Asset Management Planning	12
Basic Participatory Methods	30
Basic Principles and Legal Framework	20
Budget Planning Elements: Formulation of Vision, Mission, Goals, Objectives, Programs and Activities	7
Budgeting Manual for CSOs	11
Calculating Costs and Setting Fees	12
Checklist for Preparing Local Regulations and Decrees on Participatory Planning and Budgeting	5
Citizen Engagement and Participatory Governance (Good Governance Brief)	28
Citizen Engagement in Local Planning and Budgeting: Facilitator's Handbook	27
Citizen Report Card: A Handbook for Civic Monitoring of Public Services	27
Citizen's Guide to Evaluating Social Justice Budgets	29
Citizens' Perceptions of Democracy and Local Governance: Findings of Governance Opinion Polls in Eight Provinces in Indonesia	32
Compendium of Impacts and Lessons Learned in Using Participatory Learning Approaches	31
Creative Games for Participatory Events and Training	31
Designing Interactive Events – Facilitator's Handbook	30
District Planning Process: Improving Responsiveness to Citizen Priorities	6
DPRD Annual Work Plan Preparation Flowchart	2
DPRD Budget Oversight	11
DPRD Oversight of Public Services	25
Effective Facilitation – Facilitator's Handbook	30
Effective Facilitation Training – Trainer's Manual	30
Eight Criteria for Performance Indicators	10
Electronic Community Information Services (e-CIS) Brochure	21
Eleven Questions for Local Councils Reviewing Budget Proposals	10
Engaging with Local Government in Indonesia: Multi-stakeholder Forums and Civil Society Coalitions	28
Establishing Electronic Community Information Services (e-CIS) (Facilitator Guide)	22
Evaluation of Local Government Performance-based Budgets (Technical Brief)	10
Facilitative Leadership	31
Framework for Developing Service Improvement Action Plans	16
Good Governance Practices in Preparing Regional Development Plans	3
Good Practice at a Regional e-Procurement Unit in West Java	21
Good Practice in Improving Environmental Services: Creating a General Service Entity for Drinking Water Supply "Tirta Mon Mata" in Aceh Jaya	19
Good Practice in Improving Environmental Services: Household Waste Management	18
Good Practice in Improving Environmental Services: Partnership between Local Water Enterprise "Tirta Lihou" and Private Providers for Drinking Water Supply in Simalungun	19

Title	Page
Good Practices in Civil Society Engagement in Budgeting and Public Service Oversight.....	29
Good Practices in DPRD Transparency and Accountability	25
Good Practices in Improving Health Services Using Citizen Charters	17
Good Practices in Improving SME Development	17
Government Accounting Standards	11
Government Procurement Watch Package	20
Guide to Establishing Regional Finance and Asset Management Organizations	23
Guide to Planning Consultation Clinics for Local Government Unit Strategic and Annual Plan Preparation.....	4
Guide to Preparation of Local Government Health Unit Strategic and Annual Plans.....	5
Guide to Public Service Performance Management	14
Guidelines on Assessing and Evaluating Medium-term Regional Development Plans.....	1
Guidelines on Monitoring and Evaluating Annual Musrenbang	1
Guidelines on Preparation of Annual Regional Development Plans	4
Improving Performance by Improving Personnel	15
Improving Performance by Improving Policy	15
Improving Performance by Improving Public Service Procedures	15
Improving Performance by Improving the Organization of Public Services	15
Improving Public Services through Action Planning	14
Improving Public Services through Service Delivery Flow Analysis	15
Innovations in Local Public Service Management (Good Governance Brief).....	14
Integrated Planning and Budgeting Flowchart	2
Integrity Pact Implementation Manual	21
Internal Audits for Local Auditing Officials.....	12
Legal Drafting for Local Councils: A Facilitator's Handbook	24
Legal Drafting: A Handbook for DPRD Members	24
LGSP Aceh Election Support (Good Governance Brief)	32
Local Budget Analysis – Guidelines for DPRD	25
Local Governance Assessment Tool: A Gauge for Good Governance	32
Local Governance in Indonesia: Developing a Market for Consultant Services	33
Local Government Financial Management Reform in Indonesia (Good Governance Brief)	7
Managing Constituent Relations: A Pocket Guide for DPRD Members	24
Maximizing Local Revenues by Applying Law 34	13
Monitoring Checklist.....	20
Musrenbang as a Key Driver for Participatory Budgeting (Good Governance Brief)	4
National Strategy on Prevention and Eradication of Corruption	20
Participatory Approaches in Managing Local Economic Development	16
Performance Evaluation	9
Performance Reporting	8
Performance-based Budgeting Part A	7
Performance-based Budgeting Part B	8
Performance-based Budgeting Part C	8

Title	Page
Pocket Guide for Local Government Heads and DPRD: Supporting Effective Communication between the Executive and Legislative to Achieve Local Development	5
Preparation of Annual Work Programs for Local Councils: Facilitation Guide	3
Preparation of Regional Development Plans: Guidelines for Training and Facilitation	1
Preparing a Participatory Event or Training	31
Preparing Budget Framework Documents	9
Promoting Citizen Participation in Local Governance in Indonesia: Practices, Policies and Agenda.....	27
Public Consultations for Local Government and DPRD	29
Public Service Contracting (Facilitator Guide)	22
Public Service Contracting Brochure	22
Representing Citizens: Orientation for DPRD Members (Facilitator Handbook) ..	26
Results-based Performance Evaluation Model	9
Role of Local Governments in Promoting Decentralized Economic Governance in Indonesia (Good Governance Brief)	16
Role of the DPRD in Promoting Regional Autonomy and Good Governance (Good Governance Brief)	25
Role of the Media in Local Development Planning	3
Samples of Performance Indicators for Sectoral Departments	10
Service Improvement Action Planning Brochures.....	14
Service Improvement Action Planning: Application for Economic Services – Development of Small and Medium Enterprises (Facilitator Guide)	16
Service Improvement Action Planning: Application for Education Services (Facilitator Guide)	18
Service Improvement Action Planning: Application for Environmental Services – Household Waste Management (Facilitator Guide)	18
Service Improvement Action Planning: Application for Environmental Services – Drinking Water Supply (General Service Unit) (Facilitator Guide)	19
Service Improvement Action Planning: Application for Environmental Services – Drinking Water Supply (Local Water Enterprise) (Facilitator Guide)	19
Service Improvement Action Planning: Application for Health Services – Achieving Health Service Excellence through Citizen Charters (Facilitator Guide)	17
Service Improvement Action Planning: Application for Health Services – Using a Computerized Health Information System (S MPUS) (Facilitator Guide)	17
Service Improvement Action Planning: Facilitator Guide	15
SKPD Forum and RKPDP Musrenbang: Facilitator's Training Manual	2
Software Manual for Computerized Health Information System (S MPUS)	18
Software Manual for Electronic Community Information Services (e-CIS)	22
Tax Revenue Appraisals	13
Tender Committee Guide to Regional e-Procurement Units	21
Twelve Steps in Performance-based Budgeting	9
User's Guide to Local Budget Analysis Software (Simrandu)	28
Using Performance-based Budgeting	8
Vendor Guide to Regional e-Procurement Units	21

Annex E: LGSP Results Framework



Annex F: List of LGSP Service Providers

Annex F.1: Individual Service Providers

No.	Name	Specialty	Provincial coverage	Organization	Phone	Cell phone	E-mail / Website
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160	Ernawaty	Public Service Management	East Java	Faculty of Public Health, University of Airlangga	031 5924702		erjef3@yahoo.co.uk
161	Esti Rahayu	Public Service Management	East Java	Pupuk (The Association For The Advancement Of Small Business) – Surabaya	031 828 3976		styra75@yahoo.com erahayu@pupukindonesia.org

No.	Name	Specialty	Provincial coverage	Organization	Phone	Cell phone	E-mail / Website
162	Hanif Dinada	Public Service Management	West Java	PT. Inovasi. Net		08111.2211405/ 08552123636/ 0819.7599086	hanif@inovasi.net/ m_hanif_d@yahoo.com
163	Hari Wahyono	Public Service Management	East Java	Fakultas Pendidikan Ekonomi Universitas Negeri Malang		0811-369320	ayong_kini@yahoo.com
164	Hayie Muhmmad	Public Service Management	Nationwide	Indonesia Procurement Watch	021 829 6452;	0815-1613678, 0816-1107677	
165	Heru Irianto	Public Service Management	Central Java	University of Sebelas Maret, Surakarta			irian_her@yahoo.com
166	Hery Sulistio Jati Nugroho, SE	Public Service Management	Central Java		0271 635901, 633857	081393034585	hery_sriwiyanto@yahoo.com
167	Joko Suroso	Public Service Management	Nationwide	PT. Inowa Prima Consult		0811-2221968	joko.suroso@inowa-group.com
168	Lagut Sutandra	Public Service Management	North Sumatra	Cikal Bussines & Technology Incubator of North Sumatera University		0816-3137619	sutandra2001@yahoo.com
169	M Khusaini, SE, M.Si, M.A	Public Service Management	East Java		0341 551396, 0341 553834	0811360768	husen@fe.unibraw.ac.id, mohkhusaini@yahoo.com
170	Ma'galatung	Public Service Management	South Sulawesi	Klinik Usaha Turatea		0852-55784300; 0811-4208369	
171	Mohammad Ghozali	Public Service Management	East Java	Puskesmas Lekok	0343 - 481871		
172	Muhammad Guzali Tafalas, SE. M.Si	Public Service Management	West Papua			081330394667	
173	Sanusi AMd.Kep-SKP	Public Service Management	East Java	Dinas Kesehatan Kab. Ngawi	0351 746 827		drsanusi@dinkesngawi.com

No.	Name	Specialty	Provincial coverage	Organization	Phone	Cell phone	E-mail / Website
174	Sanusi Fattah	Public Service Management	South Sulawesi	Faculty of Economics, Hasanuddin University, Makassar	0411 583 678		sanusi_fattah@yahoo.com
175	Sapruddin MP	Public Service Management	West Java	Akademika		0813-14480101	sapperwira@akademika.or.id
176	Sapto T. Poedjanarto	Public Service Management	Central Java	BDS DLI Demak		0888-321 8149 , 0813-281 99001	stpweb@gmail.com
177	Slameto	Public Service Management	Central Java	Universitas Kristen Satya Wacana	0298 321 212	081325 107010	slameto_uksw@yahoo.com
178	Sri Hestningsih	Public Service Management	Central Java	FPESD	024 355 4504	0815761 5513	srihestningsih@yahoo.com
179	Syamsulhuda Budi Mustofa	Public Service Management	Central Java	FKM Undip		0856266 7719	syamsulhuda@gmail.com
180	Wihana Kirana Jaya	Public Service Management	Central Java	Center for Economic and Public Policy Studies	0274-564926 - Fax: 0274-564926		wihana@paue.ugm.ac.id wihana@mail.ugm.ac.id
181	Wirya Wardaya	Public Service Management	East Java	PUPUK			
182	Yansor Djaya	Public Service Management	South Sulawesi	Faculty of Economics, Hasanuddin University, Makassar	0411 583 678		yansordjaya@yahoo.com
183	Yudhi Purwantoro	Public Service Management	West Java	Independent Consultant		0812-2154298	yudhipurwanto@yahoo.com
184	Zulfa Ermiza	Public Service Management	West Sumatra			0812 673 7899	zulfaermiza@yahoo.com
185	Wahyudi	Performance Measurement	West Papua	LDIP (Lembaga Data dan Informasi Pembangunan)		0812-4845715	ldip_mkw@yahoo.co.id

No.	Name	Specialty	Provincial coverage	Organization	Phone	Cell phone	E-mail / Website
186	Ahmad Zamroni	Other	West Java				ahmadzamroni@gmail.com http://ahmadzamroni.multiply.com
187	Ahmett Salina	Other	Nationwide	Perdisi	021 9290 2281; 7918 1146;	0813-1135 1973	contact@ahmettsalina.com; ahmettsalina@yahoo.com; ahmettsalina@gmail.com
188	Astadi Priyanto	Other	Nationwide		021 5491958;	0816-792829	
189	Benjamin Otto	Other	Nationwide			0813-9276 2601	benjotto@yahoo.com
190	Chris Holm	Other	Nationwide			0815- 85361972	cholm@vzh.co.id
191	Fachri Abidin	Other			7314520; 7326559;	085880228800	fachriab@cbn.net.id
192	Heru Purwanta Wahjudjati	Other	Nationwide	Lumen Translation Service (LTS)	021 9303 6751;	0812-9678875	herugurita@yahoo.com
193	Irfan Kortschak	Other	Nationwide			0819-737- 44466	irfan@wayang.net
194	Kristina Puspita Dewi	Other	Nationwide		021 83707985	0811-196 304	jakarta@kpdewi.com; kpdewi@gmail.com
195	Lucy Sompie	Other	Nationwide			0817-190576	lsompie@cbn.net.id
196	M. Dwi Bondan W	Other	Nationwide		021 936 88 100	0815 84 989 100	
197	Mahmud Hidayat	Other	Nationwide		021 8503965	0812-9800 537	akarpadi@yahoo.com
198	Nurhalim Tanjung	Other	North Sumatra		061 77444477;	081376756561	nurhalim_tanjung@yahoo.com; http://media-senggang.blogspot.com
199	Pasus Legowo	Other	West Java			08129065787	plegowo@yahoo.com
200	Rama Slamet	Other	Nationwide		021 7180822;	0817-787083	rslamet12720@yahoo.com

No.	Name	Specialty	Provincial coverage	Organization	Phone	Cell phone	E-mail / Website
201	Stephen Rinaldy	Other	Nationwide	Prismagraphia	021 850 1432	0813-15585265	srinaldy@prismagraphia.com
202	Tarmizy Harva	Other	Aceh	Reuter		08126909736	tharva@tarmizyharva.com
203	Tatan Agus Rustandi	Other	West Java		021 87902028	08161903084	tatanagus@yahoo.com, tatan@gatra.com
204	Y.T. Haryono	Other	North Sumatra			0813-62191966	tafana_daenk74@yahoo.com

Annex F.2: Institutional Service Providers

No.	Name	Specialty	Provincial coverage	Phone	Fax	Principal contact
1	Lembaga Bhakti Kemanusiaan Umat Beragama (LKB-UB) Boyolali	Civil Society	Central Java	0276 329 3329 / 330 0590	(0276) 323 030	Jamal Yazid
2	Adventure Indonesia	Training Technology	DKI Jakarta	021 7182 250	718-0438	Farel
3	Bandung Trust Adviosry Group	Civil Society	West Java	022 0204510; ; 721 2121	–	Erna Irnawati, ST; Hetifah Sj Sumarto
4	Bina Swagiri/FITRA Jatim	Civil Society	East Java	0356 324 486;	–	Ismail Amir
5	Caldera Indonesia	Training Technology	DKI Jakarta	021 390 1575	390 9826	Felco
6	CIBA	Civil Society	DKI Jakarta	021 7829731	(021) 7829731	Sri Mastuti
7	FIK Ornop Sulsel	Civil Society	South Sulawesi	0411 437512	–	Ahmad Mudjahid; Khudri Arsyad
8	Forum Jatinangor	Civil Society	West Java		(022) 779-6514	NANDANG Suherman
9	Komunikasi Reformasi Karanganyar (FKRK)	Civil Society	Central Java	0271 7510192;751 3417; 7029 609	–	Hamidah
10	Forum Layanan Warga (RUANG)	Civil Society	South Sulawesi	0421 24167; 2418	0421-24185	Ibrahim Fattah
11	Forum Masyarakat Sipil (FORMASI) Kebumen	Civil Society	Central Java	0287 382011	0287 382011	Yusuf Murtiono
12	FPPD	Civil Society	DI Yogyakarta	0274 886208	(0274) 886208	Sutoro Eko

No.	Name	Specialty	Provincial coverage	Phone	Fax	Principal contact
13	FPPM (Forum Pengembangan Partisipasi Masyarakat)	Civil Society	West Java	022 721 7084; 70796745;	–	Ari Nurman
14	Gerakan Anti Korupsi (GERAK) Aceh	Civil Society	Aceh	0651 741 2967	0651-755 1729	Askhalani
15	Gerakan Masyarakat Papua Lestari (GEMAPALA)	Civil Society	West Papua	0956 0956- 23461	–	Nikolas Djemris Imunuplatia
16	ICW	Civil Society	DKI Jakarta		–	Danang Wodoyoko
17	Inspirit Innovation Circle	Training Technology	West Java	0251 8329752	–	Dani Munggoro
18	Institut Riset & Pengembangan Indonesia (IRPIA)	Other	East Java	0354 683363	0354-683363	Fahmi Hasan
19	IPGI	Civil Society	West Java		022- 661 2502	Juni Tamrin
20	JANGKAR–Karang Anyar	Civil Society	Central Java	0271 649 1091	–	Anastasia Sri Sudaryatni
21	Jarinagn Kerja Pengembang Partisipasi Indonesia (JEMARI) Sakato	Civil Society	West Sumatra		–	Fikon
22	Jaringan Advokasi Anggaran (JARAN)–Jepara	Civil Society	Central Java	0291 334 0836	–	Khoirul Anam
23	JEMARI SAKATO	Civil Society	West Sumatra		–	Syofyan Fairuzi, Syafri Noor
24	JEMARI Sakato Padang Panjang	Civil Society	West Sumatra	0752 822 34;	–	Firdaus Mawardi
25	Klinik Turatea–Jeneponto	Other	South Sulawesi		–	Ma'galatung
26	Konsorsium Keadilan & Kedamaian (K3)	Civil Society	East Java	0341 557414;	–	Ahmad Wazir Wicaksono
27	Konsorsium Keadilan dan Kedamaian Malang	Civil	East Java	0341 557 414	+62341 557	Ahmad Wazir Wicaksono

No.	Name	Specialty	Provincial coverage	Phone	Fax	Principal contact
		Society			414	
28	KOPEL(KOMITE PEMANTAU LEGISLATIF)	Civil Society	South Sulawesi	0411 491 041	–	Syamsuddin Alimsyah
29	KPPI (Kaukus Perempuan Politik Indonesia)	Civil Society	East Java	0321 326415	0321-326415	Hamidah Anam Anis, SH
30	Lakpesdam NU	Civil Society	DKI Jakarta	021 829 8855	(021) 835 4925	Misbahul Hasan, Lilis Nurul Husna
31	Lembaga Bina Prakarsa Wira Usaa Musyawarah Adat (LIPUHTA)	Civil Society	West Papua		–	Pahala Rajagukguk
32	Lembaga Kajian untuk Sosial (LKTS)	Civil Society	Central Java	0276 324501	(0276) 324501	Ismail Al Habib
33	Lembaga Pemberdayaan Pesantren & MAsyarakat (LP2M)	Civil Society	Central Java	0287 382011;	–	Mustika Aji
34	Lembaga Pembinaan & Pengembangan Masyarakat Aceh (LPPM Aceh)	Civil Society	Aceh	0651 23511	0651-23511	Syaiful Isky
35	Lembaga Pengkajian Kemasyarakatan & Pembangunan (LPKP)	Civil Society	East Java	0341 414450	–	Suti'ah
36	Lembaga Peningkatan Pelayanan Publik (LP3)P	Civil Society	West Papua		–	Anang Oceandhi Nugraha
37	Lintas Jeram	Training Technology	DKI Jakarta	021 8355885	8370544	Fendy
38	LMAPL SUMUT	Civil Society	North Sumatra	061 8460404, 8441289	–	Abdul Hamid A
39	LP2M PAREPARE	Civil Society	South Sulawesi	0421 24167, 24184	–	Ibrahim Fattah
40	LPPSP–Semarang	Civil Society	Central Java	024 670 5577 / 670 1321;	–	Gunarto / Indra Kertati
41	PATTIRO	Civil	DKI Jakarta		–	Dini Mentari

No.	Name	Specialty	Provincial coverage	Phone	Fax	Principal contact
		Society				
42	Penalapati Nusantara	Training Technology	West Java	0251 423469	–	Doni Achmad Baruno
43	People Power Management	Training Technology	DKI Jakarta	021 30077709	–	Ogun
44	Perkumpulan Inisitaif	Civil Society	West Java	022 730 9987;	–	Diding Sakri
45	POKLAN	Civil Society	North Sumatra	022 70821170	–	Suryana Unang Kahatur, (08122076562)
46	Prakarsa Lamongan	Civil Society	East Java		–	Madekhan Ali
47	PT. Inovasi Tritek Informasi	Other	West Java	022 022-2030594	–	M. Hanif Dinada
48	PUPUK (Perkumpulan Untuck Peningkata Usaha Kecil)	Other	East Java	031 8283976; 8295317, 8283976	031 8283976	Early Rahmawati
49	Pusat Kajian Komunikasa (Puskakom)	Training Technology	East Java	031 594 0040	–	Yayan Sakti Suryandaru
50	Pusat Pengembangan Pelyanan Publik Kesehata (P4K)	Other	Central Java	0274 746 0044	024-746 0044	Sutopo Patria Jati
51	Radio Bahana Arauna	Civil Society	West Papua	0986 0986-211723	0986-215 281	Herlin Ari Yanti sianipar
52	Revolvere/Forum Aliansi CSO–Madiun	Civil Society	East Java		–	Assistriadi Widjiseno
53	Rumah Budaya LAPERA	Civil Society	Central Java	0274 747 7672;	–	Himawan Pambudi
54	Sanggar–Bandung	Civil Society	West Java	022 201 3468	–	Suhirman / Entin

No.	Name	Specialty	Provincial coverage	Phone	Fax	Principal contact
35 55	Universitas Airlangga (Fakultas Ekonomi)	Finance and Budgeting	East Java	031 5033642, 5036584	(031) 5026288	Puput T. Komalasari; Sri Ningsih
56	Universitas Atmajaya Yogyakarta (Fakultas Hukum)	Legislative	DI Yogyakarta	0274 884 224;	–	W. Riawan Chandra
57	Universitas Brawijaya Malang (Fakultas Ekonomi)	Finance and Budgeting	East Java	0341 551396, 553834, 584726	0341-553834	M. Khoiru Rusydi
58	Universitas Muhammadiyah Surakarta (Fakultas Ekonomi)	Finance and Budgeting	Central Java	0271 717417 ext. 210	0271-715 448	Banu Witono, Zulfikar
59	Universitas Sebelas Maret Solol	Finance and Budgeting	Central Java		–	Jaka
60	Universitas Sumatera Utara (USU) Fukultas Ekonomi	Finance and Budgeting	North Sumatra	061 8218532, 8214545	–	Syamsul Bahri; Idhar Yahya
61	Universitas Syah Kuala (Fakultas Ekonomi)	Finance and Budgeting	Aceh	0651 7552613	–	Ali Amin; Muhamad Arfan
62	Verticial Adventure	Training Technology	Central Java	0293 5533640	–	M. Agus tri Haryanto
63	Yayasan Baruga Cipta/Jaringan Kerja Pemerhati Pelayanan Publik Gowa (Jaker_P3G)	Civil Society	South Sulawesi	0411 883128; 5066529;	–	Mohammad Hatta
64	Yayasan Lembaga studi media Indonesia	Civil Society	DKI Jakarta	021 857 6850; 857 6847	857 6850	E. Lalang Wardoyo
65	Yayasan PAPAN N (Pembela Petani 7 Nelayan)	Civil Society	Aceh	0655 700 6459	–	Zaulyadi Miska
66	Yayasan Pelita Bangsa	Civil Society	Central Java	0298 315242	–	Ali Tahsisudin
67	Yayasan Solidaritas Gerakan Anti Korupsi (SORAK) Aceh	Civil Society	Aceh	0651 755 1997	–	Mizwar Fuadi
68	Yayasan Wahana Kesehata & Lingkungan Lesari (WAKIL)	Civil Society	South Sulawesi	0417 21787; 0411-570 5927;	–	Kaharuddin Dg. Muji

Annex G: Performance Monitoring Report

Intermediate Results

The intermediate results presented here were gathered for fiscal year 2009. The annotated table below provides specific comments by indicator, but a few general comments should be made at the outset.

First, targets for the 2009 Performance Monitoring Plan were based (as in previous years) on the 2009 calendar year work plan. As in the past, not all activities were carried out in all locations. Due to the demand-driven nature of LGSP, some activities were only carried out in selected locations, depending on the interest of the local stakeholders and likelihood of progress. This year, both national advisors and regional coordinators were involved in the target-setting process, meaning that indicators were more strongly tied to work plan activities. However, there were some complications in reporting due to project closeout and the resulting shortened reporting period. In the past, this did not create problems since the calendar and fiscal years covered all parts of the planning and budgeting process (although at different points in time). However, the shorter work plan period in 2009 meant that certain aspects of the budgeting process would not be completed until the end of the year, and therefore the targets were set to zero. Because budgets were finished at the end of 2008, results are reported for the fiscal year.

Second, indicators that were linked to legislative action generally were lower than expected, due to local legislative council (DPRD) elections at the beginning of the year. Though there was recognition that DPRD activities would be limited by political campaigning, the full extent to which it would limit the work was underestimated. In a number of cases, targets were based on commitment by DPRD to LGSP to complete and pass a local regulation, but this simply did not happen before representatives were caught up in the campaign process.

Finally, though the performance monitoring plan implanted since 2008 was more robust in counting deliverables that were not only developed by LGSP but also adopted by a local government (LG), it created more uncertainty since there were many actions outside of LGSP's control. While this captured the true effectiveness of LGSP, it also meant that LGSP work could be hijacked by political infighting or tensions that had nothing to do with the project but which prevented certain documents from being passed or adopted.

The variables presented below are annual unless noted otherwise.

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
IR 1 - Intermediate Result 1: Improved local government performance and capacity to plan and manage resources and public services transparently									
Sub IR.1.1 - Sub Intermediate Result 1.1: Improved capacity for developing integrated plans and budgets that reflect citizens' priorities									
I.1.A	Number of LGs that have developed a Public Information and Involvement Plan (PIIP) for planning and budgeting.	Local governments that have made a public involvement and information plan, with LGSP assistance.	Public Involvement and Information Plan prepared by LG, verified by Finance & Budgeting (F&B) regional specialists.	7 LGs	6	2 (3)	33%	Affected by DPRD elections in some locations. A number were in draft form.	
I.1.B	Number of LGs that have developed and disseminated a Budget Calendar and Budget Instruction.	Local governments that have developed and disseminated a budget calendar and budget instructions, with LGSP assistance (either through LGSP training or technical assistance (TA) in the current year or previous years, or through an LGSP event to share knowledge).	Local government documentation, verified by F&B regional specialists.	45 LGs	32	29	91%		In 2009, location only needed to have the Budget Calendar to be counted, since Budget Instructions come later in the year.

¹ Cumulative numbers are added across years and reported in parenthesis. They are reported only on variables that were not linked to annual processes (just as annual planning and budgeting) and could be counted across years.

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
I.I.C	Number of LGs that have developed a performance-based budget.	Local governments that have attained at least 3 of 5 levels of performance-based budgeting, with LGSP assistance.	Performance-based local budget (APBD), verified by F&B regional specialists.	40 LGs	Not applicable	34	0%	A target was not set for this indicator since the project was to close before the budget drafting process was complete.	The Fiscal Year counts budgets for the previous year.
I.I.D	Number of LGs that have a budget hearing for the public.	Local governments that have held a participatory and democratic process on budgeting by conducting budget hearings, with LGSP assistance.	LG documentation verified by F&B specialists	27 LGs	0	5		A target was not set for this indicator since the project was to close before these took place. In five locations, however, the budget hearings were held late for 2008.	
I.I.E	Number of LGs that have developed a Strategic Plan Prepared through a participatory process.	Local governments that have developed a long- or medium-term development plan (RPJPD or RPJMD) prepared through an enhanced participatory process with inputs from key local officials, nongovernmental organizations (NGOs),	RPJPD or RPJMD documents, verified by Planning regional specialists	16 LGs	15	16 (29)	107%	In some locations, LGSP assisted local governments in conducting a midterm review of results. This assistance is not captured here.	Numbers prior to 2008 are likely to be inflated since activities were counted, not documents completed. Counted as a cumulative variable starting in 2008.

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
		community leaders, business entities and other relevant members of the community, with LGSP assistance.							
I.I.F	Number of LGs that have developed an Annual Plan prepared through a participatory process.	Local governments that have developed a district annual development plan (RKPD) with inputs from key local officials, NGOs, community leaders, business entities and other relevant members of the community, with LGSP assistance.	RKPD document prepared, verified by Planning regional specialists	22 LGs	20	22	110%	In many locations, local governments are now developing annual plans on their own based on prior LGSP assistance.	Numbers prior to 2008 are likely to be inflated since activities were counted, not documents completed.

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
I.1.G	Number of LGs that have developed Strategic Plans at work unit level prepared through a participatory process.	Local governments that have developed one or more sector department work plans (<i>Renstra</i> or <i>Renja SKPD</i>) with inputs from key local officials, NGOs, community leaders, business entities and other relevant members of the community, with LGSP assistance.	<i>Renstra SKPD</i> or <i>Renja DPRD</i> documents, verified by Planning regional specialists	12 LGs	11	19	173%	In many locations, local governments are now developing <i>Renstra SKPD</i> or <i>Renja DPRD</i> on their own based on prior LGSP assistance.	Numbers prior to 2008 are likely to be inflated since activities were counted, not documents completed.
Sub-IR 1.2: More transparent and effective financial management									
I.2.A	Number of LGs that use asset management techniques.	Local governments that have an asset management local regulation or policy (<i>Perda</i> or Decree [SK]), produced with LGSP assistance.	Local government asset management reports, verified by F&B regional specialists	20 LGs	12	19 (22)	158%		REVISION: there were no LGs that had previously used asset management techniques. This was a cumulative variable starting in 2008.

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
I.2.B	Number of LGs that have developed financial reports based on the Government Accounting System.	Local governments that have produced a formal financial report based on the Government Accounting System in at least one local government sector department (SKPD), with LGSP assistance.	Local government financial reports, verified by F&B regional specialists	45 LGs	24	33	138%		In previous years, just checked that a financial report existed. In 2009, checked quality against Government Accounting System, which was implemented only in July 2007.
Sub-IR 1.3: Improved transparency and responsiveness of public service management									
I.3.A	Number of LGs that have implemented Service Improvement Action Plan (SIAP).	Local governments in which at least one working unit has implemented a SIAP in order to improve service delivery, fulfilling 3 out of 4 criteria: 1. The SIAP was developed with citizen participation 2. The SIAP was incorporated into the LG budget 3. The SIAP was incorporated into the SKPD annual plan 4. The SIAP has	Local government working unit reports, verified by Local Government Management System (LGMS) regional specialists.	25 LGs	25	25	100%	This indicator was largely reached at the end of 2008. At that point, some locations were dropped, and only the most promising were continued (e.g., those that had already fulfilled the IR).	

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
		met all targets							
1.3.B	Number of LGs that have enacted local policies to improve service delivery.	Local governments which have passed a local policy (Perda, SK, Citizen Charter) to improve service delivery.	Local government policy documents, verified by LGMS regional specialists.	10 LGs	11	17 (29)	155%		This variable was new in FY 2008 and is cumulative.
Intermediate Result 2: Strengthened legislative function and process at the local level									
Sub-IR 2.1: Strengthened DPRD capacity to inform and solicit citizen input on key local governance and resource allocation decisions									
2.1	Number of DPRD that use mechanisms to solicit citizens' and stakeholders' input into local development plans and budgetary process.	DPRD that have fostered stakeholder participation in local development planning and budgetary processes by using mechanisms such as public hearings, town hall meetings and advisory bodies on a regular basis.	DPRD and media reports on the holding of public hearings and other public participation mechanisms, verified by Legislative Strengthening (LS) regional specialists.	45 LGs	9	22	244%		

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative) ¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
Sub-IR 2.2: Improved DPRD capacity for formulating local policies supportive of transparent and participatory local government									
2.2.A	Number of DPRD that have enacted policies or regulations that promote transparency.	DPRD that have ratified Perda or Standing Orders, to guarantee access to information in local development processes.	Local government Perda and Standing Orders, verified by LS regional specialists.	7 LGs	7	2 (4)	29%	6 were in draft form with LGSP support. Affected by DPRD elections. These Perda are usually DPRD-initiated.	
2.2.B	Number of DPRD that have enacted policies or regulations that promote citizen participation and oversight.	DPRD that have ratified Perda or Standing Orders, to foster citizen participation in local development processes.	Local government documents, verified by LS regional specialists.	10 LGs	7	4 (6)	57%	15 were in draft form with LGSP support. Affected by DPRD elections. These Perda are usually DPRD-initiated.	
Sub-IR 2.3: Improved DPRD oversight capacity over the performance of local government agencies									
2.3	Number of DPRD that hold public hearings to review the performance of selected <i>dinas</i> (sector department delegations)	DPRD that have promoted participatory oversight over local government work unit performance by holding one or more public hearings of selected <i>dinas</i> .	Local government documents, verified by LS regional specialists and district coordinator.	18 LGs	7	5	71%		

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative) ¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
Intermediate Result 3: More effective civil society participation in local governance									
Sub-IR 3.1: Improved ability of citizens and civil society organizations (CSOs) to hold local government accountable for public services									
3.1.A	(i) Number of CSOs which monitor and report on service delivery performance of local governments and (ii) Number of jurisdictions in which these CSOs submit these reports	CSOs which use methodologies such as Citizen Report Card and other forms of customer satisfaction surveys to monitor service delivery, fulfilling both of the following criteria: 1. A report indicating service delivery performance has been produced by civil society organizations; 2. The result of the survey has been submitted to local government or disseminated in a public seminar.	Citizen report cards and other monitoring reports, verified by Civil Society (CS) regional specialists	130 CSOs	127	131 (197)	100%		The generic assumption of 10 CSOs per district was too high and was revised downward in the 2009 targets. Counted as a cumulative variable starting in 2008. Changes in methods of data collection make it impossible to combine the data prior to 2008.
				16 LGs	12	15 (27)	125%		

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative) ¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
3.1.B	Number of CSOs that have developed budget advocacy and monitoring plans and have submitted their findings to LG officials.	CSOs which have produced formal documents analyzing local budgets, fulfilling both of the following criteria: 1. A budget analysis report has been produced, indicating how funds are being allocated and how local resource allocation decisions could be improved; 2. The result of the analysis has been submitted to the local government or disseminated in a public seminar with local government officials participating.	Local government documents, verified by CS regional specialists.	350 CSOs	171	148	87%		The generic assumption of 10 CSOs per district was too high and revised down in the 2009 targets.
				21 LGs	15	22	147%		
Intermediate Result 4: A more conducive enabling environment to sustain and improve effective decentralization									
Sub-IR 4.1.: National policies and implementing guidelines on decentralization based on local government experience									
4.1.A	Number of national guidelines and policies produced	The number of national regulations, laws, and guidelines	National advisors and senior monitoring and evaluation (M&E)	–	3	5	166%		

IR codes	Performance indicators	Definition and program coverage (# of LGs)	Data source	Coverage of LGs	FY 09 target	Total FY 09 (Cumulative)¹	% of target	Notes regarding progress	Notes regarding indicator and past performance
		created with LGSP assistance	specialist						
4.1.B	Number of forums that bring together government of Indonesia and local governments to share experiences in decentralization	LGSP-hosted national events that both regional and national government participate in	National advisors and senior M&E specialist	–	5	2	40%	Good Governance Index (GGI) Final Workshop in (Dec '08) Workshop on Development of Performance Evaluation of Local Governance (July '09)	
Sub-IR 4.2.: Strengthened national and local networks for training and information dissemination									
4.2.	Number of regional and national institutions that regularly use LGSP tools and modules	Includes professional associations (such as KPK, ICW, IPW, ADEKSI, BKKSII), NGOs, training and education institutions, provincial and national LG and non-LG forums (regional institutions must be recognized nationally)	National advisors, regional technical specialists, Public Service Management (PSM) and senior M&E specialist	–	3	5	167%	Badan Diklat Depdagri (covering more than 19 provinces) Facilitators Group (Central Java) Facilitators Group (East Java) Facilitators Group (South Sulawesi) Local Economic Development Group	

<i>IR codes</i>	<i>Performance indicators</i>	<i>Definition and program coverage (# of LGs)</i>	<i>Data source</i>	<i>Coverage of LGs</i>	<i>FY 09 target</i>	<i>Total FY 09 (Cumulative)¹</i>	<i>% of target</i>	<i>Notes regarding progress</i>	<i>Notes regarding indicator and past performance</i>
Sub-IR 4.3.: Increased local government demand for quality service provider (SPs)									
4.3.	Number of LGSP service providers contracted by LGs to deliver technical assistance to local governments	Individual or institutional service providers previously contracted by LGSP contracted directly by LGs	National advisors, regional technical specialists, PSM and senior M&E specialist	–	15	34	227%	This target was too conservative. There were more uptakes of service providers at the end of the project.	

LGSP RESULTS FRAMEWORK, FY2007–2009

Please see notes on each Intermediate Result below.

IR codes	Performance indicators	2007			2008			2009			Cumulative (non-annual indicators only)
		Coverage of LGs ²	Target (%)	Achievement (%) ³	Coverage of LGs	Target	Achievement (%)	Coverage of LGs	Target	Achievement (%)	
IR I – Intermediate Result I: Improved local government performance and capacity to plan and manage resources and public services transparently											
Sub IR.I.I. Improved capacity for developing integrated plans & budgets that reflect citizens’ priorities											
I.I.A	Number of LGs that have developed a Public Involvement and Information Plan for planning and budgeting.	30	40%	46%	4	3	0	7	6	2 (33%)	3
I.I.B	Number of LGs that have developed and disseminated a Budget Calendar and Budget Instruction.	30	40%	59%	43	35	20 (57%)	45	32	20 (63%)	Not applicable (N/A)
I.I.C	Number of LGs that have developed a performance-based budget.	30	60%	68%	40	30	31 (103%)	40	N/A	34	N/A
I.I.D	Number of LGs that have a budget hearing for the public.	30	25%	39%	27	27	19 (70%)	27	N/A	5	N/A
I.I.E	Number of LGs that have developed a Strategic Plan prepared through a participatory process.	30	38%	28%	17	17	13 (77%)	16	15	16 (107%)	29
I.I.F	Number of LGs that have developed an Annual Plan prepared through a participatory process.	30	46%	32%	22	22	15 (68%)	22	20	22 (110%)	N/A

² This is based on the number of round-one locations.

³ Numbers (as opposed to percentages) are not available for this period. See notes below for clarification on specific indicators for 2007.

IR codes	Performance indicators	2007			2008			2009			Cumulative (non-annual indicators only)
		Coverage of LGs ²	Target (%)	Achievement (%) ³	Coverage of LGs	Target	Achievement (%)	Coverage of LGs	Target	Achievement (%)	
I.1.G	Number of LGs that have developed Strategic Plans at work unit level prepared through a participatory process.	30	63%	53%	26	26	23 (89%)	12	11	19 (173%)	N/A
Sub IR.1.2. More transparent and effective financial management											
I.2.A	Number of LGs that use asset management techniques.	30	10%	5%	10	8	3 (38%)	20	12	19 (158%)	22
I.2.B	Number of LGs that have developed financial reports based on the Government Accounting System.	30	n/a	61%	27	27	19 (70%)	45	24	33 (138%)	N/A
Sub IR.1.3. Improved transparency and responsiveness of public service management											
I.3.A	Number of LGs that have implemented Service Improvement Action Plan (SIAP).	30	35	30	40	35	25 (71%)	25	25	25 (100%)	25
I.3.B	Number of LGs that have enacted local policies to improve service delivery.	–	–	–	10	10	12 (120%)	10	11	17 (155%)	29

NOTES on IR 1:

I.1. A: 2007 results are not clear. One PIIP in Aceh was recorded in 2007. This activity was only significantly pursued beginning in late 2008. It proved more difficult than expected to get the plan passed by DPRD. In 2009, several plans were stalled by the DPRD elections and remained in draft form.

I.1. B: In 2009, only budget instructions were counted under this indicator, as the year was shortened.

I.1. C: There is a mismatch between targets (for the calendar year) and reporting, which is done by fiscal year. However, one can see that the quality of budgeting improved slightly over the course of the project. No target was set for 2009 since the project ended before the budget process was finished.

I.1. D: The target for 2009 was not set since the shortened project year did not cover the time when most governments were holding budget hearings. The five that were counted were actually late budget hearings for the previous year. This indicator was clarified in 2008 to focus on hearings held by the executive (so as not to overlap with IR 2.1.).

I.1. E: In 2007, it seems that many assistance activities or first drafts were counted toward the fulfillment of this IR. Later in the project (2008 on) it was determined that the plan had to be at least a final draft to be counted. In some cases, LGSP assisted in midterm reviews, particularly of medium-term plans. This activity was not covered in the intermediate results framework.

I.1. F: By the end of the project, many locations were developing plans without LGSP support.

I.1. G: By the end of the project, many locations were developing plans without LGSP support.

I.2. A: This activity only began in 2008. Results clearly appear in 2009.

I.2. B: Government Accounting Standards were only formally introduced in July 2007. Prior to that, LGSP just checked that a report (of reasonable quality) existed. As more local government reports were being audited, LGSP shifted to helping local governments adopt Government Accounting Standards into their accounting policy and then develop appropriate reports at the SKPD level.

I.3. A: This indicator was largely reached at the end of 2008. At that point, some locations were dropped, and only the most promising were continued (e.g., those that had already fulfilled the IR).

I.3. B: Regulations were often needed to underpin SIAPs, though some assistance was only able to reach the point of developing a local regulation.

IR codes	Performance indicators	2007			2008			2009			Cumulative (non-annual indicators only)
		Coverage of LGs	Target (%)	Achievement (%)	Coverage of LGs	Target	Achievement (%)	Coverage of LGs	Target	Achievement (%)	
Intermediate Result 2: Strengthened legislative function and process at the local level											
Sub IR.2.1. Improved DPRD capacity to inform and solicit citizen input on key local governance and resource allocation decisions											
2.1	Number of DPRD that use mechanisms to solicit citizens and stakeholders' input into local development plans and budgetary process.	30	35%	63%	35	30	25 (83%)	45	9	22 (244%)	N/A
Sub IR.2.2. Improved DPRD capacity for formulating local policies supportive of transparent and participatory local government											
2.2.A	Number of DPRD that have enacted policies or regulations that promote transparency.	30	3	1	10	7	1 (14%)	7	7	2 (29%)	4
2.2.B	Number of DPRD that have enacted policies or regulations that promote citizen participation and oversight.	30	3	2	12	10	1 (10%)	10	7	4 (57%)	6
Sub IR.2.3. Improved DPRD oversight capacity over the performance of local government agencies											
2.3	Number of DPRD that hold public hearings to review the performance of selected <i>dinas</i> .	30	30%	33%	18	15	8 (53%)	18	7	5 (71%)	N/A

NOTES on IR 2:

2.1: There was a slight decrease in 2009 numbers due to the shortened year and the general elections in April 2009.

2.2. A: An additional 6 regulations were in draft form with LGSP support. These regulations are usually initiated by DPRD. The passage of several draft regulations into law was affected in 2009 by DPRD elections.

2.2. B: An additional 15 regulations were in draft form with LGSP support. These regulations are usually initiated by DPRD. The passage of several draft regulations into law was affected in 2009 by DPRD elections.

2.3: Decrease in 2009 affected by the shortened project year.

IR Codes	Performance Indicators	2007			2008			2009			Cumulative (non-annual indicators only)
		Coverage of LGs	Target (%)	Achievement (%)	Coverage of LGs	Target	Achievement (%)	Coverage of LGs	Target	Achievement (%)	
Intermediate Result 3: More effective civil society participation in local governance											
Sub IR.1.3.1. Improved ability of citizens and CSOs to hold local government accountable for public services											
3.1.A	(i) Number of CSOs which monitor and report on service delivery performance of local governments and	Not Available (n/a)	n/a	73	100 CSOs	100	66 (66%)	130 CSOs	127	131 (100%)	N/A
	(ii) Number of jurisdictions in which these CSOs submit these reports.	n/a	n/a	n/a	10	10	12 (120%)	16	15	15 (100%)	N/A
3.1.B	Number of CSOs that have developed budget advocacy and monitoring plans and have submitted their findings to LG officials.	n/a	n/a	160	350 CSOs	350	212 (61%)	350 CSOs	171	148 (87%)	N/A
		n/a	n/a	n/a	35	35	25 (71%)	21	21	22 (104%)	N/A

NOTES on IR 3:

3.1. A: Decrease in 2009 affected by the shortened project year.

3.1. B: Decrease in 2009 affected by the shortened project year, as it relates to the budget cycle.

IR Codes	Performance Indicators	2007			2008			2009			Cumulative (non-annual indicators only)
		Number of LGs Coverage	Target (%)	Achievement (%)	Coverage of LGs	Target	Achievement (%)	Coverage of LGs	Target	Achievement (%)	
Intermediate Result 4: A more conducive enabling environment to sustain and improve effective decetralization											
Sub IR.4.1. National policies and implementing guidelines on decentralization based on local government experience											
4.1.A	Number of national guidelines and policies produced	n/a	n/a	n/a	–	8	6 (75%)	–	3	3 (100%)	9
4.1.B	Number of forums that bring together government of Indonesia and local governments to share experiences in decentralization	n/a	n/a	12	–	16	11 (69%)	–	5	2 (40%)	13
4.2.	Number of regional and national institutions that regularly use LGSP tools and modules	-	n/a	84	–	18	4 (22%)	–	3	5 (166%)	9
4.3.	Number of LGSP service providers contracted by LGs to deliver technical assistance to local governments	-	n/a	13	–	5	30 (600%)	–	15	34 (227%)	64 ⁴

⁴ This may include overlap as generally counted on an annual basis.

Democratic and Decentralized Governance (DDG) Indicators

DDG Performance Indicators 2.1: Number and type of mechanisms created, improved, or sustained for citizens to engage their local governments

2009

Regions	Public hearings	Multi-stakeholder workshops	Customer satisfaction survey	Advisory board meetings	Call-in radio and television shows	FY2009 (Oct '08 – June '09)
Aceh	0	0	0	0	3	3
North Sumatra	0	0	0	0	0	0
West Sumatera						
West Java						
Banten						
Central Java	5	0	0	1	0	6
East Java	1	0	0	0	0	1
South Sulawesi	6	0	0	1	0	7
West Papua	1	0	0	0	0	1
TOTAL	13	0	0	2	3	18

Number and type of mechanisms created, improved, or sustained for citizens to engage their local governments

2006-2009⁵

<i>Period</i>	<i>Public hearings</i>	<i>Multi-stakeholder workshops</i>	<i>Customer satisfaction survey</i>	<i>Advisory board meetings</i>	<i>Call-in radio and television shows</i>	<i>TOTAL</i>
FY 2006	32	57	0	34	41	164
FY 2007	91	8	0	44	12	155
FY 2008	58	37	5	0	5	105
FY 2009	43	20	5	2	7	77
TOTAL	224	121	8	80	66	499

⁵ Note that the indicators changed over time. Definitions were clarified and categories condensed and dropped at the beginning of 2008. At the same time, a limitation was placed to count not more than one type of event per quarter per location (per the request of USAID).

DDG Performance Indicators 2.2: Number of people trained in support of democratic local government and decentralization initiatives

A. All Types of Participants Trained (excluding DPRD)

Listing of sites with their respective number of local governments	Number of persons trained by province, by gender (excluding DPRD)															
	FY 2005		FY 2006 (Oct '05 - Sep '06)		FY 2007 (Oct '06 - Sep '07)		FY 2008 (Oct '07 - Sep '08)		Q1/FY 2009 (Oct - Dec '08)		Q2/FY 2009 (Jan - Mar '09)		Q3/FY 2009 (Apr - June '09)		Total FY05 - FY09	
Kab= Kabupaten	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Kot= Kota																
Aceh = 5 (4 Kab; 1 Kot)	220	26	1,273	265	2,408	446	5,238	1,243	660	174	1,502	464	1,495	522	12,796	3,140
Aceh Subtotal	246		1,538		2,854		6,481		834		1,966		2,017		15,936	
North Sumatra = 8 (4 Kab; 4 Kot)	465	105	1,295	446	2,346	965	3,727	2,230	1202	559	619	383	427	202	10,081	4,890
West Sumatera = 6 (3 Kab; 3 Kot)	343	47	1,578	828	1,084	447									3,005	1,322
West Java = 8 (3 Kab; 5 Kot)	121	25	2,288	945	2,559	940									4,968	1,910
Banten = 2 (1 Kab; 1 Kot)	54	16	238	49	249	129									541	194
Central Java = 8 (8 Kab)	272	35	1,366	569	3,659	1,454	4,386	1,789	698	303	331	178	256	141	10,968	4,469
East Java = 10 (5 Kab; 5 Kot)	265	46	1,717	541	3,224	1,119	3,079	1,423	979	378	364	167	276	101	9,904	3,775

Listing of sites with their respective number of local governments	Number of persons trained by province, by gender (excluding DPRD)															
	FY 2005		FY 2006 (Oct '05 - Sep '06)		FY 2007 (Oct '06 - Sep '07)		FY 2008 (Oct '07 - Sep '08)		Q1/FY 2009 (Oct - Dec '08)		Q2/FY 2009 (Jan - Mar '09)		Q3/FY 2009 (Apr - June '09)		Total FY05 - FY09	
Kab= Kabupaten																
South Sulawesi = (8 Kab; 1 Kot)	200	27	1,519	776	2,468	986	2,841	1,212	1040	401	592	193	326	188	8,986	3,783
West Papua = 3 (2 Kab; 1 Kot)					500	235	1,370	594	334	158	320	158	192	76	2,716	1,221
Total M/F	1,940	327	11,274	4,419	18,497	6,721	20,641	8,491	4,913	1,973	3,728	1,543	2,972	1,230	63,965	24,704
% FEMALE ALL SITES		14%		28%		27%		29%		29%		29%		29%		28%
% FEMALE (excl. Aceh)		15%		29%		28%		32%		30%		33%		32%		27%
TOTAL PROVINCE (excl. Aceh)	2,021		14,155		22,364		22,651		6,052		3,305		2,185		72,733	
TOTAL ALL PROVINCE	2,267		15,693		25,218		29,132		6,686		5,271		4,202		88,669	
% ACHIEVED ALL SITES vs. TARGET	-		131%		136%		243%		57%		101%		136%		163%	
TARGET #			12,000		18,500		12,000						12,000		54,500	

B. Number of DPRD (staff and members) Trained

Listing of sites with their respective number of local governments	Number of DPRD trained by province, by gender															
	FY 2005		FY 2006 (Oct '05 - Sep '06)		FY 2007 (Oct '06 - Sep '07)		FY 2008 (Oct '07 - Sep '08)		Q1/FY (Oct - Dec '08)		Q2/FY (Jan - Mar '09)		Q3/FY (Apr - Jun '09)		Total FY05 - FY08	
Kab= Kabupaten	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Kot= Kota																
Aceh = 5 (4 Kab; 1 Kot)	39	1	527	143	51	0	695	173	69	10	87	10	18	8	1,486	345
Aceh Subtotal	40		670		51		868		79		97		26		1,831	
North Sumatra = 8 (4 Kab; 4 Kot)	0	0	183	77	238	165	238	88	46	14	33	5	0	0	738	349
West Sumatera = 6 (3 Kab; 3 Kot)	0	0	341	47	63	10									404	57
West Java = 8 (3 Kab; 5 Kot)	5	0	427	46	290	57									722	103
Banten = 2 (1 Kab; 1 Kot)	1	0	36	4	41	4									78	8
Central Java = 8 (8 Kab)	0	0	252	39	576	204	688	73	71	9	125	13	43	2	1,755	340
East Java = 10 (5 Kab; 5 Kot)	7	0	770	59	568	35	868	45	76	5	124	8	46	3	2,459	155
South Sulawesi = (8 Kab; 1 Kot)	0	0	263	21	427	31	564	89	108	20	80	10	18	5	1,460	176
West Papua = 3 (2 Kab; 1 Kot)					37	0	70	10	28	2	20	3	9	1	164	16
TOTAL ALL PROVINCE BY GENDER	52	1	2,799	436	2,291	506	3,123	478	398	60	469	49	134	19	9,266	1,549
TOTAL PROVINCE (excl. Aceh)	13		2,565		2,746		2,733		379		421		127		8,984	

Listing of sites with their respective number of local governments	Number of DPRD trained by province, by gender															
	FY 2005		FY 2006 (Oct '05 - Sep '06)		FY 2007 (Oct '06 - Sep '07)		FY 2008 (Oct '07 - Sep '08)		Q1 FY (Oct - Dec '08)		Q2/FY (Jan - Mar '09)		Q3/FY (Apr - Jun '09)		Total FY05 - FY08	
Kab= Kabupaten																
TOTAL ALL PROVINCE	53		3,235		2,797		3,601		458		518		153		10,815	
% ACHIEVED ALL SITES vs. TARGET	-		144%		70%		360%		46%		98%		113%		131%	
TARGET #	-		2,250		4,000		1,000						1,000		8,250	

DDG Performance Indicators 2.3: Percentage of LGs that have demonstrated improvement in public service management

To be considered improved, a local government must have achieved at least 2 of the following criteria:

1. The Service Improvement Action Plan (SIAP) was developed with citizen/CSO participation
2. The SIAP is incorporated into the local government budget
3. The SIAP is incorporated in the Annual Plan
4. The SIAP has met all targets

Listing of sites with their respective number of local governments (kab = kabupaten; kot = kota)	Number of LGs that have demonstrated improvement in public service management						
	2006	2007	2008	Q1/FY09 (Oct-Dec 2008)	Q2/FY09 (Jan-Mar 2009)	Q3/FY09 (Apr-Jun 2009)	TOTAL
Aceh = 5 (4 Kab; 1 Kot)	0	0	3	2	0	0	5
% of LG in Aceh	0%	0%	60%	40%	-	-	100%
North Sumatra = 8 (4 Kab; 4 Kot)	0	1	7	0	0	0	8
West Sumatera = 6 (3 Kab; 3 Kot)	0	6					6
West Java = 8 (3 Kab; 5 Kot)	0	8					8
Banten = 2 (1 Kab; 1 Kot)	0	0					0
Central Java = 8 (8 Kab)	0	1	7	0	0	0	8
East Java = 10 (5 Kab; 5 Kot)	0	3	7	0	0	0	10
South Sulawesi = 9 (8 Kab; 1 Kot)	0	4	2	3	0	0	9

Listing of sites with their respective number of local governments (kab = kabupaten; kot = kota)	Number of LGs that have demonstrated improvement in public service management						
	2006	2007	2008	Q1/FY09 (Oct-Dec 2008)	Q2/FY09 (Jan-Mar 2009)	Q3/FY09 (Apr-Jun 2009)	TOTAL
West Papua = 5 (4 Kab; 1 Kot)							
TOTAL ALL PROVINCE	0	23	26	5	0	0	54
TOTAL PROVINCE (excl. Aceh)	0	23	22	3	0	0	49
% of TOTAL LG (56)s	0%	41%	46%	9%	0	0	96%

Governing Justly and Democratically (GJD) Indicators

With the exception of laws or amendments promoting decentralization drafted with U.S. Government (USG) assistance, all indicators exceeded targets. As mentioned above, the slowdown in the number of laws or amendments passed in FY 2009 had less to do with a decrease in LGSP activity at the national level, and more to do with political dynamics at the national level that slowed the progress of laws supported by LGSP.

2009

<i>Indicator</i>	<i>Annual target FY 2009</i>	<i>Achievement in FY09</i>	<i>Cumulative achievement (FY05 – FY09)</i>
Number of laws or amendments promoting decentralization drafted with USG assistance	2	6	19
Number of subnational government entities receiving USG assistance to improve their performance	52	52	69 ⁶
Number of local mechanisms supported with USG assistance for citizens to engage their subnational government	50	59	466
Number of local nongovernmental and public sector associations supported with USG assistance ⁷	3	5	Not cumulative
Number of individuals who received USG-assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization ⁸	12,000 total M: 9,000 F: 3,000 (25%)	16,128 total M: 12,339 F: 4,789 (30%)	99,484 total M: 73,231 F: 26,253 (26%)

⁶ This figure includes 62 district governments and 7 provinces.

⁷ These figures include local nongovernmental and public sector associations supported by LGSP in more than one different activity or different fiscal year. The net number of local nongovernmental and public sector associations supported by LGSP is less than the actual number shown above.

⁸ These figures include individuals who participated in more than one event, which LGSP encouraged to the extent that a number of training programs and events built on preceding modules or activities.

2007-2009

<i>Indicator</i>	<i>Achievement in FY07</i>	<i>Achievement in FY08</i>	<i>Achievement in FY09</i>	<i>Cumulative achievement (FY07 – FY09)</i>
Number of laws or amendments promoting decentralization drafted with USG assistance	0	6	6	12
Number of subnational government entities receiving USG assistance to improve their performance	62	52	52	69 ⁹
Number of local mechanisms supported with USG assistance for citizens to engage their sub-national government	211	105	59	
Number of local nongovernmental and public sector associations supported with USG assistance ¹⁰	388	3	5	Not cumulative
Number of individuals who received USG-assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization ¹¹	28,837 total M=21,482 F=7,355 (26%)	32,733 total M: 23,764 F: 8,969 (27.0%)	16,128 total M: 12,339 F: 4,789 (30%)	77,698 total M: 57,585 F: 21,113 (27%)

⁹ This figure includes 62 district governments and 7 provinces.

¹⁰ These figures include local nongovernmental and public sector associations supported by LGSP in more than one different activity or different fiscal year. The net number of local nongovernmental and public sector associations supported by LGSP is less than the actual number shown above.

¹¹ These figures include individuals who participated in more than one event, which LGSP encouraged to the extent that a number of training programs and events built on preceding modules or activities.

List of Regulations Passed

List of National Laws/Decrees Passed with LGSP Assistance in FY 2009

1. Circular Decree of Minister of Home Affairs No. 050/200/II/Bangda/2008 on RKPD (Rencana Kerja Pembangunan Daerah) Preparation Guidelines for Local Government's Annual Plan.
2. Permendagri 37/2008 on Educational Roots and Trainings on Local Government Substantive Technical.
3. Circular Decree of Minister of Home Affairs No. 050/200/II/Bangda/2008 on Guidelines to Drafting the Regional Development Workplan.
4. Circular Decree of Minister of Home Affairs No. 100/121/PUM on Strategic Approach to Increase Public Services in The Regions (Jan-Mar 2009).
5. Permendagri No. 19/2009 on Guidelines to Increase Regional Cooperative Capacity.
6. Circular Decree of Minister of Home Affairs No. 640/751/SJ/2009 on Local Government Annual Plan (RKPD) Preparation Guideline and Musrenbang 2010.

List of National Laws/Decrees Passed with LGSP Assistance in FY 2008

1. Permendagri 59/2007 on Local Government Financial Administration.
2. Law 32/2003, March 2008.
3. Circular Decree of Minister of Home Affairs No. 050/200/II/Bangda/2008 on RKPD (Rencana Kerja Pembangunan Daerah) Preparation Guidelines for Local Government's Annual Plan.
4. Permendagri 37/2008 on Local Government Substantive Technical Training and Education Clusters.
5. Permendagri 79/2007 on drafting plans for achieving minimum service standards.
6. Circular Decree of Minister of Home Affairs 050/200/II/Bangda/2008 on guidelines on preparing regional development plans.

List of Local Regulations (*Peraturan Daerah*, or *Perda*; or in Aceh, *Qanun*) Passed with LGSP Assistance

Aceh

Aceh Besar:

1. Qanun No. 2/2008 on the Organization and District Work Structure.

2. Qanun No. 4/2008 on the Organization and Kecamatan Work Structure.
3. Bupati Decree No. 9/2009 on the Establishment of SIGAB (*Seuramoe Informasi Geutanyoe Aceh Besar*).

Aceh Barat:

1. Qanun KIBLA No. 17/2008 on Mother and Child Health.
2. Bupati Decree No. 29/2008 (30 December 2008) on Tasks, Functions, and Structures of DPKKD.

Aceh Jaya:

1. Bupati Decree No. 17/2008 on Water Supply by Tirtamas Mata Aceh Jaya.
2. Qanun No. 11/2008 on the Organization and Work Structure of Local Government.

Nagan Raya:

1. None.

Kota Banda Aceh:

1. Qanun No. 2/2008 (30 October 2008) on the Organization and Work Structure of Kota Banda Aceh.

North Sumatra

Kota Tebing Tinggi:

1. Mayor Decree No. 800/346/2008 on the Appointment of an Expert Board on Business Clinics.
2. Mayor Decree No. 800/50/2009 on the Appointment of Personnel to Business Clinics.
3. Mayor Decree No. 800/60/2009 on the Inauguration of an Expert Board on Business Clinics.
4. Mayor Decree No. 050/0410/Bapp/2009 on Budget Calendar (14 January 2009).

Simalungun:

1. None.

Kota Binjai:

1. None.

Deli Serdang:

1. Bupati Decree No. 528/2008 on the Establishment of Draft Regulation Working Team on Asset Management.

Serdang Bedagai:

1. Bupati Decree No. 3/2009 on Minimum Service Standards for the Education Sector.
2. Bupati Decree No. 12/2009 on the Administration System for Delivering Education Services.

Kota Sibolga:

1. Perda 1/2009 (3 Pebruari 2009) on the Arrangement of Education Services.

Kota Pematangsiantar:

1. Mayor Decree No. 518-271-1/WK/2009 on the Establishment of Mandiri Service Center for Micro, Small, and Medium Enterprises.

Central Java

Sukoharjo:

1. Perda No. 34/2009 (2 March 2009) on Regional Asset Management.

Klaten:

1. None.

Boyolali:

1. Bupati Decree No. 050/11/2009 (22 January 2009) on Public Involvement and Information Plan.
2. Perda on Management of Regional Finance That Guarantees Public's Participation.

Karanganyar:

1. Perda on Public Services.
2. Bupati Decree No. 55 / 2009 (15 May 2009) on Education Guarantee for School-Aged Children from Poor Families and Children with Special Needs (*Anak Berkebutuhan Khusus*).

Semarang:

1. Bupati Decree No. 19/2008 on RKPD Kab. Semarang.
2. Bupati Decree on Health Services.

Kebumen

1. None.

Kudus:

1. PERDA No. 3/2009 (24 February 2009) on Health Service Tariff.

1. Bupati Decree No. 050/2.943.A/03 on Calendar and Information Program on Planning and Budgeting of Kabupaten Kudus Year 2009.

Jepara:

1. Bupati Decree No. 42/2008 on the Regional Technical Implementation Unit.

Pacitan:

1. Bupati Decree No. 30/2008 (23 December 2008) on Target Achievement for Education Services.

East Java

Kota Kediri:

1. Perda on Transparency and Participation in Planning and Budgeting.
2. Perda on Education Services.
3. Perda (dated 24 April 2009) in Management of Cooperative, Micro, Small, and Medium Enterprises.

Probolinggo:

1. Perda 13/2008 (2 September 2008) on Transparency and Participation in Regional Development Planning.

Kediri:

1. Perda on Education Services.

Kota Mojokerto:

1. Perda on Education Services.

South Sulawesi

Jeneponto:

1. None.

Kota Palopo:

1. Mayor Decree No. 24/2008 (22 December 2008) on Small and Medium Enterprise Business Clinic.
2. Mayor Decree No. 32/1/2009 (19 January 2009) on the Teams for Monitoring, Facilitation, and Personnel for Micro, Small, and Medium Enterprises of Kota Palopo.

Enrekang:

1. Perda No. 10/2008 on Participatory Planning (24 November 2008).
2. Perda No. 13/2008 on Asset Management (24 November 2008).

3. Perda No. 14/2008 on RPJPD (24 November 2008).
4. Bupati Decree No. 13/2008 (27 November 2008) on the Establishment of PIPKUKM.

Soppeng:

1. Bupati Decree No. 40/Perbup/X/2008 (28 October 2008) on Business Clinic Latemmala.
2. Bupati Decree No. 123/III/2009 (30 March 2009) on the Establishment of Latemmala Personnel.

Pangkajene Kepulauan:

1. Bupati Decree No. 6/2008 (17 December 2008) on *Klinik Usaha Citra Mas*.
2. Bupati Decree No. 70/2009 (23 February 2009) on the Establishment of *Klinik Usaha Citra Mas* Personnel.

West Papua

1. None.

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