

**QUARTERLY TASK ORDER  
PROGRESS AND COST  
REPORT**

**OCTOBER TO DECEMBER  
2001**

**DEVELOPMENT OF THE  
FOUNDATION FOR LOCAL  
GOVERNMENT  
INNOVATION**

Prepared for



Development of the Foundation for Local Government Innovation  
U.S. Agency for International Development  
Contract No. LAG-I-00-99-00036-00, DO No. 806

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## QUARTERLY TASK ORDER PROGRESS AND COST REPORT

OCTOBER TO DECEMBER 2001

### DEVELOPMENT OF THE FOUNDATION FOR LOCAL GOVERNMENT INNOVATION

**Task Order No.:** LAG-I-00-99-00036-00, TO No. 806

**Date of Issuance:** October 10, 2001

**Amount Obligated Under Task Order:** \$ 1,000,000

**Total Potential Task Order Amount:** \$ 5,546,216

**Dollars Expended To-date:** \$ 91,269

#### Task Order Description

Under this activity, a foundation will be created to support Indonesian associations of local governments, and Indonesian local governments themselves, to gain access to expert advice, analysis, and services that assist them to improve their performance. The objective is to develop the foundation as a technical service organization that is a sustainable resource of ideas, concepts, and innovations on a broad range of local government issues and sectors. The foundation is to be "owned" by local governments and their associations for the purpose of sustaining Indonesia's decentralization by enabling local governments to manage services and resources effectively. It is expected that the foundation will provide expert advice and policy analysis for use by associations in programs of advocacy on behalf of local governments. It is also expected that the foundation will seek to become a respected and authoritative clearinghouse for information on local governments with extensive links to other institutions that possess resources useful to local governments.

#### Work Performed During the Previous Quarter

This first Development of the Foundation for Local Government Innovation (DFLGI) Quarterly Report covers project implementation from October through December 2001. It briefly highlights progress to-date, deliverables produced and lessons learned.

The Development of the Foundation for Local Government Innovation is a three-year, \$5.5 million Task Order being implemented by the Urban Institute consortium composed of Urban Institute (UI), Chemonics International, and the Institute for Public Administration (IPA) under the Sustainable Urban Management IQC. This Task Order was signed on October 15, 2001 amid the fall-out of the September 11 attacks on the United States and the subsequent travel ban imposed by the US Embassy for US Government official business.<sup>1</sup>

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<sup>1</sup> The travel ban was lifted on November 28, 2001.



The UI Consortium was fortunate in that its proposed Chief of Party (CoP), Mr. Leroy Hollenbeck, was already residing in Indonesia and, therefore, was able to commence project implementation despite the travel ban. The other member of the expatriate team, Mr. John Tabor of IPA, was not able to travel to Indonesia until the ban was lifted. In addition, Chemonics home office staff were initially unable to travel to Jakarta to assist in the development of the technical program and to set up the administrative systems and office.

Once the travel ban was lifted Mr. Tabor was able to travel to Jakarta and participate with the CoP in the planning phase of the foundation development. They worked together with UI and Chemonics home office personnel in finalizing the details of the first year workplan. In addition, Ms. Tori Paide from the Chemonics home office went to Jakarta and made significant progress identifying candidates for the project's administrative positions, establishing project policies and procedures, identifying office furniture and equipment and searching for a temporary location for the project office.

### **Project Highlights/Deliverables**

The CoP was able to make significant progress in initiating the project with deliverables that included:

- Re-initiating the foundation concept (*Yayasan OtDa*) among the three key local government associations. Since over six months had passed since the project design, the key association stakeholders had to be reintroduced to the *Yayasan* concept, as did representatives from the Ministries of Finance (MoF) and Home Affairs.
  - Obtaining commitment for the project from the executive directors and boards of the three key local government foundations:
    - APPSI
    - APAKSI
    - APEKSI
  - Assessing participation and support levels from the directors and boards of the three new legislative associations formed post-project design:
    - ADKASI
    - ADEKSI
    - Association of Provincial Councils
  - Deliverable—two Project Progress Reports prepared:
    - Implementing a roundtable discussion on the purpose of the Local Government Foundation concept. This roundtable provided project personnel with key informant
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feedback on current needs of the associations so that they can better serve their membership.

- Deliverable—final report prepared and distributed to roundtable participants:
  - Forming a working group to follow-up on the recommendations of the roundtable discussion with a focus on addressing, among other issues, the most suitable organization to establish in an Indonesian legal context, possible board composition, mechanisms to attract outside funding, and identification of a “champion” to lead the Foundation.
  - Preparing a scope of work for a two-person team to undertake a comprehensive review and assessment of various selected legal types of organizations in Indonesia. This input assists the DFLGI Project Team in determining the most suitable organization for fulfilling the Project’s mandate of establishing a “Foundation” for local government innovation.
- Deliverable—SOWs prepared; consultants recruited.
- Developing a draft workplan with details of activities for the DFLGI Project through calendar year 2002.
- Deliverable—draft workplan prepared for review.

### **Significant Findings and Delays**

A number of lessons were learned during the start-up of this Project. These include:

**The Importance of Communication**—The Project information “gap” experienced by Association staff during Project formulation was partially alleviated through a concerted marketing effort by the CoP during his first two months on the assignment. However, the complex nature of the Project, the need to maintain Association support for the Foundation, and to assure Association staff and members that the Foundation will not subsume Association roles, responsibilities and functions will require a strengthened communication effort and the development of mutual trust.

**The Need for Inter-Program/Donor Coordination**—Every effort needs to be made to strengthen inter-program/donor coordination and information exchange. Particular attention must be given in clearly defining the responsibility lines between DFLGI Project/Yayasan Otda and other programs and projects funded by USAID, specifically BIGG-Associations, BIGG-Resource Cities, and PERFORM. This coordination effort is equally applicable for other foreign donor assisted programs as well, i.e., the UNDP BUILD Project.

**The Critical Role of Stakeholder Participation**—The active participation of key Project stakeholders must be solicited at every opportunity in order to strengthen cooperative and collaborative relationships. However, timely implementation of major Project activities is critical. Association input will be sought in identifying office space and recruitment of Foundation staff. Government Project counterparts



at the Ministry of Finance and the Ministry of Home Affairs will also be kept in the loop on issues impacting their respective departments.

### **Key Personnel**

Mr. Leroy Hollenbeck, CoP, Institute of Public Administration, (Subcontractor to the Urban Institute) and Mr. John Tabor, Local Government Management Specialist (Resident Advisor).