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Final Report: Executive Summary 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: Executive Summary

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Executive Summary

The USAID/Indonesia Local Governance Support Program (LGSP)¹ 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) streng-

¹ The LGSP full Final Report is available on the LGSP website at www.lgsp.or.id

thening 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.

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

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

<p>LGSP innovations in public accountability mechanisms</p> <ul style="list-style-type: none"> • 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
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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.²

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

² 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.
- **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 coalitions

- 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.

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.

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