

**Guidelines on
Capacity Building in the
Regions**

**Module C:
Supplementary Information and
References**

About the Support for Decentralization Measures (SfDM)
(Proyek Pendukung Pemantapan Penataan Desentralisasi, P4D)

The project assists the Ministry of Home Affairs as well as other responsible government agencies teams in refining the legal framework for decentralization and local governance, and in providing decentralization-related information to interested stakeholders. It supports the implementation of the "National Framework for Capacity Building to Support Decentralization", and - through close linkages with technical assistance projects on local level - helps to communicate experiences and policy inputs from below to decision makers on national level.

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The views expressed herein do not necessarily represent those the Ministry of Home Affairs or of the GTZ.*

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Introductory Remarks

These guidelines on capacity building in the regions, including conducting a systematic capacity building needs assessment and formulating a comprehensive, medium-term regional capacity building action plan have been prepared by the GTZ-SfDM team as an input to the Government of Indonesia's capacity building policy supporting the implementation of regional autonomy.

Following discussions with the Ministry of Home Affairs and other related central government agencies in January 2003, and a roundtable of experts and practitioners in April 2003, a first version of these guidelines ("version 1.0") was prepared in May 2003 (GTZ-SfDM Reports 2003-3, 2003-4 and 2003-5). In early 2004, the guidelines were field-tested in three districts in East Kalimantan. This updated version of the guidelines (called „version 2.0“) reflects the lessons learnt from the field testing, and incorporates comments and suggestions from a wide range of parties. A Bahasa Indonesia version is currently under preparation.

This **Module C** of the guidelines supplements the explanations and examples provided in the first two modules. It is intended to give additional sources of information and background references to moderators and facilitators involved in the capacity building process. It includes a list of references, and a list of web-based resources. The information mentioned in this module reflects the situation as of December 2004.

The references includes the text of the “*National Framework for Capacity Building to Support Decentralisation*” as of November 2002 (unofficial translation), and the “*Ten Principles for Good Local Governance*” which were agreed upon in a national conference of the regional associations in October 2001. Since capacity building in the context of decentralisation can not be separated from the expressed intention to achieve good local governance in the regions, the ‘*Ten Principles*’ can provide valuable guidance to officials in the regions.

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Part One

*The National Framework
for Capacity Building To
Support Decentralization
(November 2002)*

(Unofficial translation by GTZ-SfDM)



**MINISTER OF HOME AFFAIRS
AND
STATE MINISTER FOR NATIONAL DEVELOPMENT
PLANNING / HEAD OF BAPPENAS**

INTRODUCTION

In the context of capacity building to support the decentralization¹, herewith “The National Framework for Capacity Building To Support Decentralization” is presented. The National Framework is to be used as a reference in formulating policies by the central and regional governments regarding capacity building to support the implementation of regional autonomy.

Issues that need attention are as follows:

1. The capacity building policy derives from the policy of the decentralization as stipulated in the Law No. 22/1999 on the regional government and Law 25/1999 on central and regional financial balance, as well as from various other government policies such as Law No. 25/2000 on the National Development Program (*Propenas*). Capacity building also follows up on the Broad Guidelines for State Policy (GBHN) 1999-2004 that underline development of decentralization and regional autonomy to be implemented in a broad, realistic and responsible way.
2. Implementation of regional autonomy needs a strong commitment from all components of the nation. Strengthening commitment need to be followed by strengthening the capacity of all components in order to support the implementation of the decentralization policy. Therefore, a National Framework for Capacity Building in the framework of supporting decentralization is required as a reference for the capacity building efforts of all related components.
3. Capacity building is about developing institutional, system and individual capacity of all supporting components for decentralization. To support decentralization, there are 8 agendas of capacity building, namely:
 - a) Development of regulations, which are required to support decentralization;
 - b) Development of regional institutions;
 - c) Development of regional personal;
 - d) Development of regional finance;
 - e) Capacity improvement of the DPRD, BPD, non-governmental organizations, and community organizations;

Notes: (i) The term “capacity building” is used here as the translation for ‘pengembangan dan peningkatan kapasitas’.
(ii) In November 2004, the Ministry of Home Affairs initiated a review of the National Framework.

- f) Development of the planning system;
 - g) Development of the regional economy;
 - h) Development of capacity to manage the transition period.
4. The principles of capacity building are as follows:
 - a) It is a multi-dimensional policy and has a long -, medium - and short - term orientation.
 - b) It covers multiple stakeholders, including central government, provincial and local governments, communities, and private providers of capacity building services.
 - c) It is demand-driven, i.e. the capacity building needs are defined by the respective stakeholders.
 5. Funding for capacity building comes from:
 - a) The state budget (APBN)
 - b) The provincial budget (APBP Propinsi)
 - c) The local budget (APBD Kabupaten/Kota)
 - d) Grants and loans
 - e) Other funding sources.
 6. The stages of capacity building are as follows:
 - a) Each stakeholder determines the institution, which is responsible to organize the capacity building activity by utilizing institutions already available.
 - b) Each stakeholder formulates comprehensively its capacity building needs, together with their funding sources.
 - c) Implementation of the capacity building activities and monitoring and evaluation of the results achieved.
 7. In the context of capacity building, the Central Government is nationally responsible for:
 - a) Preparing information on capacity building programs and providing access to the service providers which will help the stakeholders in building capacity in the fields required.
 - b) Preparing standard material on capacity building as far as it is related with training activities and the training of trainers.
 - c) Coordinating and facilitating the regions in analyzing the capacity building needs and in accessing service providers and alternative funds.
 - d) Coordinating and facilitating donor institutions so that capacity building activities are well-organized and support each other in order to achieve the optimum results.
 - e) Monitoring, evaluating, supervising, facilitating so that the regions can develop their capacity in implementing their autonomy effectively, efficiently, and with accountability.

Jakarta, November 6, 2002

**STATE MINISTER FOR NATIONAL DEVELOPMENT PLANNING /
HEAD OF BAPPENAS** **MINISTER OF HOME AFFAIRS**

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NATIONAL FRAMEWORK FOR CAPACITY BUILDING TO SUPPORT DECENTRALISATION

1. INTRODUCTION

1.1. The Policy of Decentralisation

The momentum of social and political reform of the last few years has given the Government and the society a new direction to implement effectively a policy of decentralization in Indonesia. From a historical, political, constitutional, and structural and technical-operational point of view, the policy of decentralization which resulted in regional autonomy in carrying out governance in Indonesia, is the right choice after taking in consideration that Indonesia is wide spread geographically and has different potentials and characteristics between the regions. The policy of decentralization is intended to be an instrument to achieve the objective of having a united and a democratic country. With relation to that there are two main objectives to be achieved through the policy of decentralization, namely, a “political objective” and an “administrative objective”. The political objective will position the regional government as the media of political education for the community on the local level and in total they will contribute to the political education nationally in order to accelerate the realization of civil society. The administrative objective will position regional government as the unit of government on the local level that functions as provider of effective, efficient and economical public services.

Constitutionally, the operationalisation of the policy of decentralization has been codified in Law No. 22/1999 on Regional Government and Law No. 25/1999 on Central Regional Fiscal Balance. Both laws signal the substantial responsibility of the regional governments to provide public services. The regional council as one of the main stakeholders in the activities of regional governance has the right to elect the Head of Region and to determine major policies at the regional level.

The regions have discretion to determine their organisational structure and to manage their human resources. The system of inter-governmental fiscal transfers has been made more transparent, and the introduction of block grants (*Dana Alokasi Umum* ~ DAU) allows the regions to determine their expenditure allocations according to their own needs and priorities. While the central government retains overall policy making functions, decentralisation of significant roles and responsibilities to regional governments is expected to improve the delivery of public services, to make the public sector more responsive to the needs and priorities of local communities, and to increase community participation in the policy making and oversight process.

In its August 2000 Annual Session, the People's Consultative Assembly (MPR) underlined the political importance of the decentralisation programme. MPR Decree No. 4/2000 (*TAP MPR RI IV/MPR/2000 Tentang Rekomendasi Kebijakan dalam Penyelenggaraan Otonomi Daerah*) put decentralisation firmly in the context of creating a more democratic, equitable and just society. It called for improving public services and for developing the creativity of

the people and regional governments, for creating equity in respect to the distribution of power and financial resources between the central and regional governments and among regional governments themselves, for improving patriotism, democracy and public welfare in the regions, and for creating a wider space for the exercise of regional self-sufficiency. The MPR session in August 2000 provided a more solid constitutional basis for a broader understanding of regional autonomy by recognising elections of Heads of Regions by democratically elected regional councils.

The Government of Indonesia has finalised, disseminated and socialised numerous Government Regulations, Presidential Decrees and other regulations and guidelines necessary to implement both Law No. 22/1999 and Law No. 25/1999. The process of finalising the regulatory framework for regional autonomy continues, and central government regulations have in many cases not yet been matched by corresponding regulations of the regions. The system of general allocation grants (*Dana Alokasi Umum* - DAU) to the regions has been put in place with participation of the regions via their representatives in the Advisory Council on Regional Autonomy (*Dewan Pertimbangan Otonomi Daerah* - DPOD).

Although the review process for Law No. 22/1999 is already ongoing, the pending revision is not expected to alter the major direction of the decentralisation policy. It aims at clarifying issues, standardising terminology and removing inconsistencies and ambiguous formulations from the law. It is assumed, therefore, that while modifications of capacity building needs might occur in line with the revised legal framework for decentralisation, the general outline of the capacity building strategy and its implementation mechanisms will remain relevant.

The Government of Indonesia recognises the complexity and magnitude of the decentralisation policy, and is aware that the implementation of the policy will need commitment and long-term effort of all stakeholders involved. Having the regulatory framework for decentralisation in place is just the starting point - making the implementation of regional autonomy run smoothly and with the expected outcomes requires learning and adjustment not only by regional administrators but also by members of the regional councils, local communities, NGOs and civil society organisations in the regions. It also requires the adjustment of the working system and working mechanisms of the central government, and the establishment of a different pattern of relationships with the regions by sectoral ministries and other relevant central government agencies. It requires institutional reform at all levels, new skills and qualifications of government personnel, and new ways of communication between the public sector and the citizens. Proper monitoring and evaluation will be necessary to identify successes and failures and, where necessary, to adjust procedures and mechanisms.

1.2. Constraints in Implementing Regional Autonomy

Implementing regional autonomy, in reality, is still facing considerable constraints which can be identified as follows:

1. Regulation Constraints: Finalizing the regulatory framework remains a problem, which can be addressed by finalizing clear and firm regulations, including the imposition of

sanctions. Law 22/1999 and Law 25/1999 envisage numerous Government Regulations (PP) and other implementing regulations to operationalize the laws. In the meantime, regional autonomy has to be implemented already. Consequently, the ongoing implementation of regional autonomy faces various responses, and even creates excesses in the form of conflicts of interest between various levels of government (central and regional). Very often regions make regulations not in line with higher-level regulations. Excesses or conflicts can also occur at local and regional level.

2. Coordination Constraints: The process of coordinating the implementation of regional autonomy (particularly with relation to the formulation of new regulations and guidelines) between the central government institutions has not work smoothly, resulting in a lack of consistency in the regulations made by the central government institutions, thereby creating more confusion in the regions.
3. Perception Constraints: The process of transparency which is being developed has created various perceptions how to respond to the wide autonomy. This is causing friction among various levels of the government particularly regarding the distribution of authorities (*kewenangan*).
4. Time Constraints: The euphoria for regional autonomy which flared up in the reform era requires a quick respond of the Government to formulate various regulations and other policies in the framework of the decentralization. However, the Government lacks sufficient time to formulate various regulations for its implementation and the implementation of other, yet in-complete policies.
5. Human Resources Constraints: The low quality of the human resources (including both mental and moral aspects) at central and regional level is a dominant factor for the inability to empower the capacity of each level. The government apparatus of the central government has not yet fully recognized the wide scope of the policy of regional autonomy and its implications for the working mechanism of the central government. The regions themselves lack sufficient service providers to support the acceleration of decentralization. Regarding the readiness of other stakeholders to participate professionally in the implementation of development, there are still indications of limitations relating to the level of the skills, expertise, and mastery of modern technology.
6. Financial Constraints: Limitation of the financial capability both at the central and the regional level is a serious problem, particularly with Indonesia facing a multi-dimensional crisis. Capacity building in the framework of decentralization needs considerable funds. Mastery and the use of modern technology by the government and the society face the same problem, since both low as well as high technology need funds.

2. THE URGENCY OF CAPACITY BUILDING

2.1. Legal Basis and the Policy of Capacity Building

The legal basis for the capacity building policy in essence is rooted in the operationalisation of decentralization as codified in Law No. 22/1999 and Law No. 25/1999.

In addition, several policy decisions of the People's Consultative Assembly (MPR) and of the House of Representatives (DPR) have mapped out key areas for capacity building by the Government. The Broad Guidelines of State Policy (*Garis-Garis Besar Haluan Negara - GBHN*) 1999-2004 call for the development of a wide and real regional autonomy in the framework of empowering the society, economic and political entities, legal and religious bodies, traditional institutions (*lembaga adat*) and civil society organisations. The GBHN explicitly mentions the need to strengthen the regional councils (DPRD).

Based on the GBHN, the DPR in December 2000 has approved the National Development Plan 2000 – 2004 (*Program Pembangunan Nasional – Propenas*) as Law No. 25/2000. The *Propenas* lists numerous development programmes to be implemented by Government agencies until 2004, many of which are relevant in the context of capacity building for regional governance.

These PROPENAS programmes will provide the policy framework under which capacity building initiatives for regional autonomy have to be carried out by various Government agencies and the regions. The programmes include:

Legal development.

- ◆ Programme for the Establishment of Legal Regulations (*Program Pembentukan Peraturan Perundang-undangan*) (III-5)

Economic development.

- ◆ Programme for the Implementation of Fiscal Equalization (*Program Implementasi Perimbangan Keuangan Pusat dan Daerah*) (IV-44)

Political development.

- ◆ Programme for Improving the Quality of the Political Process (*Program Peningkatan Kualitas Proses Politik*) (V-9)
- ◆ Programme for State Administration Control (*Program Pengawasan Aparatur Negara*) (V-14)
- ◆ Programme for Reviewing Institutions and Work Procedures (*Program Penataan Kelembagaan dan Ketatalaksanaan*) (V-15)
- ◆ Programme for Increasing the Quality of Public Services (*Program Peningkatan Kualitas Pelayanan Publik*) (V-15)
- ◆ Programme for Increasing the Capacity of Human Resources (*Program Peningkatan Kapasitas Sumber Daya Manusia*) (V-16)

Regional Development

- ◆ Programme for Increasing the Capacity of Regional Governments' Administration (*Program Peningkatan Kapasitas Aparat Pemerintah Daerah*) (IX-11)
- ◆ Programme for Increasing the Capacity of Regional Governance Institutions (*Program Peningkatan Kapasitas Kelembagaan Pemerintah Daerah*) (IX-11)
- ◆ Programme for Reviewing the Management of Regional Finance (*Program Penataan Pengelolaan Keuangan Daerah*) (IX-12)
- ◆ Programme for Strengthening Non-Governmental Organizations (*Program Penguatan Lembaga Non-Pemerintah*) (IX-12)
- ◆ Programme for Strengthening Regional Economy (*Program Peningkatan Ekonomi Wilayah*) (IX-13)
- ◆ Urban Development Programme (*Program Pembangunan Perkotaan*) (IX-15)
- ◆ Spatial Planning Programme (*Program Penataan Ruang*) (IX-19)
- ◆ Land Management Programme (*Program Pengelolaan Pertanahan*) (IX-20)
- ◆ Programme for Strengthening Civil Society Organizations (*Program Penguatan Organisasi Masyarakat*) (IX-21).

2.2. The Concept of Capacity Building

The spirit of decentralization as codified in Law No. 22/1999 and its implementation regulations needs a coordinated attempt to ensure that objectives and the targets of regional autonomy policy can be achieved. Therefore, capacity building to support decentralization covers a wider scope than in the past, where it focussed only on certain sectors.

Capacity building as understood in this National Framework refers to the need for adjusting policies and regulations, institutional reforms, modification of work procedures and mechanism of coordination, improvement of human resources, skills and qualifications, change of the value system and attitudes, so that the needs of regional autonomy as a new approach towards governance, administration, and participatory mechanisms of development can be fulfilled in order to meet the demands for a more democratic system.

2.2.1. Scope of Capacity Building

In general capacity building includes three levels of intervention in order to be effective and sustainable:

1. The **systems level**, i.e. the regulatory framework and policies that support or hamper the achievement of certain policy objectives.
2. The **institutional or entity level**, i.e. the structure of organisations, the decision-making processes within organisations, procedures and working mechanisms, management instruments, the relationships and networks between organisations, etc.

3. The **individual level**, i.e. individual skills and qualifications, knowledge, attitudes, work ethics and motivations of the people working in organisations.

2.2.2. Principles of Capacity Building

The principles of capacity building include the following:

1. Capacity building is multi-dimensional. It should embrace several time frames: long-term, medium-term, and short-term.
2. Capacity building covers multiple stakeholders, like the central government, the provinces, local and village governments, the private sector and communities.
3. Capacity building must be demand-driven, where the capacity building needs are not defined “top down” but come from the stakeholders. For that matter there need to be transparency and accountability in formulating such needs.
4. Capacity building refers to national policies, like the Broad Guidelines of State Policy (GBHN 1999-2004), which underline the necessity for developing regional autonomy in a wide and realistic scope by empowering people, economic and political institutions, legal and religious institutions, cultural institutions, and civil society organizations. Capacity building also refers to the National Development Programme (PROPENAS – Law No. 25/2000).

2.2.3. Stakeholders

In order to realize the objectives of regional autonomy, capacity building for a wide variety of stakeholders is needed. Capacity building supporting decentralisation targets both government institutions at the central level (their organisation and work mechanisms) and institutions in the regions, as well as other local institutions which provide public services. This is very important in order to create good governance which includes democratic values, transparency, accountability, efficiency and wide, active and significant community participation for each development programme related to their needs, both from central and regional level. This National Framework also identifies capacity building needs of non-governmental organizations (LSM) and local communities.

2.3. Objectives, Stages and Coordination of Capacity Building to Support Decentralization

2.3.1. Objectives

The objectives of formulating the National Framework for Capacity Building are as follows:

- (1) Acceleration of the implementation of decentralization based on the existing regulations.
- (2) Structuring proportionately tasks, functions, the financial system, mechanisms, and responsibilities in the framework of regional capacity building.
- (3) Mobilization of funds from Government, the regions, and other sources.
- (4) Effective and efficient use of resources.

2.3.2. Stages:

Stages of the general activities to support the achievement of the mentioned objectives include:

- (1) Identifying and formulating comprehensively the capacity building needs for central and regional governments, regional councils, support institutions and service providers, non-governmental organizations and other community organizations in the framework of accelerating regional autonomy implementation.
- (2) Identifying and formulating priorities for capacity building initiatives.
- (3) Determining comprehensive action plans for capacity building.
- (4) Providing reference for the central and regional governments in allocating activities and budgets to support the acceleration of the implementation of the regional autonomy.

2.3.3. Coordination of Capacity Building to Support Decentralization

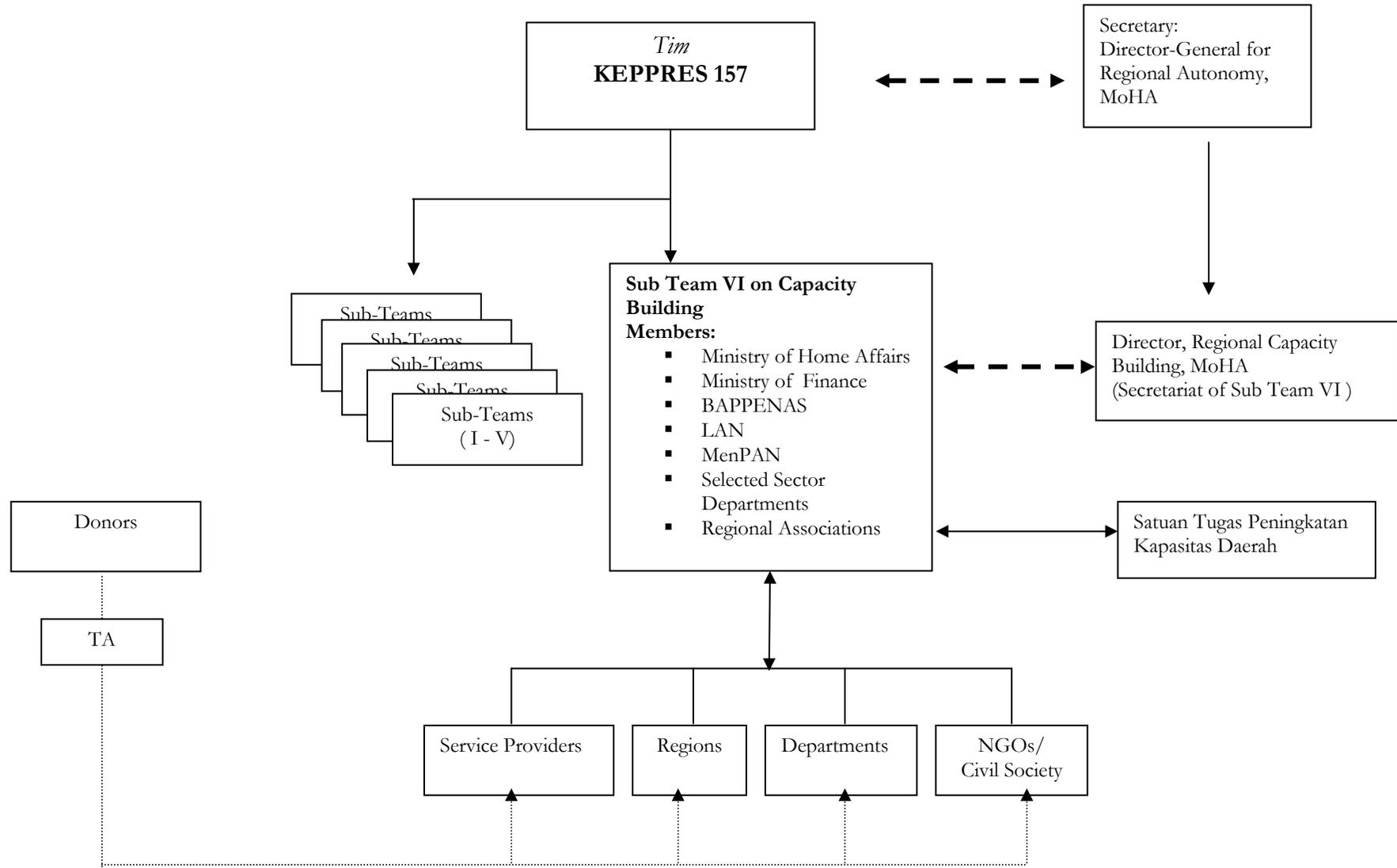
The Government of Indonesia is aware that capacity building in the context of decentralization and regional autonomy cannot be the task of a single government agency, but requires the efforts of numerous governmental and non-governmental institutions at regional and national levels. Presidential Decree No. 157/2000 created an inter-ministerial coordination team (*Tim KEPPRES 157*) dealing with all major aspects of implementing Law No. 22/1999 and Law No. 25/1999. The decree stipulates the establishment of Sub-Teams, one of which has been tasked with coordinating, monitoring and facilitating capacity building initiatives, including initiatives that are supported by donor agencies.

This coordination and review will continue under the auspices of the Sub-Team VI on Capacity Building under the *Tim KEPPRES 157*. More specifically, the Sub - Team will be in charge of:

1. Coordinating information on programmes and activities to all stakeholders
2. Advising regional governments regarding capacity building strategies and programmes
3. Facilitating the access of regions to central government and donor-funded programmes
4. Identifying and coordinating those capacity building programmes and their funding at central and regional level, which are implemented by technical/sectoral departments or the regions, so that they can facilitate the implementation of regional and autonomy well
5. Assessing capacity building needs and updating/revising strategies and programmes according to the changing needs in the regions and at the national level.
6. Identifying and creating databases and providing information about service providers for capacity building.

The Government will closely involve the associations of regional governments and regional councils, professional associations, NGOs and civil society, the donor community and other parties which are related to capacity building.

Figure C-1: Inter-Departemental Sub-Team on Capacity Building



2.4. Indications of Priorities for Capacity Building

2.4.1. Central Government Level

As mentioned elsewhere, capacity building in the regions should be demand-driven and must be based on the specific needs of the regional stakeholders. As of now, there is no nation-wide survey of regional capacity building needs in the regions, which could be used to summarise regional priorities for capacity building. However, based on needs assessments in a limited number of regions, and with reference to the general strategic framework for capacity building formulated here, likely priorities for a Government-sponsored capacity building programme would include the following:

- (a) The Government will focus on creating the necessary conditions for a capacity building market to function properly. This includes strengthening the capacity of providers of capacity building services to the regions both in terms of substance (improving content and relevance of services like training programmes), and in terms of transaction mechanisms between providers and stakeholders. Policy and delivery mechanisms for public sector training should be improved. Likewise, service providers must be able to assess the needs of the regions, and to develop appropriate capacity building services. Regions must have access to information about capacity building service providers and the type of services they offer.
- (b) For public sector training agencies, decentralisation and its impact on the transfer of authorities, the personnel management organizations and regional finance constitutes a major change of their environment. A priority area for the Government is therefore a review and adjustment of public sector training policies, a review of the institutional landscape for civil service training delivery, and the modification of existing training programmes according to the new decentralised local government system.
- (c) A demand-driven capacity building programme requires that regions pay for capacity building services which they receive. In this connection there is need to look for funding sources in line with the financial capacities of each region.
- (d) Finalising the regulatory framework for decentralisation and strengthening inter-ministerial and inter-governmental coordination mechanisms will be another Government priority. This includes the review and adjustment of sectoral regulations in line with decentralisation and the improvement of formulation, information and dissemination procedures for new regulations. Strengthening the DPOD Secretariat and/or inter-ministerial coordinations team which handle guidance and facilitation of the regional autonomy policy is urgently needed.

2.4.2. Regional Level

Specific regional capacity building programmes have to be formulated based on local needs assessments, reflecting local information and facts. Capacity building to support decentralization has to focus on the following areas:

- a. Disseminating and explaining the regulatory framework for decentralisation, especially regarding the new tasks and functions of the regions and the changed relationship with

the central government, in order to allow all stakeholders in the regions to participate in a democratic, decentralised system of local governance.

- b. Relations between institutions and the society. This means allocating roles and authorities in the decision-making process, developing and applying codes of ethics, determining new and participatory patterns of interaction between the legislative and executive branches, and between the legislative and executive branches and the society.
- c. Regional financial management, i.e. building an understanding of the new system of fiscal transfers (*Dana Perimbangan*), understanding and applying the new system of regional financial management, including transparency and accountability in the regional budget (APBD), establishing an open, participatory process for the formulation of policies and budgets, monitoring and evaluating the budget implementation.
- d. Management of the apparatus, i.e. establishing a proper human resource management system with clear personnel management concepts, adjusting the staffing situation with the available resources and harmonizing the institutional set-up with the tasks and functions to be delivered by the regions in accordance with existing regulations.
- e. Relations (communication and cooperation) between the region, i.e. developing patterns of interaction with other regions which allow the transfer and exchange of “good practices”, innovations and new approaches between regions.
- f. Regional economy, i.e. developing new patterns and mechanisms to promote regional economic development, employment promotion and the alleviation of poverty both in urban and rural areas.

These are only general indications; as mentioned elsewhere concrete capacity building programmes for individual regions have to be based on needs assessments in these regions.

2.4.3. Main Principles of Capacity Building

a. Priority Scale

Capacity building is a multi-dimensional endeavour which needs a medium-term orientation: in addition to short-term priority activities, medium and long-term activities have to be planned in an integrated manner. Because the capacity building needs are vast in comparison to the financial and human resources available, prioritising and sequencing of interventions is important. The first priority is to clarify the policy and regulatory environment underlying decentralisation so that existing capacity at all levels of government and society can move in the intended direction. The next priority is to resolve cross-cutting, inter-sectoral issues (like implementing the new regional finance system) before dealing with single-sector and single-area issues.

b. Coverage of All Stakeholders

Capacity building in the context of regional autonomy should address different levels of government (i.e. local, provincial and the central government). It should target a multitude of stakeholders: not only the public sector (i.e. agencies of the central government and of the regions), but also the regional councils, the political parties, supporting institutions, local community groups and the civil society at large. Capacity building requires institutional reforms at all levels, modifications of working mechanisms within public sector agencies, adjustments of management styles and instruments. It needs substantial efforts in skills development, training, and political education.

c. Patterns of Interactions

Capacity building should also concentrate on changing the patterns of interaction between public sector organisations, and between the public sector and society at large. In the context of regional autonomy, capacity building must support the development of democratic institutions through the involvement of the society in the development process from the early stages of planning, and through ensuring the emergence of a process of checks and balance. Transparency and accountability are to be promoted through the participation of the local community. A culture of service delivery in local public administration institutions is needed.

d. Based on the Needs and Capability of the Regions

Capacity building activities (especially training and technical assistance to local governments) should be demand driven, not supply-driven by the central government. Capacity building initiatives for the regions must take into account specific regional conditions and needs, and refrain from using a standardised approach. Promoting the exchange of innovations, of lessons learned, and of new and successful approaches between regional governments (“horizontal networking”) is, therefore, a key element of the capacity building strategy. Experiences, results, methods and instruments should be documented and coordinated by the Ministry of Home Affairs so that they can be easily made available to other regions in order to speed up the dissemination of good practice.

e. Cooperation with Service Providers

The needs for capacity building are immense, considering the magnitude of policy changes and the number of regions, which have to understand and implement new policies. To ensure the fastest possible initiation of capacity building activities, existing instruments and institutions for capacity building should be adjusted and modified to support the new approach to governance rather than creating new instruments and institutions. Capacity building does not necessarily require the setting up of new organisations and institutions, as long as existing institutions and instruments can adjust themselves to the new framework conditions. As the targets of capacity building in the context of regional autonomy are numerous and diverse, so are potential providers of capacity building initiatives: public sector organisations like existing training units of government agencies (*Badan/Pusat Diklat*), professional associations, associations of the regional governments, universities, private sector research and training institutes, management consultants,

political parties, the media and civil society groups all play roles in the framework of mutual cooperation for capacity building.

3. OPERATIONAL FRAMEWORK OF CAPACITY BUILDING

3.1. Scope of Capacity Building

At present, eight items have been identified as scope of capacity building, namely:

1. General regulatory framework for decentralization
2. Organisational development of regional and village governments
3. Human resources management of the regional apparatus
4. Regional financial management
5. Support and strengthening of regional and village councils and civil society organisations
6. Development of the planning system
7. Local economic development
8. Managing the transition period.

The clusters of activities which are covered in each agenda include:

1. General regulatory framework for decentralization
Activities focus on formulating and completing the regulatory framework, so that a strong legal basis can be created in accelerating the overall implementation of autonomy. Activities regarding the regulatory framework are arranged to cover those regulation which are not valid any more in the context of implementing Law No. 22/1999 and Law 25/1999 and their implementing regulations. Priority should be given to regulations which are indeed urgently needed and can potentially achieve legal consistency and legal certainty.
2. Organizational development of regional and village government
This cluster of activities is intended to strengthen the institutions of the regional and village governments in order to achieve optimal institutions, networking, and clean work procedures and mechanisms.
3. Management of the human resources of the regional apparatus
This cluster of activities is intended to improve the capability to improve the human resources of the regional apparatus, so that the regions are able to manage their human resources effectively and efficiently.
4. Regional Financial Management
This cluster of capacity building activities is intended to improve the capability of the regional governments to manage their funds by using an effective, transparent, and accountable budget and accounting system in line with the principles of good regional governance.
5. Capacity Building for DPRD, BPD and civil society organizations
This cluster of activities is intended to enable the regional and village councils to play their role and function effectively in order to create checks and balances between the

executive and legislative bodies. This cluster of activities is also intended to improve the accountability of regional councils towards the community and to create access of the community and civil society organizations in expressing their aspirations to the regional council. This cluster of capacity building activities includes capacity building needs of the communities and civil society organizations to understand and get involved in the process of local governance.

6. Development of the planning system

This cluster of activities is intended to create a regulatory framework for a clear and consistent planning system, and to improve the capability of the regions in using the planning system in a democratic participatory, transparent, and accountable manner.

7. Regional Economic Development

These activities are intended to develop the capacity of the regions to plan together with the related stakeholders the use of the local economy potentials by focussing on a community-based economy.

8. Managing the transition period

These activities are meant to improve the capacity of the central government institutions and coordination teams, which have been formed to coordinate the implementation of the regional autonomy policy, to develop the capacity of the newly formed associations of regional governments and the regional councils, and to improve the capability of the regions to manage conflicts in implementing regional autonomy.

3.2. Stakeholders

There are at least 7 groups of stakeholders, which are involved in the process of capacity building to support decentralization, namely:

1. Central level departments/non departmental organizations relevant for regional autonomy (e.g. those whose tasks are related to the mandatory authorities to be implemented by the regions according to Article 11 of Law 22/1999, Ministry of Home Affairs, Ministry of Finance, LAN, BKN, etc.)
2. Provincial governments
3. Local governments
4. Provincial councils
5. Local councils
6. Communities/civil society and non-governmental organizations
7. Service providers or institutions, which are competent to provide services to develop and improve capacity, such as universities, Education and Training Centres, research institutions, etc., both from the public sector and the private sector.

3.3. Organizing Capacity Building

A better implementation of capacity building efforts needs to be supported by a strong system and organizational structure specially designed for that purpose. In this connection the Government determines the steps for managing capacity building as follows:

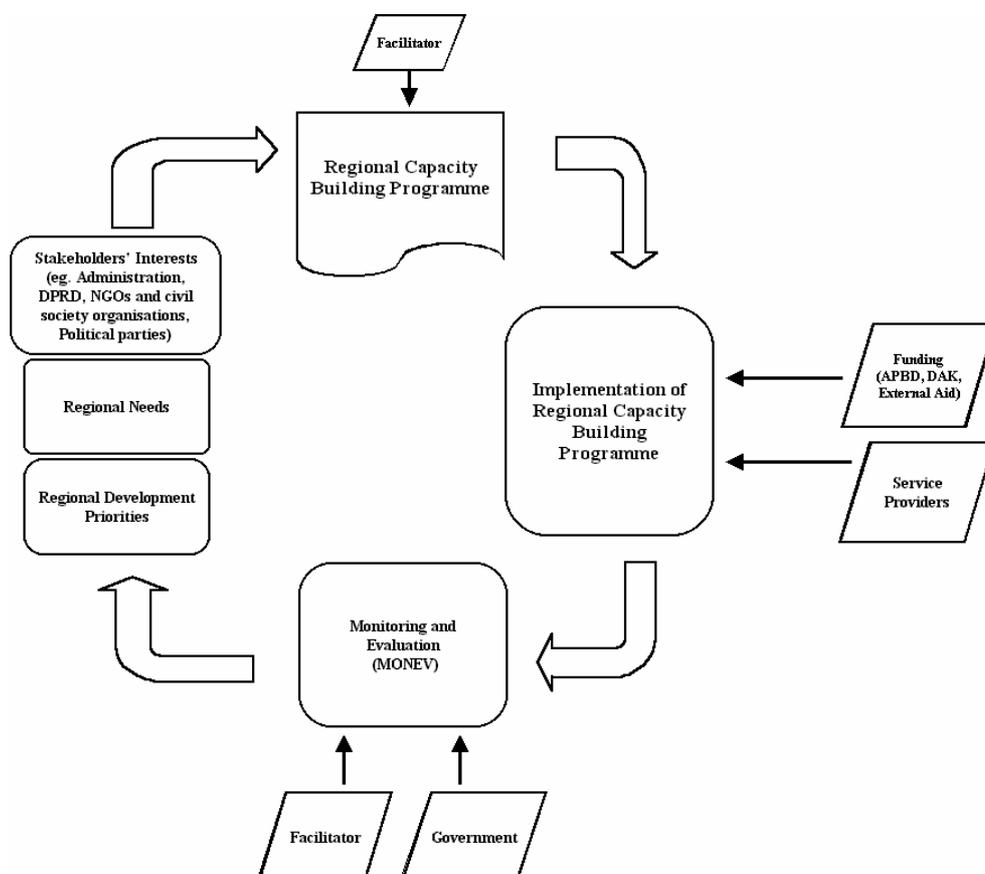
a. Establishment of a Core Team of Facilitators

Experiences elsewhere have shown that regional governments often face difficulties in initiating and steering meaningful capacity building processes. It is the role of the Government to support the formulation of capacity building programmes in the regions by providing trained and experienced facilitators, who can aid the process of identifying capacity building needs and of formulating a medium-term capacity building strategy involving the various stakeholders on the regional level. Establishing such a core group of facilitators would be the task of the Ministry of Home Affairs. These facilitators would also be involved in the regular review and update of the National Framework for Capacity Building.

b. Establishment of a Regional Coordination Team

Regional governments need a focal point for capacity building activities in order to coordinate and harmonise activities in a meaningful manner. Such a focal point could be established in the Regional Secretariat (*Sekretariat Daerah*), in the Regional Planning Agency (BAPPEDA), or in the units dealing with the planning and programming of regional activities. The task of such a focal point is not to be in charge of implementing all capacity building activities (including training), but to coordinate and monitor capacity building activities of the various regional stakeholders. These focal points need strong and consistent support from the region's political leadership to be able to carry out their coordinating function.

Figure C-2: The Capacity Building Cycle in the Regions



c. Inter-Regional Communication Forum

Capacity building requires the exchange of lessons learnt among regions and regional stakeholders. Regions should look at approaches and experiences in other regions with similar problems and characteristics. The associations of regional governments and DPRDs, as well as professional associations and donor-supported horizontal networks between regions are important channels for obtaining and sharing such information. Therefore the central governments through the Sub-Working Team VI of the *Tim Keppres 157/2000* has the responsibility to facilitate the mentioned parties to provide and take the respective information.

3.4. Capacity Building Mechanism

3.4.1. Tasks and Roles of the Related Institutions

With respect to central government agencies, the suggested activities aim mainly at finalising the regulatory framework for regional autonomy, improving the policy process,

and developing instruments and working mechanisms of central government agencies to become more demand-oriented, facilitative and supportive of the needs of the regions.

Regarding capacity building in the regions, the National Framework fosters a demand-driven approach where the regions receive support from the central government to procure training and advisory services from a variety of providers. Figure 3 shows the suggested linkages between central government, the regions (governments, councils, political parties, civil society organisations), capacity building service providers and donors.

a) Central Government

The main tasks of the central government is to ensure that needed capacity building tools and instruments are available from a wide variety of providers (public and private training institutes, professional associations, universities etc.). It will “pre-screen” such tools and instruments to ensure quality and relevance. It will guide and advise the regions on available capacity building tools and instruments, and facilitate the exchange between regional governments. It will also support and guide providers of capacity building services. Central government agencies (like the *Pusdiklats*) will provide capacity building programmes as demanded by the regions.

b) Regional Government

The regions must define their own specific capacity building needs. With that they can allocate funds from their regional budgets in order to purchase capacity building services (like training programmes, consultancy services, information) from a wide variety of providers – central and provincial government agencies, universities, private sector agencies, professional associations etc.

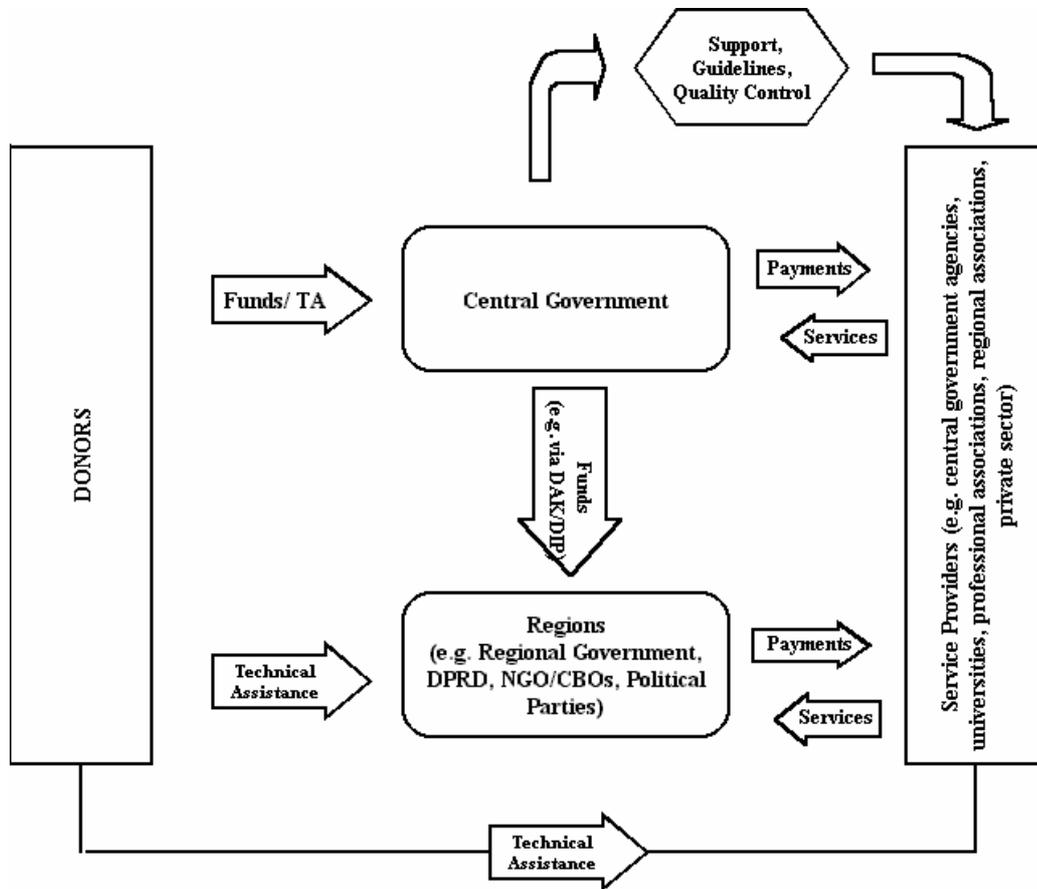
c) Support Institutions/Providers of Capacity Building Services

Providers of capacity building activities will come from the public and the private sector. They will provide demand-oriented capacity building services to clients at the regional and national levels. In many cases, service providers might need support and facilitation from the central government and donors to provide capacity building tools that are needs oriented, in line with the specific conditions of the regions.

d) International Institutions

Donors can provide technical and financial support to the parties which need such support. Based on appropriate TA agreements in line with existing regulations, they can also provide direct support to service providers (e.g. universities, *PusDiklats*) and to the regions.

Figure C-3: Stakeholders in the Capacity Building Process



Capacity building services include e.g. information/ documentation, training, facilitation and moderation, facilities/infrastructure; consulting services/advice, research and analysis, manuals and "How to do" - Guidelines

3.4.2. Review of Capacity Building Needs in the Regions

Several issues have to be taken into consideration when assessing the capacity building needs of the regions:

a. Stakeholder Involvement

As stated earlier, capacity building is a multi-dimensional activity involving a multitude of stakeholders in the regions. Programmes of the regions for capacity building have to be designed and formulated in such a way that the various stakeholders are involved, and – depending on the priorities identified – can influence the planning and implementation of regional capacity building programmes. In other words, capacity building programmes must not be formulated by and for the administration alone, but should result from a process of consultation involving for instance the DPRD, local communities, NGOs, political parties and others. Capacity building programmes must not focus on training only, but must consider the need for an integrated approach in order to ensure that individual capacity building (= training) is supported and complemented by improvements on the institutional and the systems level.

b. Reference to Regional Policy Documents

Capacity building should support the achievement of the policies and priorities of the regions. Policy documents of the regions, such as *Pola Dasar*, *Program Pembangunan Daerah (Propeda)* and others should be taken into account in the formulation of capacity building programmes since they determine the region's priorities, its visions and aspirations.

c. Medium Term Orientation

Capacity building is a long-term and large-scale effort which needs prioritization and sequencing. Regional capacity building programmes must not be limited to the annual budget cycle but should provide a medium-term orientation of integrated and complimentary activities which can be funded from a variety of sources, such as APBD, APBN and other sources. However, the annual budget process provides an opportunity to re-examine the capacity building process and the availability of resources.

d. Updating of Programs

Capacity building programmes have to be adjusted regularly based on the analysis of the results of completed capacity building interventions, of changing needs and perceptions of the stakeholders involved. The Government will also support and implement monitoring and evaluation of regional capacity building programmes in order to update its National Framework for Capacity Building.

e. Methods and Approaches

In identifying their capacity building needs, regions can use a variety of methods and approaches. Self-assessment of needs by the various stakeholders, moderated focus group discussions, comparison with similar regions elsewhere, quantitative and qualitative techniques etc. can be applied. The active involvement and commitment of stakeholders, and the integration of interventions into a medium-term strategy are more important than complex exercises of gathering and analysing quantitative data.

3.4.3. The Capacity Building Cycle

As mentioned above, the needs for capacity building will change as the implementation of decentralisation proceeds and as the stakeholders involved will gain experience and understanding of their new roles and responsibilities. The inventory of capacity building needs shown below must be regarded as an initial mapping of needs, which has to be updated.

Figure 4 shows the envisaged cycle of needs assessment, implementation, monitoring and evaluation of capacity building needs.

In this context, the Government must have the capacity to analyse overall capacity building needs, and to formulate a coherent policy response. Inter-ministerial coordination mechanisms (like the Sub-Team VI of Tim KEPPRES 157), and its secretariat are important institutional factors in this process.

Regions need the capacity to assess their needs, to formulate initial capacity building activities, to analyse the impact of implemented capacity building activities, and to revise capacity building programmes for the future.

Given the nature of potential sources of funds and the types of activities they will support, a number of different mechanisms will be necessary. Such mechanisms will need to reflect the particular policies, procedures and priorities of users and providers of funds. General factors which will influence the types of mechanisms which will be utilized include:

- Types of funds: national revenues, regional revenues and/or grants;
- Sources of funds: the national budget (*APBN*), regional budgets (*APBD*), private funds, and funds from donor agencies (private, bilateral, multilateral)
- Customer of services: central government, provinces, regions, civil society, regional and village councils (*DPRD*, *BPD*), non-governmental organizations
- Service providers: government (central, regions); private sector, NGOs, universities; donor agencies
- Types of responsibilities (*kewenangan*) to be addressed by capacity building activities: central government tasks, deconcentrated tasks, co-administrations tasks (*tugas pembantuan*) and decentralization tasks.
- Mechanisms of implementation according to existing laws and regulations.

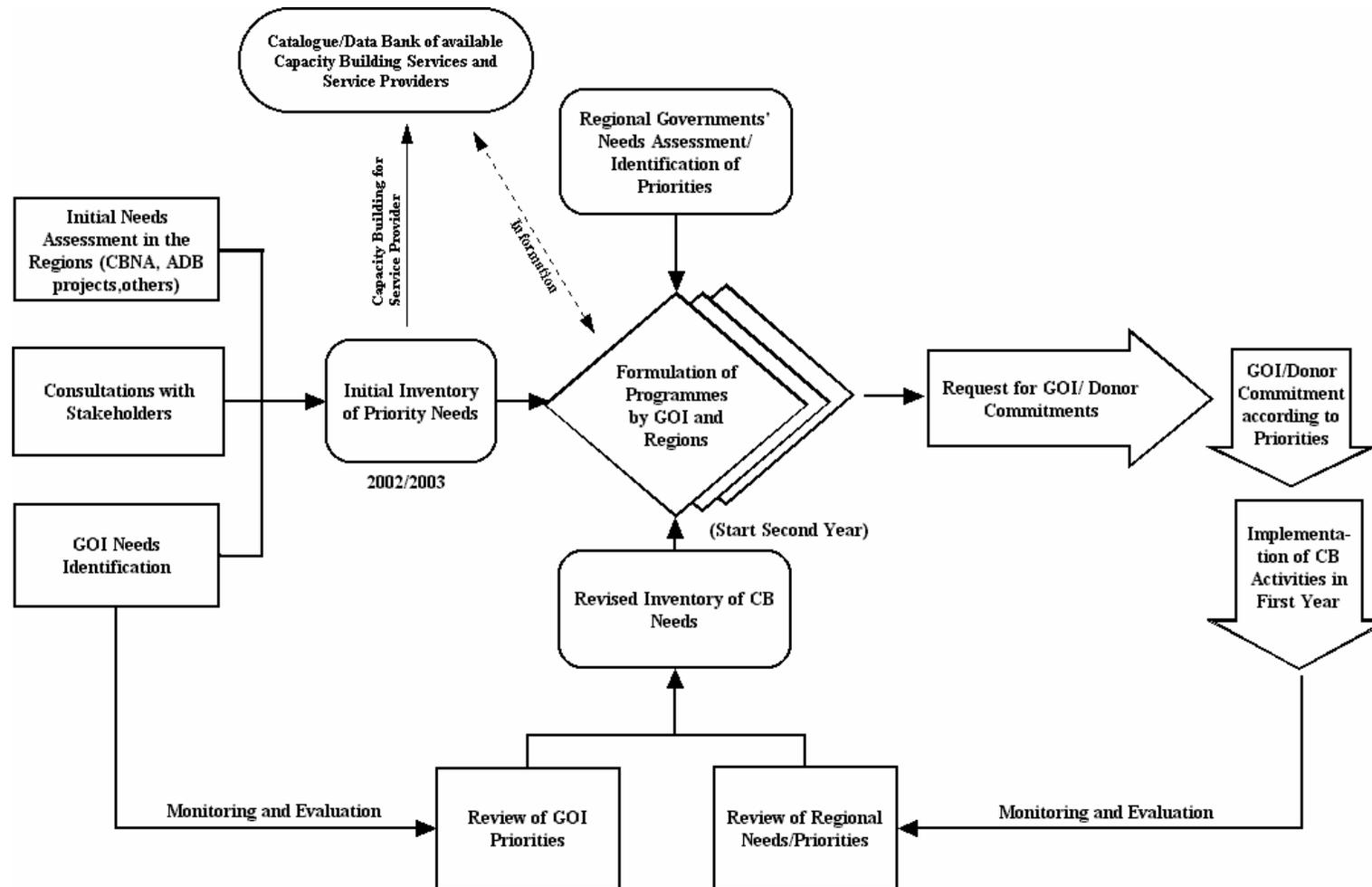
General considerations with respect to these mechanisms include:

- Recognition of the integral link between capacity building and decentralization and the national goal of increasing capacities to implement decentralization in all regions;
- Awareness that different regions have different capacity building needs and varying capabilities to fund capacity building needs;
- The objective of attaching real costs to the consumption of services while recognizing the need and desirability of subsidies in certain cases;
- The need to recognize and accept the various policies, priorities and limitations of sources of funds;

- Acceptance that within a given region funding for the delivery of a variety of services will be provided through a variety of funding mechanisms.

The institutionalization and utilization of these mechanisms will depend on the policies, approaches and priorities of potential sources of funds; the legal, administrative and procedural environment; and, ultimately, the availability of funds. These will become clearer as the decentralization process proceeds proportionally.

Figure C-4: The Capacity Building Cycle



3.4.4. Inventory of Capacity Building Needs

3.4.4.1. Technical Notes on the Needs Inventory

Government and the related stakeholders have already reviewed and inventorised the present capacity building needs. The inventory of capacity building needs is based on several kinds of inputs: a variety of studies and needs assessments resulted in capacity building recommendations. Central government sector departments and agencies, the associations of regional governments and regional parliaments (DPRD) were consulted to obtain their respective perceptions on capacity building needs. Meetings with civil society representatives and local councillors were used to solicit feedback on perceived capacity building priorities and proposed areas of support. The resulting inventory presents an assessment of overall capacity building needs in the context of the implementation of decentralisation, based on prevailing conditions and as seen by the stakeholder representatives contacted. It does not present specific capacity building needs for a specific region but constitutes a general outline which can be adopted and elaborated in order to specify regional needs.

The inventory of capacity building needs focuses on eight cross-sectoral issues in line with the scope of the National Framework for Capacity Building, as follows:

1. General regulatory framework for decentralization
2. Organizational development of regional and village governments
3. Human resources management of the regional apparatus
4. Financial regional management
5. Strengthening of regional and village councils, and civil society organisations
6. Development of the planning system
7. Regional economic development
8. Managing the transition period.

All cross-sectoral issues mentioned above involve and focus on specific target groups like the central government, regional governments, village governments, regional associations, regional and village councils, non-governmental and civil –society organizations, village communities, support institutions and capacity building service providers.

For each of these cross-sectoral issues, the inventory contains main activities, both ongoing or planned. The inventory furthermore indicates a time frame for capacity building activities between the current year and the year 2004. The capacity building needs listed are based on an analysis of the present situation, conditions and expectations. They will need regular review and adjustment in accordance with newly emerging issues.

3.4.4.2. Summary of the Capacity Building Needs Inventory.

The needs for Capacity Building have been grouped as follows:

Section 1 focuses on finalising the regulatory framework for decentralisation and local government, and on socialising and disseminating this new framework to all stakeholders on national and regional level. This includes the formulation and application of the minimum service standards (*Standar Pelayanan Minimal* – SPM), the determination of

responsibilities (*kewenangan*) of the regions, and the design and conduct of standard training programmes addressing key aspects of the new local government framework. Key implementation units in this section are the Ministry of Home Affairs, sectoral departments, the State Ministry for Administrative Reform (MENPAN), universities and the regional governments.

Section 2 focuses on the adjustment of central and regional government structures. Capacity building needs include a review of Government Regulation No. 84/2000. A key aspect in the development of capacities in the regions is the support of central government and the universities. The section also includes the suggestion to design and deliver a crash programme in organisational development to the regions. Key government agencies in this section are MENPAN and the Ministry of Home Affairs, sectoral ministries (e.g. in order to advise the regions in choosing different organisational solutions for providing sectoral public services), and service providers like universities and private sector consulting firms.

Section 3 focuses on the need to establish human resource management systems at the regional level. This section also includes a review of the present civil service regulatory framework, the review of the institutional landscape for delivering civil service training, the design and delivery of two crash programmes in human resource management to officials of regional governments, the establishment and support of regional civil service management agencies (*Badan Kepegawaian Daerah – BKD*) as stipulated by KEPPRES 159/2000, and the support of horizontal networks between regions in order to share and disseminate good practices in civil service management.

Key central government agencies in this section are BKN, MENPAN and LAN, with an increasingly important role of the associations, universities and private sector training institutions.

Section 4 discusses aspects related to regional finance and financial management. There are a substantial number of regulations which either have to be finalised/revised or to be disseminated. There is a substantial need for training so that regional officials and DPRD members can understand and apply the new system for regional budgeting. Key standard training courses for regional financial management have to be revised, and their delivery basis broadened. Other activities are needed to further develop the regional finance system by introducing performance oriented budgeting and a new accounting system.

In this case, the Ministry of Finance and universities have a key role in delivering training and consultancies related to financial management. The Ministry of Home Affairs has key functions relating to regional budget procedures. One important aspect included in this section is the need to strengthen the capacity of civil society organisations to critically analyse regional budgets, and to become competent partners to the regional councils and the executive in the regional budget formulation process.

Section 5 envisages substantial capacity building needs of regional councils and their secretariats, and of the village councils (*Badan Perwakilan Desa – BPD*). Support to the regional councils should to a large extent be organised via non-governmental organisations and the political parties. The Ministry of Home Affairs has responsibility to facilitate the preparation of guidelines, counselling, education and for the development of society's capacity in the field of politics. There is also a need to strengthen the secretariats of the regional councils to support them in improving performance.

The new decentralised framework of government requires an adjustment of the way regions formulate their development visions and development plans. **Section 6** summarises capacity building needs in all sections, both in terms of system design (putting in place the required regulations and guidelines), dissemination and training, familiarising DPRD members with planning approaches, and strengthening the capacity of the communities in giving inputs to the members of regional councils and the regional executive in making planning decisions. Key actors in this field are the Ministry of Home Affairs and BAPPENAS, while associations, NGOs and universities can play a key role in supporting participatory planning processes at the regional level.

Section 7 contains capacity building needs for local economic development. These include modifying the regulatory framework for investment permits and the horizontal dissemination of good practices between regions (e.g. of model approaches towards local economic promotion).

Implementing the new decentralised framework of government will take time, and an important element for capacity building is the proper management of the transition from the centralised system of the past to the new system of local governance. **Section 8** is the summary of the capacity building needs which are specific for this transition period, such as support to the inter-departmental and inter-governmental coordination teams (e.g. DPOD secretariat, Tim KEPPRES 157/2000), the development of a Monitoring and Evaluation (MONEV) system, and the need for educating the public regarding the intentions and limitations of the decentralisation policy. This section furthermore includes initial assumptions regarding institutional development needs of the newly established associations of regional governments and regional councils.

Section 9 describes specific capacity building needs for the sectors, especially in those sectors where the regions must carry out mandatory functions (*kewenangan wajib*). However, not all sectors are covered, since some sector departments have not forwarded inputs to the National Framework for Capacity Building. Since the concept of the Framework is a dynamic one, such capacity building needs can be added at a later stage.

Principally, formulating the capacity building needs for the sectors follows the same format: they start from reviewing and adjusting of the sectoral regulations so that they reflect the framework of the decentralization, followed by socializing and disseminating the new regulations (including the delivery of the guidelines to the regions and to the stakeholders in the regions), the modification of the organization, the work mechanisms, and capacity building needs of the human resources.

The needs inventory details will be released through a circular letter of the Director General of the Regional Autonomy Ministry of Home Affairs in coordination with the Deputy for Regional Autonomy Development, State Minister for National Development Planning/BAPPENAS together with the release of this National Framework.

3.5. Funding of Capacity Building Efforts

Funding to support capacity building activities can come from the following sources:

- (1) National budget (APBN)
- (2) Provincial budgets (APBD Propinsi)
- (3) Local budgets (APBD Kabupaten/Kota)
- (4) Grant
- (5) Loans
- (6) Other sources.

3.6. Monitoring and Evaluation of the Capacity Building

Monitoring and evaluation of Capacity Building is intended to see how far the operationalization of the capacity building program has been implemented as planned, and also to give added value towards the capability of the executives, both at the central and regional level. Therefore, the objectives of implementing monitoring and evaluation on capacity building is to collect data and information from all aspects of government implementers related to the operationalization of decentralization in the era of regional autonomy. This is regarded as useful to help the state implementer (*penyelenggara negara*) in order to find solutions regarding successes and constraints being encountered.

Functionally, the objectives of monitoring and evaluation include among others:

- (1) *Control* of the implementation of the capacity building activities both at central and regional level.
- (2) *Evaluation* (assessing the impact of activities on the performance of central and regional government institutions).
- (3) *Provision of inputs* to the central and regional governments for the review of capacity building needs and implementation strategies.
- (4) *Documentation* of successful cases, innovative approaches, examples of good practices of good regional governance to share the experiences with other stakeholders.

4. Concluding remarks

The formulation of the National Framework for Capacity Building is very beneficial in order to give an overview to the central and regional governments and other stakeholders regarding the status of capacity building needed to support decentralization. It is expected that there will be an overview about capacity building to be done by governments at the central and regional level, where capacity building services will be obtained from all the respective resources needed.

This National Framework is dynamic. The capacity building needs inventorized here can be reviewed in line with changing conditions and based on feed back and lessons learnt which are obtained from central and regional governments in the process of implementing their new authorities and responsibilities. Therefore a key element of this capacity building strategy is the updating of the capacity building needs inventory in

order to direct government programmes towards actual needs of each stakeholders involved in implementing decentralization.

However well formulated the ideas of the *National Framework for Capacity Building to Support Decentralization* are, they will be meaningless if not followed up by concrete operational steps involving all stakeholders at central and regional level, with wide support from the society and the private sector.

Part Two

*Ten Principles for
Good Regional Governance*

(as endorsed by the
National Conference of Regional Associations
in October 2001)

JOINT AGREEMENT

FOR

GOOD GOVERNANCE

We, the regional government and council associations, are aware,

That the welfare of the people constitutes the most important objective for achieving sustainable development, to bring relief to those in poverty, who are disempowered, and who are dispossessed socially,

That to address these issues, the government has enhanced the authority of regional governments by granting broad, real and responsible regional autonomy, that shall be implemented with reference to good governance.

That the implementation of good governance has become an urgent need and key prerequisite to restoring the faith of the people in the agencies of government.

That good governance can encourage all relevant stakeholders to exercise their capabilities to the full in order to improve overall conditions of living,

That therefore there is need for a joint understanding on good governance as well as the guidelines for its implementation.

And herewith have reached an agreement for the realization of good governance in accordance with the ten principles outlined below:

Principle 1 : Participation

To encourage all citizens to exercise their right to express their opinion in the process of making decisions concerning the public interest, both directly and indirectly.

Principle 2 : Rule of Law

To realize law enforcement which is fair and impartial for all, without exception, while honouring basic human rights and observing the values prevalent in the society.

Principle 3 : Transparency

To build mutual trust between the government and the public through the provision of information with guaranteed easy access to accurate and adequate information.

Principle 4 : Equality

To provide equal opportunities for all members of the society to improve their welfare.

Principle 5 : Responsiveness

To increase the sensitivity of government administrators to the aspirations of the public.

Principle 6 : Vision

To develop the region based on a clear vision and strategy, with participation of the citizenry in all the processes of development so that they acquire a sense of ownership and responsibility for the progress of their regions.

Principle 7 : Accountability

To increase the accountability of decision-makers with regard to decisions in all matters involving the public interest.

Principle 8 : Supervision

To increase the efforts of supervision in the operation of government and the implementation of development by involving the private sector and the general public.

Principle 9 : Efficiency & Effectiveness

To guarantee public service delivery by utilizing all available resources optimally and responsibly.

Principle 10 : Professionalism

To enhance the capacity and moral disposition of government administrators so that they are capable of providing easy, fast, accurate and affordable services.

This agreement shall be implemented by:

1. formulating the policies, legal instruments and mechanisms to implement good governance;
2. awareness raising activities and pushing the application of good governance by all members in each of the associations;
3. continuous monitoring of the practice of good governance and reporting on the results in a open, immediate and transparent manner;
4. holding consultations with stakeholders in order to determine local priorities and specific required action;
5. conducting advocacy so that the principles of good governance are addressed in the national and regional legislature;
6. enhancing public awareness through local meetings so that this agreement can also be addressed and approved by various other institutions in the regions.

To ensure the follow-up of this agreement we are forming a joint forum between the associations to cooperate for the application of the above principles of good governance.

Drawn up in Jakarta, on 24 October 2001

Association of District
Governments In Indonesia

Association of City
Government In Indonesia

Chairman of Governing Board

Chairman of Governing Board

Association of
District Level Councils in Indonesia

Association of
City Level Councils in Indonesia

Chairman of Governing Board

Chairman of Governing Board

Part Three

*References and
Sources of Information*

1. Publications and Reports ²

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2. Web-based Resources

a) Tools, Manuals and Instruments in the context of capacity building

For the organizational capacity assessment tool developed by PACT, see the PACT website http://www.pactworld.org/services/oca/index_oca.htm

DFID Sourcebook on institutional and organisational development (http://www.dfid.gov.uk/Pubs/files/inst_org_sourcebook.pdf) (pdf-file, 468 kb). _

This sourcebook outlines some of the key tools used by those involved in institutional development. Suggested tools and instruments include the Open Systems model, the 7-S model, Problem Tree Analysis, Benchmarking, Force Field Analysis and Stakeholder Management.

² ✱ indicates that the mentioned document can be downloaded from the GTZ-SfDM website at www.gtzsfdm.or.id

European Centre for Development Policy Management (ECDPM)/ Netherlands Ministry of Foreign Affairs, Institutional Development: Learning by Doing and Sharing. Approaches and tools for supporting institutional development ([http://www.capacity.org/Web_Capacity/Web/UK_Content/Download.nsf/0/9CA60DAADFE2D4BCC1256E3E003CC2E5/\\$FILE/final%20draft%20booklet_rev.pdf](http://www.capacity.org/Web_Capacity/Web/UK_Content/Download.nsf/0/9CA60DAADFE2D4BCC1256E3E003CC2E5/$FILE/final%20draft%20booklet_rev.pdf)) (pdf-file, 436 kb) _

This (draft) booklet reviews approaches of institutional development. It presents and describes 20 "tools" for institutional development, including facilitation tools, process tools, stakeholder analysis tools, institutional analysis tools, internal organisational analysis tools, and strategy and planning tools. For each tool, it provides additional sources of information, references, and in many cases websources for obtaining more detailed information.

Eldis "Governance Manuals and Toolkits" (<http://www.eldis.org/manuals/index.htm>)
ELDIS is a collaborative effort of four European donor agencies (NORAD, Sida, SDC, DFID) and the Institute of Development Studies in Brighton. It serves as one of the most profound development directories in the web, and offers a special section on "Governance Manuals and Toolkits". Here, the reader can find effective resources on topics such as E-Governance, participatory decision-making and budgeting, HIV/Aids, and anti-corruption measures, that are specially targeted on local governments and civil society actors.

OneWorld Capacity Building Guide (www.oneworld.net/guides/capacityguide)
OneWorld is a major information network that supports and coordinates civil society activities all over the world. Their capacity building guide gives an introduction into the topic and various related issues, as well as pointing to a broad range of resources supporting practical and research interests.

Building Institutions for Good Governance (BIGG) (www.bigg.or.id)
"The BIGG Picture" publication series contains a wide range of practical information for Indonesian regional governments and recommended practices on performance budgeting, financial management, citizen participation and related topics.

b) Websites on Capacity Building

For background information and documents on the capacity building debate in Indonesia, see the „Capacity Building“ chapter of the SfDM website www.gtzsfdm.or.id

Documents and papers on capacity building in general can be found in the “Capacity Building” section of the library of the SfDM website: see http://www.gtzsfdm.or.id/lib_pa_doc_on_cb.htm

For information on UNDP’s work on capacity building, see <http://capacity.undp.org/resources.htm>

Another source of information on capacity building is the website of the European Centre for Development and Policy Management (ECDPM) in Maastricht (Netherlands). The website covers a broad range of topics including definitions for capacity building, links to documents and case studies, and a quarterly newsletter: www.capacity.org

For information on the capacity building debate in another region, visit the African Capacity Building Foundation at www.acbf-pact.org. The African Capacity Building Foundation was established in response to the severity of Africa's capacity problem and the challenge to invest in indigenous human capital and institutions in sub-Saharan Africa.

Several donors (including UNDP, GTZ, World Bank, JICA, CIDA and ADB) have conducted two international meetings on capacity building and capacity development. The first one took place on Manila in January 2003, the second one in Tokyo in February 2004. For details on the Manila meeting, visit www.undp.org/capacity/symposium, for information on the Tokyo symposium visit www.capacitywhoiswho.net.

Capacity Development Site of CIDA (Canadian International Development Agency) (<http://www.acdi-cida.gc.ca/cd>)

This website is intended to provide a focus and a central location for those who are looking for ideas, definitions, lessons learned, approaches, resources or operational tools regarding capacity building/ capacity development. The site is organised around three main topics: "Capacity Development in Canadian Development Cooperation", "Reference Documents", and "Sites of Interest". The "Reference Documents" section of the website contains a bibliography and a "toolkit" with emphasis on capacity development techniques, tools and approaches.

INTRAC (<http://www.intrac.org>)

INTRAC is a NGO (Non-governmental Organisation) supporting other NGOs. Its goal is to improve civil society performance by exploring policy issues and by strengthening management and organisational effectiveness. It focuses on three themes: Organisational Development, Strengthening Civil Society, and Participatory Development.

Sustainable Capacity Building for Decentralization (SCBD) (www.scbd.net)

The SCBD programme is a major initiative, funded by the Asian Development Bank (ADB), to support the implementation of Indonesia's 2002 National Framework for Capacity Building. The programme cooperates with around 40 districts in formulating and implementing regional capacity building action plans. In addition, it assists the Government to establish a National Resource Centre on capacity building which is expected to help regions in finding information on capacity building issues. A third component of the programme is support to service providers in improving training programmes on key local governance issues.