Guidelines on
Capacity Building in the
Regions

Module A:
The Capacity Building Cycle -
From Capacity Building Needs
Assessment (CBNA) Towards
the Capacity Building Action
Plan (CBAP)

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

The project assists the Ministry of Home Affairs as well as other government agencies 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 the regions to decision makers at the national level.

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Introductory Remarks

These guidelines on capacity building in the regions, from conducting a systematic capacity building needs assessment to 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 to support the implementation of regional autonomy.

Following discussions with the Ministry of Home Affairs and other related national government agencies in January 2003, and a roundtable of capacity building 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. An Indonesian version is currently under preparation.

This **Module A** explains the concept and understanding of regional capacity building strategies in the context of Indonesia's policy of decentralization and regional autonomy. It is based on the *National Framework for Capacity Building to Support Decentralisation*, endorsed by the Ministry of Home Affairs and BAPPENAS in November 2002. The module clarifies the capacity building process in the regions and provides guidance on how to organise and manage a capacity building needs assessment process in the regions resulting in a medium-term regional capacity building action plan. Its main users are senior regional government officials and council members who have to decide on the initiation and conduct of a capacity building process in their region. It is also meant to guide external facilitators and moderators deployed to support the technical capacity building teams in the regions.

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Introduction

How do Regions benefit from Capacity Building?

Decentralization and political reformation have confronted the regions with new "rules of the game" on how to implement governance in the regions. With considerable responsibilities for the delivery of public services, and with substantial discretion in managing resources, the regions can now much better plan and implement programmes and activities according to the needs and priorities of the local society. However, these new possibilities often require a higher level of capacity (e.g. in planning and budgeting), and sometimes a different mixture of capacity (for instance more emphasis on strategic management, the need for public participation and accountability) compared to the previous framework of local governance where the regions mainly implemented programmes designed and funded by the national government. Regional capacity building in this context addresses the need to adjust and upgrade knowledge and competencies regarding the new institutional framework of the main actors in local governance, i.e. the DPRD, the administration, the private business sector and those civil society groups taking an interest in local governance issues, in order that all the mentioned actors understand the new framework for local governance, can fully accomplish their own role, and can understand and assess the roles of the other actors.

In addition to the medium-term need to understand and fully implement the new framework for decentralized local governance, capacity building refers to another dimension: i.e. that in a democratic state the people expect the public sector to provide public goods and services which meet the needs and demands of the people. The new public management approaches discussed during the last decade - "steering instead of rowing", "lean government", orientation towards citizens as customers - combined with a stronger focus on the quality of public services is a major rationale for demanding capacity building: the public sector (or more specifically in this context: the local public sector) have to understand the needs and requirements of their constituents (the local society), and must be able to deploy the available resources in such way that public services can be provided with the quantity and quality needed. The key word here is performance orientation. Recent reforms of the regulatory framework for public sector budgeting and financial management (including Law 17/2003 on State Finance, Law 1/2004 on State Treasury Bill, and Law 15/2004 on State Audit) require national and regional government agencies to show that spending public funds has resulted in concrete benefits for the people. In a democratic state, regional government officials will be judged on whether or not they can deliver such benefits. The orientation towards performance and quality of public services is therefore another driving factor for capacity building in the current context of local governance in Indonesia, which goes beyond the immediate need to meet the demands of the decentralization policy.

Engaging in systematic and medium-term efforts to build capacity clearly has advantages and benefits for the regions: it leads to the identification of areas for improvement and provides ways to tackle existing shortcomings, thus making regional governments more efficient and more effective. As regional governments move from formulating traditional development plans to a more strategic planning approach based on medium-term vision and mission statements, capacity building strategies become an integral part of these strategic plans because they require new capabilities and competencies. Regional institutions will be better positioned to meet the demands for services from the local society. Officials can show that they base their activities on a wide and joint understanding of the needs of the people. Better understanding between the regional council (DPRD), the regional administration, and society groups will reduce frictions and conflicts in the local community. Having medium-term, multi-dimensional capacity building programmes can facilitate access to additional sources of funds from the Government, from donor agencies or from the private sector.

Background to these Guidelines

As part of its effort to ensure a timely and efficient implementation of decentralization, the Government of Indonesia has formulated a *National Framework for Capacity Building to Support Decentralization (Kerangka Nasional Pengembangan dan Peningkatan Kapasitas untuk Mendukung Desentralisasi)*. The *Framework* outlines the policy on capacity building in the context of decentralization, explains the roles and responsibilities of the different stakeholders involved (like the national government, the regions, donor agencies), and determines several principles for capacity building activities. Among these principles is the stipulation that capacity building to support decentralization in the regions has to be demand-driven, i.e. it has to be based on the analysis of specific regional needs, and must be in line with regional priorities and programmes. [1]

Regional representatives repeatedly emphasised the need to provide a practical guideline on how to do capacity building needs assessment (CBNA) in the regions as a basis for formulating medium-term capacity building programmes and as a basis for allocating funds from the regional budgets (APBD). These Guidelines attempt to answer this demand from the regions by suggesting a methodological concept for conducting capacity building needs assessment in the regions and for formulating regional capacity building action plans (CBAP). The Guidelines consist of three modules:

- Module A (this document) explains the concept of capacity building and outlines the steps and building blocks of a capacity building cycle in the regions. It is meant to increase the understanding of capacity building, based on the *National Framework for Capacity Building to Support Decentralization*, and to enable regions to comprehend the scope and the complexity of a capacity building process, consisting of a systematic needs assessment and the formulation of a medium-term capacity building action plan. It emphasises the need for a participatory, inclusive capacity building approach, and the need to link the capacity building initiative with the regular planning and budgeting process of the region. This module also includes a model example of a capacity building process in the region to illustrate how this process could look like. However, it is not meant as a blueprint to be copied and applied without further review. As a rule, the capacity building needs assessment process and the subsequent formulation of a capacity building action plan should be adjusted to the specific regional conditions.

- Module B is a "tool kit" for conducting capacity building needs assessments and for planning the concrete capacity building interventions. It contains examples of methods, tools and instruments which can be used for analysing capacity building gaps, assessing capacity building needs and for planning the capacity building measures. It further provides practical hints for facilitating the capacity building processes in the field by trained facilitators and moderators.

- Module C provides supplementary documents, references and sources of information. It also contains the *National Framework ("Kerangka Nasional Pengembangan dan Peningkatan Kapasitas Untuk Mendukung Desentralisasi")* of November 2002.

"Regional" in the context of these guidelines refer to the sub-national level of governments, i.e. the provincial and local (*kabupaten/kota*) level. Both levels could likewise utilise these guidelines. They intend to give regions (that is, regional government officials, members of the regional

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[1] See Module C for the full text of the National Framework.

councils, representatives of civil society organisations and interest groups) an overview of the capacity building concept and of a methodical process to formulate and implement a capacity building strategy. The Guidelines adopt an inclusive approach towards capacity building in that capacity building not only targets the administration (*aparatur pemerintah daerah*), but also the regional council (DPRD), civil society groups and other stakeholders at the local level.

Who should use these Guidelines?

There are several potential users for these modules. *Regional government officials* (senior government officers, civil servants), and elected *members of the DPRD* can use them to gain a better understanding of the concept of the capacity building cycle and what is needed to conduct a capacity building needs assessment in the region. For this purpose, Module A is the most important one. *Capacity building service providers* (like universities and training institutes) can use the guidelines to understand the national policy on capacity building in the context of decentralization so that they are better placed to offer professional services to regional governments. In Module B, *trainers, facilitators and moderators* find suggestions for tools and instruments which can be applied in the course of a capacity building needs assessment and for the formulation of a capacity building action plan. Module C eventually provides additional sources of information and support for capacity building issues.

Table A-1: Potential Users of the Capacity Building Guidelines

Module	Suggested User Group
Module A: The Concept of Capacity Building, the Process of Assessing Capacity Building Needs and of Formulating Capacity Building Action Programmes (CBAP)	Regional government officials Elected members of DPRD Civil society organisations Capacity building service providers Trainers and moderators/facilitators
Module B: Approach, Methods and Instruments for the Capacity Building Needs Assessment and Planning Process ("Toolkit")	Regional Capacity Building Task Force (technical team/*tim teknis daerah*) Capacity building service providers Trainers and moderators/facilitators
Module C: Supplementary Documents, References and Sources of Information	Regional Capacity Building Task Force (technical team/*tim teknis daerah*) Capacity building service providers Trainers and moderators/facilitators

Part One

The Concept of Capacity Building

1. Capacity Building and Decentralization

Decentralization and the process of political reform since 1998 have significantly modified the system of regional governance in Indonesia. Substantial responsibilities for providing public services have been devolved to the regions (i.e. provinces, regencies and cities). The regional councils (*Dewan Perwakilan Rakyat Daerah* – DPRD) have been given the right to supervise the regional executive, to approve the regional budget, and to determine major policies at the regional level. The recent revision of the regional governance law (UU 32/2004) has introduced the direct election of the Head of Region in line with the direct election of the President. The regions have much wider discretion to determine their organisational structures 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 national government retains overall policy making functions, decentralization of significant responsibilities to regional governments is expected to improve the delivery of public services, to make the public sector more responsive and accountable to the needs and priorities of regional communities, and to increase community participation in the policy making and oversight process.

In the context of implementing the decentralization policy, there has been a wide discussion on the capacities of regional stakeholders (governments, DPRD, local communities) to cope with their new responsibilities, and to fill out their new roles and functions. "Capacity Building" has become a key strategy of the Government, which has endorsed a *National Framework for Capacity Building to Support Decentralization* as part of the Government's effort to facilitate the efforts of the regions. The *Framework* envisages that capacity building programmes have to be demand-driven, meaning that the regions themselves have to assess their capacity building needs, and have to formulate capacity building programmes. However, many regions have requested further explanation of the capacity building concept, and have asked for support to conduct capacity building needs assessments.

The purpose of this Module A is

(i) to explain in more detail the concept of capacity building (chapter 1),
(ii) to outline the various phases and steps of the capacity building cycle in the regions (chapter 2), as well as
(iii) to provide a model process for such a capacity building cycle (chapter 3).

Chapter 4 informs about available internal and external resources to support regional capacity building needs assessments and the formulation of capacity building action plans.
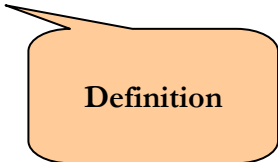
2.   The Concept of Capacity Building

It is useful to start with clarifying the concept of capacity building in the context of Indonesia's decentralization policy.

What exactly is "capacity", and how can it be measured?

There is a multitude of concepts and definitions about what exactly "capacity" is. Usually they all refer to the abilities of individuals or organisations to perform functions and to achieve stated objectives. However, capacity means more than technical competence, or the availability of sufficient financial or material resources. The capacity concept includes how such "inputs" are being applied and used to produce certain outputs, results and outcomes. Many authors see capacity as something that is dynamic, multidimensional, and directly or indirectly influenced by contextual factors (Brown et.al. 2001). Capacity is seen as task specific, and capacity constraints are specific as they relate to factors in a particular organisation or system at a particular time (Milen 2001). Capacity can have a quantitative connotation, but is more often linked with qualitative considerations. Capacity is seen as both a process and as an outcome.

Capacity is the ability of an individual, an organisation or a system to perform functions and to meet objectives effectively and efficiently. This should be based on a continuing review of the framework conditions, and on a dynamic adjustment of functions and objectives.
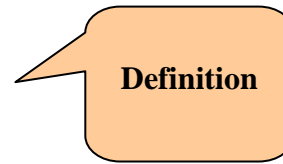
Definition

Capacity can be measured in quantitative terms, but in the context of local governance and service delivery it is more often seen from the perspective of how decision-making processes are being organized, what quality of services is being provided, and what are the results and outcomes that are being achieved. Many tools and instruments for organisational capacity assessment measure organisational capacity as perceived by the members of the respective organisation, and sometimes complement this internal assessment with an outside view, i.e. the assessment of the organisation's capacity as seen by external stakeholders (like customers/clients). If quality benchmarks have been established for certain services, they can be used as yardsticks to assess the organisation's capacity. Comparison with similar organisations in a similar context (e.g. comparing the performance/achievements of one Department of Agriculture *(Dinas Pertanian)* with another) can also generate significant insights into the capacity of the organisation.

What is "capacity building"?

Capacity building is a process that increases the ability of persons, organisations or systems to meet its stated purposes and objectives (Brown et.al. 2001). Capacity building can be seen as a process to induce, or set in motion, multi-level change in individuals, groups, organisations and systems seeking to strengthen the self-adaptive capabilities of people and organisations so that they can respond to a changing environment on an on-going basis (Morrison 2001). Seen as such, capacity building is about creating a "learning" organisation. Capacity building, like capacity, is task-specific, and while there may be common tools and instruments to be applied, capacity building programmes have to be tailored to the specific situation (Milen 2001). Capacity building consists of phases (like assessment, formulation of strategies, implementation of actions, monitoring and evaluation, re-planning) which are closely linked, however do not necessarily occur in a linear sequence (Milen 2001). Capacity building has to include different levels, like the individual level, the institutional (organisational) level, and the systems level. (UNDP 1998)

As can be seen from this definition, capacity building is much broader than sending staff to attend training programmes. In the context of capacity building, one would also have to consider how the staff members can make use of their new knowledge and skills, one would have to consider e.g. whether the working systems in the respective institution allow them to achieve good performance, one would have to assess the organisational structure of the institution and its relationships with other institutions of the regional government. Only then can one ensure that capacity is increased on the individual level (the staff member attending the training can learn something new), and that there is a positive impact on the way the institution concerned provides its services (institutional capacity building) and contributes to the improvement of the overall process and state of local development.

Capacity building is more than training!
The *National Framework* clarifies that training is an important component of capacity building because training can enhance skills and competencies of individuals (like the staff working in regional government offices, members of DPRD, and members of local community organisations). However, it is only one of several areas of intervention. As shown in Figure A-1, capacity building has to take place on three levels to be effective and sustainable:

➢ the **systems (or institutional) level**, like e.g. the regulatory framework, policies and frame conditions that support or hamper the achievement of certain policy objectives;
➢ the **organizational (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;
➢ the **individual level**, i.e. individual skills and qualifications, knowledge, attitudes, work ethics and motivations of the people working in organisations.

Figure A-1: Levels of Capacity Building
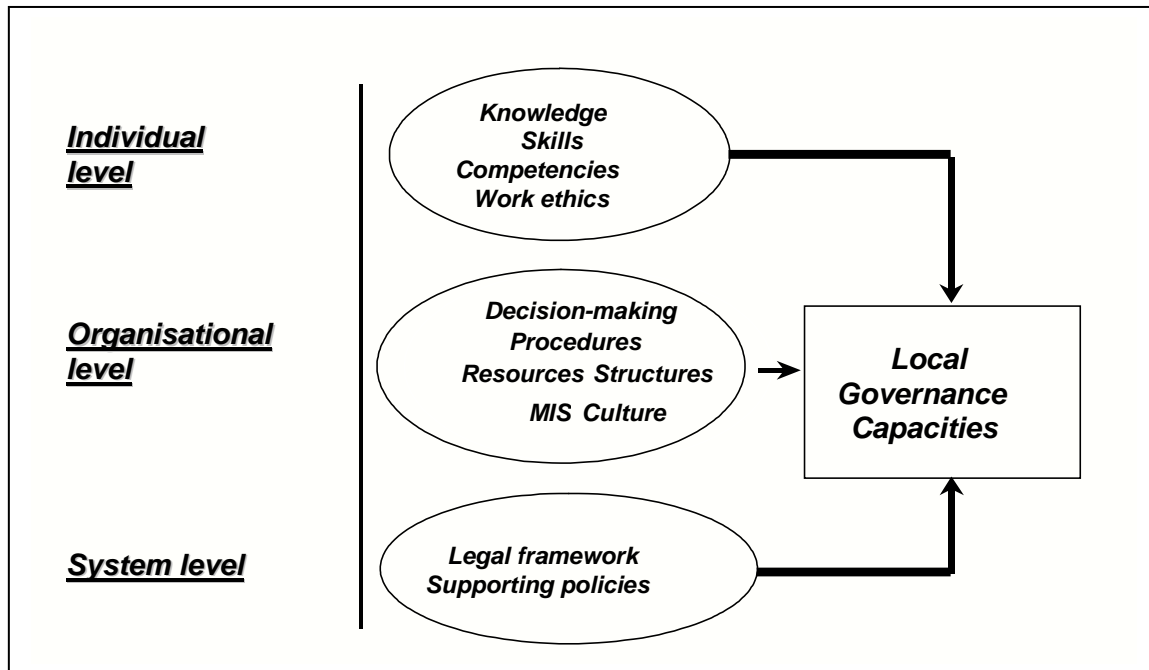
The system level describes the environment in which an organisation or a regional government system operates. "System" is not the same as "national" – regional conditions (like local power structures, local customs and tradition, the socio-economic characteristics of the region) determine the functioning (and the capacity) of regional institutions as much as the national regulatory framework and national policies.

The three levels are interdependent: changes on one level will have an impact on the other levels. Capacity building at each of these levels will influence capacity of the other levels as well. Therefore, capacity building initiatives will have to address capacity building needs at all levels; otherwise the efforts will not be sustainable and will not achieve the intended results.

Capacity building is a process, not an output
Capacity building is the effort to enable people, organisations and systems to face challenges and meet demands. It is in theory an indefinite process, which can go on forever because of the ever-changing frame conditions of governance, forcing organisations to constantly identify and meet new challenges. New economic developments, social and cultural changes, technological changes, political maturation of the society – all these factors determine what kind of services and activities are expected from public sector organisations. What is regarded as good and sufficient service delivery today, might not be relevant and in demand again tomorrow. Public sector management is also about anticipating these changes and adapting capacities to them. The capacity building cycle has to be structured and managed as an inter-linked, continuing process which consists of several interrelated elements:

➢ the assessment of capacity building needs through a multitude of analytical activities using a variety of tools and instruments;
➢ the formulation of a medium-term capacity building action plan involving various stakeholders;

➤ the implementation of (annual) capacity building programmes using own resources or resources provided by other stakeholders (like the national government), and finally;

➤ the evaluation of the impacts of capacity building activities.

The last step (i.e. evaluation and re-planning) would then restart the capacity building cycle. Figure A-2 visualises this concept of a cyclical capacity building process.

Capacity building is not a "project" but a process!
Because capacity building is a constant need for any organisation, it must not be perceived as a short-term project that is finished once the capacity building intervention has been completed. While many elements of a capacity building programme will probably be implemented as part of a "project" to be funded under the annual regional (or national) budget, it is important is to maintain linkages and consistencies between such individual projects as part of a broader capacity building strategy, and to ensure that these components relate to each other and build on the results and achievements of already concluded activities. As expressed in the concept of a capacity building cycle, the evaluation and assessment of the results of a capacity building interventions leads to the formulation of the next capacity building activity.

Capacity building is nothing new!
Many development projects and initiatives of the past – whether funded only from Government resources, or whether co-funded by external assistance - aimed at increasing the capability of regional institutions and of the people working in these institutions, so that the institutions could deliver their functions more effectively and efficiently. Such capacity building efforts were mainly sectorally oriented and targeted sectoral agencies of the government administration. Quite often such initiatives mainly emphasised training (= strengthening of individual skills and knowledge), and did not focus sufficiently enough on institutional changes and framework interventions needed to enable people and organisations to use their potentials fully.

Figure A-2: The Capacity Building Cycle

PREPARATION

ANALYSIS

EVALUATION

The Capacity Building Cycle

PLANNING

IMPLEMENTATION
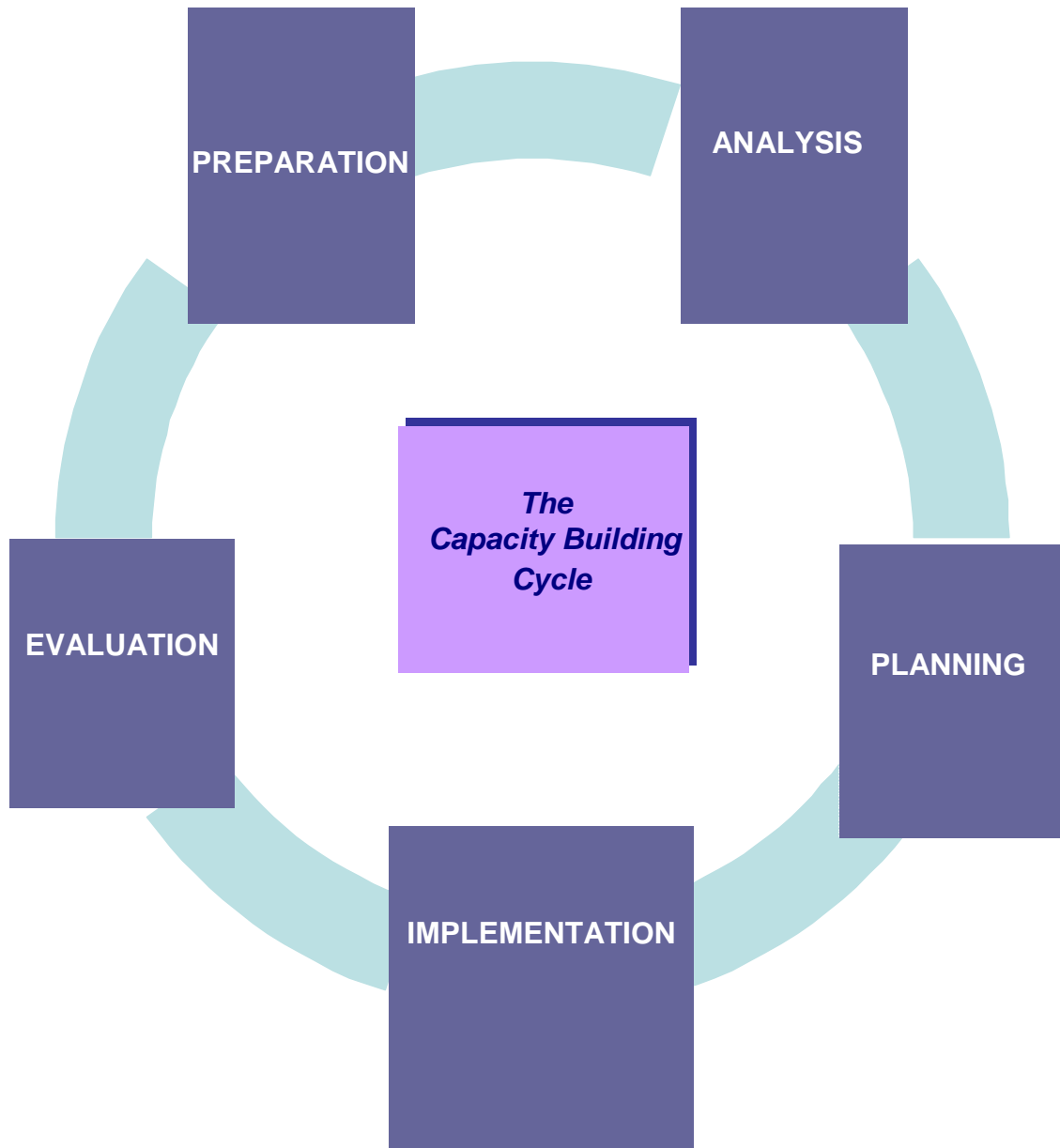
Capacity building for local governance
Regional autonomy has dramatically increased the need for capacity building, because of the substantial changes in the legal and political environment for regional governments. Whether it is the increased role of the regional councils, whether it is the demands of the regional society to be bet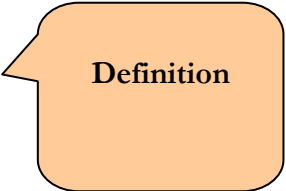ter informed about what the regional government is doing, whether it is the new and enlarged set of regional governments' responsibilities – regional autonomy has for sure changed the way regional governments are doing business in governing their constitutencies. Since regional governments have now much larger discretion to determine their activities (of course based on existing laws and regulations), they have to find ways how to prioritise development objectives, budget funds, and human and other resources. Regional autonomy has substantially increased the demands for managerial skills and competencies, and thus requires a different policy formulation process at the regional level.

Regional capacity building in the context of decentralization, as understood in the National Framework, refers to the need to adjust regional policies and regulations, to reform institutions of regional governments, to modify working procedures and coordination mechanisms, to increase the skills and qualifications of people in the regions, and to change value systems and attitudes in a way that meets the demands and needs of regional autonomy as a new approach towards governing and administering.

Definition

Regional autonomy is not only about giving the regions discretion in managing their own affairs. It is also about strengthening regional democracy, accountability and strengthening the participation of the regional society. Therefore, capacity building to support decentralization is also about developing effective participatory mechanisms and accountability systems to meet the demand for more regional democracy.

Where to start capacity building?
There are various entry points for capacity building. To determine which one is the most appropriate and effective one, is one of the key decisions to be made at an early stage once a region engages in a systematic capacity building needs assessment. According to UNDP (1998), capacity building assessments can „zoom in" or „zoom out", in other words they can start at a very detailed and concrete level, and then „zoom out" to get the „broader picture". Or they start on a very broad and general level, and then reduce the level of analysis by focusing on individual organisational units of regional governments or even on individual staff members. (see Fig. A-3)

An example: In order to assess the capacity of a regional government to do land use planning (*perencanaan tata ruang*), one can look at the individual and institutional capacity of the regional planning agency's (BAPPEDA) section dealing with land use planning (*Seksi Tata Ruang BAPPEDA*) as a starting point, and assess capacity building needs of this section. One can than „zoom out" to assess for instance the relationship of this *Seksi Tata Ruang* with other sections in the BAPPEDA, the relationship of BAPPEDA with other regional government agencies and the business community, the role of BAPPEDA in determining economic development priorities of the regions, the capacity of regional government agencies to enforce existing land use plans, the legal framework for land use planning etc. The further one moves away from the *Seksi Tata Ruang*, the more complex the emerging picture of interrelationships, conflicting interests, and interdependencies will become.

Figure A-3: The Process of "Zooming in – Zooming out"
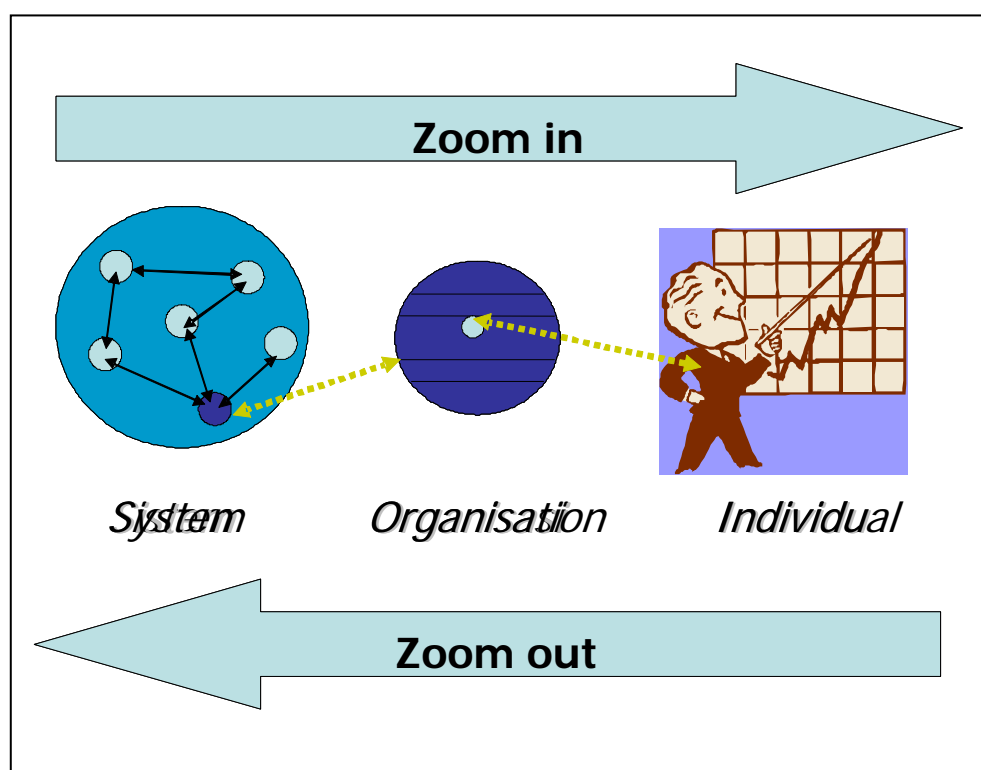
Or one can start with a general assessment of the status of land use in the regions, review whether existing land use plans are consistent with development trends and are being enforced or not, analyse shortcomings in the land use planning process, and than slowly "zoom in" to analyse in detail the situation in BAPPEDA and its *Seksi Tata Ruang,* and the available planning competencies of the staff working in this section.

It does not matter where one starts, and whether one "zooms in" or "zooms out". The important aspect is that the analysis and the subsequent design of capacity building action programmes should not be limited to one level alone, but should always try to cover all three levels, to identify interdependencies between them and also to find out which factors can indeed be influenced compared to "external factors" which are beyond the reach of a regional capacity building intervention.

Capacity building to support decentralization is not only for regional government staff!
One of the key principles of the *National Framework* is the understanding that regional autonomy involves many stakeholders: the regional administration (*aparatur pemerintah daerah*), the senior regional government management (like the *Sekretaris Daerah* and the *Kepala Dinas*), the political leadership (*Kepala Daerah*, the leadership of the DPRD), the regional branches of the political parties, the DPRD and its factions and commissions, regional interest groups, civil-society based groups, and the media. In order to ensure good regional governance, all these stakeholders need capacity building. Therefore regional capacity building action programmes should try to involve these groups in order to foster their role in the regional governance and development process.

Who determines capacity building needs and priorities?
Each group or each stakeholder can identify its own capacity building needs: The individual technical agencies *(Dinas)* for instance should look at their needs. The DPRD should discuss in which areas it wants to strengthen its performance and in which areas its members intend to

increase skills and competencies. The *Sekretariat Daerah* as a key staff unit of the regional administration certainly has its own specific capacity building needs. Groups in the regional civil society might wish to expand their capacity to engage in regional governance processes and issues. Naturally, all such distinct capacity building needs compete with each other for the scarce resources available.

The decision, which capacity building needs shall be taken into account and funded should not be taken by one official alone (like e.g. the *Sekretaris Daerah* or the *Kepala Daerah*). As implied by 'good governance' principles, there should be a participatory process, involving the various stakeholders, to determine the priorities for capacity building activities. This can be done as part of the annual budgeting process and its regular review. This can also be done as part of determining the general development priorities of the regions in their five-year plans (*Rencana Pembangungan Jangka Menengah* – RPJM) and in the annual development plans (*Rencana Kerja Pemerintah Daerah - RKPD*), by utilising the results of a capacity building needs assessment in the regular planning exercises and by incorporating such results in the region's strategy. It can also be done as a separate planning exercise whose results, however, must finally be integrated into the overall budget process.

When is capacity building needed?
As mentioned above, organisations are constantly facing changes in their institutional environment and have to meet the new demands and challenges in a strategic manner. In that sense capacity building is always needed, at any point in time. This is what the concept of a "learning organisation" is focusing on: an organisation that is constantly observing and analysing the environment in which it operates, and takes the necessary steps to adjust itself (its structures, its working mechanisms, and its resource base) to the new conditions. However, in reality capacity building activities are rarely implemented on a routine basis but usually linked to some major changes in the organisation's environment or to some points in time when an organisation considers its medium- and long-term strategic options and initiates changes accordingly.

For regional governments, decentralization and political reform constitute a major change of their operating environment, and therefore justify a major effort for capacity building.

Part Two

**Assessing Capacity
Building Needs and Formulating a Capacity
Building Action Plan (CBAP)**

3. The Capacity Building Cycle: Phases, Processes and Actors

Capacity building is conceived as a cyclical process that mirrors a strategic planning process, i.e. it consists of preparation, analysis, planning, implementation and evaluation of capacity building interventions.

However, there is no "one size fits all" capacity building cycle. Because regional capacity building takes place in different environments, with different actors and different objectives, the capacity building cycle in the regions will always look different from one region to the next. Yet, certain common steps or building blocks can be identified which should be included in all capacity building processes. In the following, we will outline such typical steps of a capacity building cycle. These steps have not always to be carried out in a sequential manner; rather they can take place simultaneously, in loops, and in a non-sequential way depending on local conditions and needs.

The proposed process consists of five major *phases* and 20 detailed *steps* which make up the methodology for capacity building (see Fig. A-4). In order to launch a methodically sound capacity building process at the regional level, a number of preparatory activities have to be undertaken in order to explore the needs and readiness for embarking on a comprehensive process.

The overall process of assessing capacity building needs and formulating a capacity building action plan may take between 5 – 6 months, depending on objectives, methodology, professionalism and available resources as well as political commitment and backing provided by regional government leadership. This does not yet include the time needed for implementing capacity building interventions for which – depending on the complexity of the programme and its interventions – six months and more may be needed before the first outcomes may be felt by both regional government agencies as the main providers of public services and the recipients alike.

Figure A-4 Figure: The Capacity Building Cycle

The preparatory phase of the capacity building cycle addresses the establishment of the work process at regional level, the agreement on objectives, and the determination of responsibilities, roles and functions to be performed by various stakeholders. It further accomplishes the mobilization and allocation of resources required to conduct the capacity building needs assessment.

PREPARATION
1. **Identification of needs for capacity building**
2. **Determining objectives**
3. **Establishing responsibilities**
4. **Devising process**
5. **Allocating resources**

ANALYSIS
6. **Identification of issues**
7. **Analysis of processes**
8. **Organization analysis**
9. **Assessment of capacity gaps**
10. **Summarizing emerging capacity building needs**

The analysis phase identifies existing capacity gaps in view of particular regional governance functions to be assessed. It adopts specific analytical methods and tools for capacity building needs assessment on three capacity levels, i.e. the system, organizational, and individual. The final result of this phase is a preliminary list of capacity building needs pertaining to all stakeholders involved.

The planning and programming phase transforms identified capacity building needs into multi-year capacity development strategies. A multi-year capacity building action plan and a medium-term expenditure programme provide strategic direction to capacity building interventions, based on established priorities and a sequencing of activities.

PLANNING
11. **Multi-year strategy and action planning**
12. **Medium-term expenditure planning**
13. **Priority setting and sequencing**

IMPLEMEN-TATION
14. **Annual programming & budgeting**
15. **Project planning**
16. **Selection of service providers; procurement of services**
17. **Project implementation**
18. **Monitoring of process**

The implementation of capacity building activities requires sound planning and programming of interventions. Annual programmes based on priority setting and sequencing of activities comprise the frame for annual budgeting and short-term implementation of capacity building actions. Procurement shall be based on competitive tendering. A continuous monitoring of accomplishments ensures that the capacity building process stays on track and that improved governance related products and services are made available to both stakeholders and regional beneficiaries.

The final phase deals with the evaluation of outcomes and impacts obtained from capacity building at the regional level. Performance indicators will assess how the organizations or individuals improved their performance by utilising the outputs, and which permanent benefits have been achieved from the enhanced governance performance. Based on that, a re-planning of capacity building action plans shall be done.

EVALUATION
19. **Evaluation of impact**
20. **Re-planning of capacity building action plans**

3.1 Phase A: Preparation

The preparatory phase of the capacity building cycle addresses the establishment of the work process at local level, the agreement on objectives, and the determination of responsibilities, roles and functions to be performed by various stakeholders during the process. The formation of a technical team is an essential step in the preparation. The preparatory phase further aims to build awareness for capacity building among local level stakeholders. It also accomplishes the mobilization and allocation of resources required to conduct the capacity building needs assessment.

The first phase consists of five working steps:
- Identification of needs for capacity building (Step 1)
- Determining objectives and scope of the CBNA process (Step 2)
- Establishing responsibilities for the CBNA process (Step 3)
- Devising the CBNA process (Step 4)
- Allocating resources for the CBNA process (Step 5).

Step 1: Identification of Needs for Capacity Building

A systematic capacity building effort will not start unless the need for capacity building has been identified and expressed. Sometimes the need for capacity building might not be felt in the respective organisation itself, but by other organisations or individuals dealing with this organisation. In other words, the identification of the need for capacity building can come from within the organisation, or from outside.

What are indications for an existing capacity building need? There can be unsatisfactory quality of services or outputs produced by an organisation, an insufficient quantity of services or even irrelevant services being provided. It might be that an organisation provides services and produces outputs which are not needed, while needed services are being neglected. *Customer satisfaction surveys* can give organisations a feed back of what their customers and clients think about their performance. *Benchmarking,* i.e. comparing its own performance with the performance of similar organisations elsewhere, can also provide evidence whether there is a need for capacity assessment and capacity building. *Self-assessment* of organisational capacity can result in interesting and stimulating feedback from the organisation's members how they themselves perceive the capacity of their organisation. In the context of *supervision* of regional government, higher levels of government might identify weaknesses and shortcomings of certain regional governments or of certain organisations within regional governments which call for capacity building interventions.

The need for capacity building can be very concrete, based on certain critical events ("The Financial Office (*Biro Keuangan*) has again failed to provide the figures needed for drafting the regional budget (APBD) in time"), or be based on more general observations and assessments ("Somehow our system of financial management seems not to be working."). One has to be aware that even without a distinct and formalized capacity assessment process the outside world (like the "customers" of the specific public services, the colleagues in other units of the regional government) is constantly assessing the (perceived) performance of the organisation. However, the capacity building needs assessment can structure and verify this assessment.

> „**Assessment of performance occurs informally, on an ongoing basis, whether or not the organisation engages formally in a performance assessment. Such assessments can be driven by various stakeholders and clients.**" **(IRDC 1995)**

It is necessary that the political and administrative leadership of the regional government shares this perceived need for capacity building, otherwise capacity building initiatives will lack political and management support and will not integrate well into the overall programmes of regional government.

In the present context of decentralization, probably all regional governments in Indonesia will feel the need for capacity building because they are trying to cope with new tasks and functions, new responsibilities, and new mechanisms of decision-making. However, the areas for capacity building needs in each region might be different, depending on the specific situation of each region.

Step 2: Determining objectives and scope of the CB process

The objectives and scope of a capacity building needs assessment and the subsequent formulation of a capacity building programme will have to be determined. Ideally, such a decision is not taken unilaterally by the regional political and administrative leadership but after consultation with all stakeholders (administrative managers, leadership and members of the regional council/DPRD, civil society organizations, etc.). At this stage it is not necessary to have already a very clear and concrete idea about all the capacity building issues, however enough information must be available to roughly describe the scope of the process because this also determines how many resources must be provided to conduct the CBNA. An "exploratory workshop" might be conducted that explains the capacity building concept, presents possible methods and approaches to assessing capacity building needs and, at the same time, identifies key issues as seen by various stakeholders.

Figure A-5: Process of an Exploratory Workshop (Example)

The "objective" should indicate the aim of the capacity building process: what should have been achieved once the CBNA process has been conducted. This includes the tentative demarcation of the focus or "object" of the process: the CBNA process can either be very wide, looking for instance at the whole system of regional government institutions (*perangkat daerah*) and their interaction with other institutions from the private sector and civil society. It can also be more limited, looking at the capacity of a single regional government institution (e.g. the Personnel Department *(Bagian Kepegawaian)* in the Regional Secretariat *(Sekretariat Daerah)*. The capacity building needs assessment could also look at certain service functions of regional government and assess, whether those functions (e.g. garbage collection, provision of clean drinking water, regional development planning, or career development for regional government staff) are delivered in a suitable, effective and cost-efficient manner.

Depending on whether a wider approach or a more limited approach is chosen, resources, time, methods, tools and instruments will have to be adjusted accordingly. Covering thoroughly the whole system of regional government organizations will, of course, require more time and resources than covering only one individual organization. Determining the "object" of the capacity building needs assessment has implications for the implementation of the process.

Figure A-6: Different Scopes of Capacity Building Needs Assessments
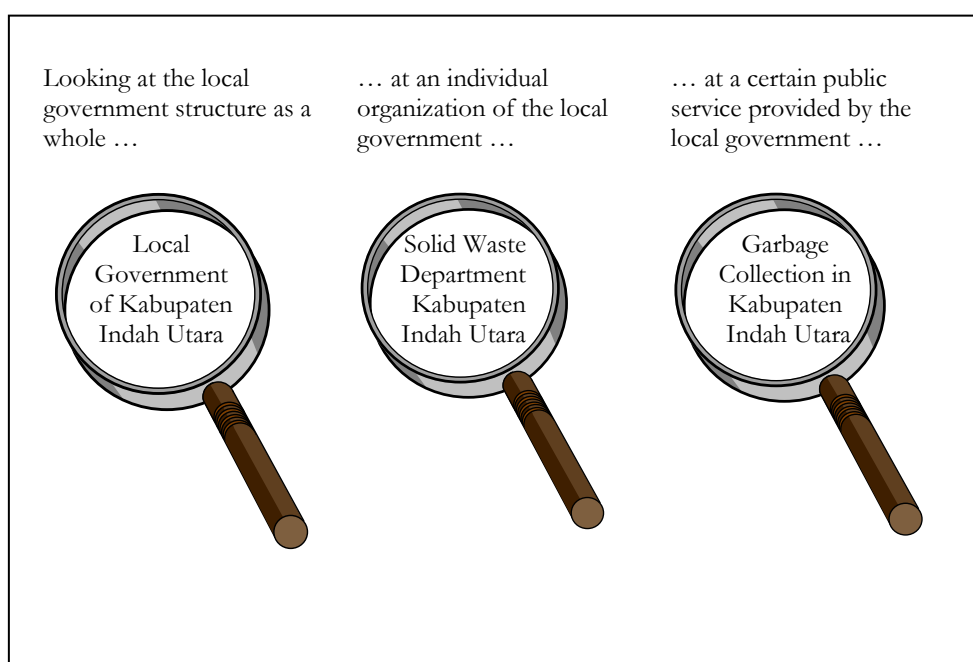
Deciding between a wider and a more limited approach for a capacity building needs assessment at this stage does not necessarily mean that the future capacity building action programme will be either wide or limited as well. The assessment process might come up with unexpected results and insights, requiring a different capacity building programme than the one envisioned in the beginning. This is where the "*zooming in/zooming out*" approach comes in that aims to identify the critical factors of capacity pertaining to three levels of capacity, i.e. the system, the organization and the individual level. While all three levels should be covered by an assessment, it could be that in the course of the assessment one finds out that the roots of the problems are on a

different level than what was expected. It is important to keep the assessment process flexible, and not to pre-determine its outcome.

In most cases, the initial perception of where capacity building needs are located will result from the daily operations of regional governments and their interaction with citizens and the private sector, with other regions and with other levels of government. Decentralization and the political reform process since 1998 have widened the scope of external influences on regional governments. The regional council, political parties, the media, and local citizens' interest groups, to mention a few, have much more discretion to comment on the capacity (or lack of it) of regional governments than in the past. Their demands and aspirations, inputs and feedback can give the administration important hints in which areas capacity building might be needed. However, it is important to verify these perceived (assumed) capacity building needs as indeed important, and to discuss such perceptions with other stakeholders. One should furthermore not overlook the capacity building needs of the other stakeholders which play an important role in the local governance process, like the council and civil society groups.

Step 3: Establishing responsibilities for the CBNA Process

Since capacity building attempts to tackle individual, institutional and system capacities in an integrated manner, it is important to have a clear institutional responsibility for the capacity building process, including the needs assessment and the implementation of capacity building measures.

The assessment of capacity building needs can be conducted either by regional government staff itself, or with external support from, for instance, universities, associations of the regions, national government agencies and others.

The *National Framework* suggests the formation of an inter-agency team or task force on capacity building (*Tim Teknis, Tim Koordinasi, Satuan Tugas*) to coordinate the assessment of capacity building needs, to monitor the implementation of capacity building activities and their impact, and to further develop regional strategies and programmes. Such inter-agency team or task force could administratively be attached to the regional Planning Agency (BAPPEDA), or to the *Sekretariat Daerah* as the main staff unit supporting the Head of Region (*Kepala Daerah*). Depending on the scope of the envisaged capacity building process, it might be important to make sure that stakeholders from outside the regional administration (like the DPRD, political parties, and community groups) are involved as members or resource persons in such a team or task force. The team/task force is charged to conduct the needs assessment and to formulate the draft capacity building action programme of the region.

Moreover, because the capacity building process is a significant development activity that requires close coordination between all local stakeholders and sincere commitment on behalf of regional leadership, it is recommended that a high-level Steering Committee (*Tim Pengarah*) is being established in the region to ensure that capacity building becomes a "mainstream" of regional development policy making and programming. In some cases the establishment of a regional capacity building forum on capacity building (*Forum Pengembangan Kapasitas Daerah*) has been suggested, which would bring together the various stakeholders, and would serve as a sounding board for findings and strategies.

Step 4: Devising the CBNA process

Based on the initial parameters for the capacity building process as determined in Step 2, the team/task force has to devise a plan of action to conduct capacity building needs assessments

and for the subsequent formulation of capacity building priorities and measures. This involves several issues, above all:

- *To determine the methodology of the capacity building needs assessment.*
  The scope and objectives of the intended process are important variables which determine the methodology for assessing the capacity building needs. There is a wide range of tools available which have to be adapted to the task at hand. Methods like SWOT and focus group discussions that serve to explore the agenda often require the use of trained moderators. Likewise organisational assessment tools like OCAT and PROSE are more complex to organise, need more time, and require the use of skilled facilitators. Therefore the selection of the appropriate methodology for the needs assessment influences timing and sequencing of the process and has implications on the need for external support. Module B explains in more detail which methods and instruments could be applied in this process.

- *To determine the need for external support for the capacity building process.*

  Such external support could for instance come from universities and training institutes, national government agencies, or donor-supported projects. Support could take the form of *research* (exploring certain issues), *facilitation* (e.g. moderating discussions and meetings), or of providing *information* (How have certain issues been handled by other regional governments? What are quality training programmes matching identified staff training needs?). However, the use of external support might increase the cost for a capacity building needs assessment, if the support is not provided free of charge.

- *To determine a time schedule for capacity building needs assessment and the formulation of a capacity building action plan*

  Depending on the scope of the capacity building needs assessment, the process can be relatively short or rather time-consuming. The design of a realistic time schedule (realistic in view of the scope of the process and the available resources) is important to monitor process implementation and to take corrective measures if implementation is not proceeding according to plan.

- *To anticipate linking the capacity building needs assessment process (and later the implementation of the capacity building plan) with the regular development planning and budgeting process*

  It is important to keep in mind that the capacity building process should not be regarded as something that is separated from the overall development planning and budgeting process in the region. Vision and mission of the regional government and the priorities for development as formulated in the medium- and long-term regional development documents (like RPJP or RPJM*)* of course influence and determine partially what kind of capacities are needed. Since the actual capacity building programme will among others be funded from the regional budget, it is important to consider from the very beginning of the CBNA process how to integrate the results of the needs assessment and the subsequent action plan into the budget planning process.

In order to manifest the political and administrative support for a capacity building needs assessment, the institutional and operational arrangements for the capacity building process should be formalised in a decree of the Head of Region (*Surat Keputusan Kepala Daerah*), or through a decision of the regional council.

Step 5: Allocating resources for the CBNA Process

At this preparatory stage of the CBNA process, it is furthermore necessary to get a firm idea of the resources needed to conduct the capacity building needs assessment process: How much

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time is needed? Are funds required to pay for instance for the use of external consultants, moderators or trainers? How many people and from which units of the regional administration are required to implement and manage the assessment process? Are resources (human, financial) required from stakeholders outside the regional government? If yes, can these resources be provided? Are there ways to access and utilise external resources to support the assessment, e.g. support programmes provided by the national government, programmes funded and supported by donor agencies, or support from the provincial level?

Depending on the selected methodology and schedule for the capacity building needs assessment, resources can include *financial resources* (e.g. to pay an external consultant, or to organise a workshop/seminar), *human resources* (how many staff will be involved in the assessment process), and *time resources*.

In most cases, financial resources for the capacity building needs assessment will have to come from the region's own budget (APBD). Other sources could be provincial or national government support programmes. Donor-supported technical assistance activities in the regions might be in a position to provide limited support (like funding a workshop, or supplying a skilled moderator for a group discussion). In some cases, private sector companies have been willing to provide additional resources to regional governments.

3.2   Phase B: Analysis of Capacity Building Needs

The analysis phase identifies existing capacity gaps pertaining to particular local governance functions. The final result of this phase is a preliminary list of capacity building needs pertaining to all stakeholders involved and preliminary recommendations for capacity development in the core governance and/or service delivery functions.

Core governance functions regularly pertain for instance to the relationships between legislature and executive agencies, public participation in policy design and decision-making, regional development planning, regional economic development, human resource development and management in the regional administration, organization development, financial administration and regional revenue management, including transparency and public information on these matters and medium-term investment planning and annual budgeting.

These so-called core governance functions are cross-sectoral in nature and constitute key governance capacities which form the fundamental pre-conditions for the effective and efficient delivery of public services in the sectors. Capacity building should focus on both kinds of functions depending on actual requirements and opportunities.

It is important that the assessment process adopts specific analytical methods and tools to cover all the three capacity levels mentioned above (system, organization, individual). If one wants to assess the capacity of the *Dinas Pertanian*, one can of course assess the skills and competencies of the individual staff members. But in order to develop useful capacity building programmes which have an impact on the delivery of agricultural services, one would also have to see how the *Dinas Pertanian* as an institution interacts with "customers" (like the farmers, extension workers, private businesses) or with other institutions. One would also have to see whether at the systems level for instance the regulatory framework for delivering agricultural services is conducive to provide good (= demand-driven) services. The above mentioned "zooming in/zooming out"-mechanism is again a useful tool to understand the environment, under which activities take place. Module B talks in more detail about instruments, tools and methods which can be used in the framework of a capacity building needs assessment.

This second phase of the Capacity Building Cycle consists of five working steps:

- Identification of capacity building issues (Step 6)
- Analysis of governance-related processes (Step 7)
- Organization analysis (Step 8)
- Assessment of capacity gaps (Step 9)
- Summarizing emerging capacity building needs (Step 10).

Step 6: Identification of capacity building issues

As mentioned before, capacity building needs are tied to specific local governance functions. Often those functions are characterized by particular **issues** which have to be identified by means of a participatory exploration. These issues form the entry point towards a more substantive framework for the capacity building needs assessment, and in effect determine the scope of assessments. An exploratory workshop at the beginning of the process which involves all stakeholders and brainstorms on likely issues to be addressed during the CBNA has proved an effective way to kick-start the process.

Step 7: Analysis of governance-related processes

In order to fully understand underlying issues a process analysis should be conducted that enables capacity analysts to identify the purpose of related governance processes, its intended results in terms of services or products to be delivered, both internally and externally, and who is involved in the delivery of a particular process. This will help to identify the relevant stakeholders as well as the beneficiaries, and to select those whose performance in terms of planning, delivery and management capacity will have to be measured in view of the problematic issues or against benchmarks applied.

Step 8: Organization analysis

Organizations being in charge of particular governance functions or taking a lead role in the delivery of a specific public service should be analysed in more detail and their institutional context screened.

Implementing the actual capacity building assessment can be done by using a variety of instruments and methodologies (see Module B), depending on the scope of the assessment and on the issues under review. One can use simple *focus group discussions* to bring together a range of people familiar with a certain subject. *Empirical research* methods (data collection, document analysis, rapid appraisals, interviews, surveys) can be applied to gain a broader and more representative picture. *Benchmarking* (i.e. the comparison of an institution and its performance with a similar institution elsewhere) can provide important hints on capacity gaps. Instruments of *organizational capacity assessment* (like OCAT, PROSE) can assist in identifying the strengths and weaknesses of an individual organization.

One can try to get the *inside view* (for instance "What do the staff of the *Dinas Pertanian* see as the main weakness of delivering services to the local farmers"), and/or one can try to get the *outside view* ("What do the farmers think about the services they receive from the *Dinas Pertanian*"?). One can compare levels of performance and methods of service delivery with those of other regional governments (or individual agencies of other regional governments), like comparing the

performance of its own *Dinas Pertanian* with the performance of the *Dinas Pertanian* in a neighbouring district. If one wants to assess capacity to deliver certain functions, service delivery standards (Minimum Service Standards (*Standar Pelayanan Minimal - SPM*) will become a useful benchmark in the future.

Step 9: Assessment of capacity gaps

The ultimate outcome of the capacity building needs assessment is the identification of capacity gaps, i.e. deficiencies in terms of management capacity, service delivery mechanisms, resource mobilization capacity, and other aspects such as policy deficits or weak individual skills and competencies. As the organizational performance to deliver tangible results is at stake, identified capacity gaps (i.e. actual versus required capacities) indicate and constitute the actual capacity building needs which must be addressed in the capacity building action plan.

It is important to not only compare existing capacities with current demands and expectations, but also to consider whether a change of such demands and expectations might occur in the near future which would require a different mix of skills and competencies, modified working procedures or even a reformed institutional set-up. Capacity is not static but dynamic, therefore the capacity building process should be forward looking and anticipate future development trends. The medium-term strategies of the region, as contained in the regional development plans (*RPJM*), might give hints what kind of changes are envisaged requiring capacity building beyond the immediate needs of today.

Step 10: Summarizing emerging capacity building needs

This step summarizes the emerging capacity building needs on all levels of capacity based on the gaps identified earlier, providing initial recommendations on capacity development activities.

Once the team tasked with conducting the capacity building needs assessment process has completed the assessment, the results have to be made public and communicated to all stakeholders concerned. This ensures that the findings can be verified by others, and that additional information and perceptions can be collected. It is up to the regions to decide in which form the results of the CBNA and its recommendations are made public. There can be a public hearing, or there can be a debate in the DPRD. Reports can be made available to the public and the regional media, and can be sent directly to regional interest groups. It is important to maintain an open, bi-directional communication process which allows stakeholders to comment on the findings from the CBNA and on the recommended plan of action.

Making the results of the CBNA accessible for public discussion will increase the trust from stakeholders others than the regional administration, and increase the credibility of the exercise. At this stage it is important to build a consensus among stakeholders what the main capacity building issues are and to achieve a ranking of such issues as a basis for determining priorities of the subsequent capacity building action plan.

3.3 Phase C: Planning and Programming

The planning and programming phase transforms identified capacity building needs into a multi-year capacity development strategy based on clearly defined capacity building interventions. Different kinds of plans are formulated: a strategic, multi-year Capacity Building Action Plan (CBAP) and a medium-term expenditure programme provide overall direction and resources to

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the regional capacity building process. Annual programmes based on priority setting and sequencing of activities comprise the frame for annual budgeting and short-term implementation of capacity building actions. They identify the lead institutions for the different components of the CBAP. Using the logical framework approach which is required also under the performance-based format for regional budgets [2], the defined capacity building interventions can easily be incorporated into the budgeting process of the regions.

The third phase of the capacity building cycle consists of three working steps:
- Multi-year strategy and action planning (Step 11)
- Medium-term expenditure planning (Step 12)
- Priority setting and sequencing (Step 13).

Step 11: Multi-year strategy and action planning

Capacity building to support decentralization, as understood by the *National Framework*, is a medium-term process which is unlikely to be completed in one year. Capacity building action plans (CBAP) which are comprehensive and integrated, should be based on a medium-term time horizon, and should not be restricted to one budget year only. Having a longer time frame allows one to conceptualise building blocks for capacity building, where activities of the first year lay the foundations for continuing capacity building efforts in the following years.

At the end of this step, regions should have a draft capacity building action plan which outlines capacity building strategies, funding needs, time schedules, and institutional and operational arrangements for implementation. The draft plan should also identify the needs for external support (e.g. expertise, funding), the cooperation mechanisms between the various stakeholders, and the management structure for the overall capacity building strategic framework. The plan and its capacity building interventions should furthermore contain indicators to be used to assess progress achieved and impacts made on local governance capacities.

The capacity building action plan of the region should be endorsed by the regional council to provide political backing and to ensure that it will become part of the programming and budgeting cycle of the region. It has also been suggested to integrate the capacity building action plan in the medium-term plans of the regions (like RPJM) - whether this is feasible depends on the individual situation in each region.

Step 12: Medium-term expenditure planning

The medium-term capacity building action plan (CBAP) will have to be complemented by an estimation of total programme costs for each capacity building component on a multi-year planning horizon which is adjusted to the established strategic regional development plan; the identification of funding sources and the planned allocation of funds to prioritised activities. This task is being performed by a medium-term expenditure planning approach which enables regional governments to adopt a multi-year perspective of three - five years for funding of capacity building interventions.

The introduction of a Medium-term Expenditure Framework will provide a more reliable basis for planning and prioritisation around agreed strategic objectives for capacity building, with a more reliable forecast of the medium term resources available.

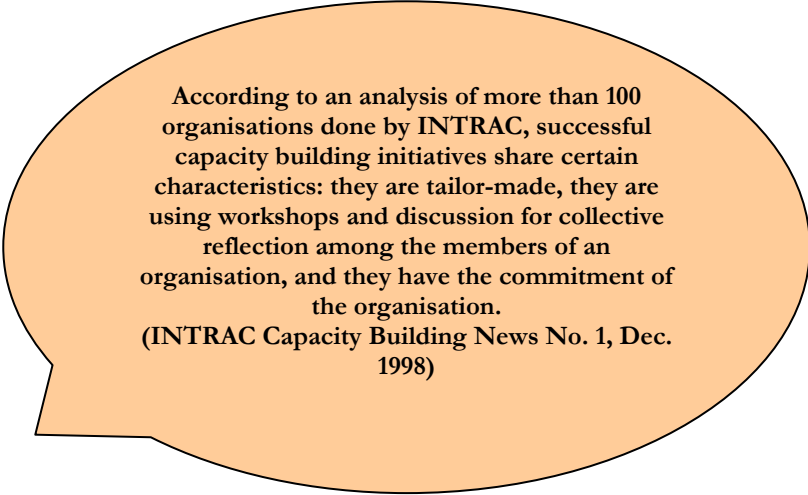[2] According to Law 17/2003 on State Finance

It will be necessary to adjust the proposed "ideal" strategic capacity building action plan formulated in the previous steps to the resources available. A prioritised list of capacity building needs can be useful in making quick decisions and in concentrating scarce resources on the most urgent and most important capacity building needs, while delaying needs with lower priority until more resources become available.

Like determining development priorities in the regional development planning documents, or like determining budget allocations, this process will probably result in a sequence of discussions and negotiations between the different parties and stakeholders involved. There is no clear-cut guideline on how to determine priorities, but there are a few general considerations that should be kept in mind:

- *Prioritise capacity building activities which have a bearing on a wide scope of regional government services!*
  It would be wise to start with those capacity building activities which have potential impacts on a larger number of regional government tasks and functions. Providing highly-specialised technical training to staff from the *Seksi Tata Ruang* of BAPPEDA in the use of satellite data for land use planning might certainly improve their capacity to design a land use plan. However it will not have much impact on the overall capacity of the regional government because the benefit of the capacity building intervention (in this case technical training) is limited to only one unit. In contrast, having a competent and innovative human resource management unit in the *Sekretariat Daerah* can have a very substantial impact on the performance of a wide range of regional government units if this HRM unit can improve career and personnel development systems of the regional civil service. What should be prioritised therefore are those capacity building activities which address core management functions of the regional government, like planning and programming, financial management, human resources management, monitoring and evaluation.

- *Prioritise capacity building activities which are crucial for the achievement of regional objectives!*
  As mentioned above, the regional capacity building programme should be integrated into the overall development process of the region. Officially stated visions of regional development and regional development priorities as determined in the RPJM and other medium-term planning documents are important factors in determining the priorities of capacity building action plans.

- *Cover capacity building needs of various stakeholders!*
  Good regional governance needs the involvement and interaction of different stakeholders, like the government administration, the political parties, the DPRD, and regional community groups. Capacity building programmes should make an effort to adequately cover the needs of all these different stakeholders to ensure that all of them are capable to contribute to better regional governance.

- *Promote capacity building activities which support or are crucial for achieving good regional governance!*
  In October 2001, a national conference of regional government associations agreed on 10 principles of Good Regional Governance (see Module C), including for instance responsiveness of regional administrations, accountability, efficiency and effectiveness. Capacity building should contribute to achieving these principles.

Module B (Chapter 3.3.3) provides some simple methods to determine priorities.

The decision of priorities should be accepted by a whole range of stakeholders, and not only reflect the perceptions of an individual regional government official. If the process was implemented in a participatory manner, all stakeholders should be aware of the identified capacity building needs and the available resources. This should be a solid basis for the consultations on priorities. It will not always be possible to achieve complete consensus – in such a case the final decision would be with the DPRD as part of its role in determining and supervising the use of regional resources.

According to an analysis of more than 100 organisations done by INTRAC, successful capacity building initiatives share certain characteristics: they are tailor-made, they are using workshops and discussion for collective reflection among the members of an organisation, and they have the commitment of the organisation.
(INTRAC Capacity Building News No. 1, Dec. 1998)

3.4 Phase D: Implementation of Capacity Building Measures

The implementation of capacity building activities requires sound planning of envisaged measures and identification of capacity building service providers as well as the assessment of their capacities to deliver specific services. Procurement of services shall be based on competitive tendering. A continuous monitoring of accomplishments ensures that the capacity building process stays on track and that improved governance related products and services are made available to both government agencies and local beneficiaries.

The fourth phase of the capacity building cycle consists of five working steps:
- Annual programming and budgeting (Step 14).
- Capacity building project planning (Step 15)
- Selection of service providers and procurement of capacity building services (Step 16)
- Project implementation (Step 17)
- Monitoring of capacity building process (Step 18).

Step 14: Annual programming and budgeting

Once the planning process has been completed and annual priority programmes have been formulated and endorsed, the resource requirements for such programmes have to be integrated into the budgeting process and aligned with other regional development programmes. Since lead institutions have already been identified for individual capacity building interventions, budget allocations can be made accordingly. In addition, there is the need to provide some budget funds for the overall management of the capacity building process, i.e. operational funds for the *tim teknis/tim koordinasi* and funds for monitoring and evaluation.

Implementation will have to rely first of all on resources available at the regional level, i.e. resources from the regional budget (APBD). There might be additional resources from national or provincial programmes. Donor agencies and donor-supported projects might be willing to contribute to regional capacity building programmes if these are well conceptualised.

Step 15: Capacity building project planning

Individual capacity building interventions will have to be planned in sufficient detail. Depending on both substance and chronological position in the capacity building process, project planning tools (logical framework approach) should be used to review and update underlying problems and needs, and to provide sound indicators for monitoring and evaluation of capacity building initiatives. Operational plans for each capacity building intervention have to be aligned with existing resources and other strategic activities.

Step 16: Selection of service providers and procurement of services

There is a wide variety of providers of capacity building services – universities, public sector training agencies (like the *Diklat Props* or the *Badan Diklat/Departemen Dalam Negeri*), private sector institutions etc. Some of them may work on a commercial basis, some of them on a cost-recovery basis. However, not all of them have sufficient capacities to provide adequate services and, therefore have to be carefully evaluated before contracting takes place. In the near future a national certification and accreditation system to be established by LAN will provide information

on the availability and quality of capacity building services and products and thus greatly facilitate the selection process by the regions.

It is the task of the region itself to select the specific programme and the specific service providers that best match its needs and requirements. Competitive tendering might be required, depending on the dimension of services to be contracted. National regulations (like KEPPRES No. 80/2003 on public sector procurement) will have to be considered.

Step 17: Project implementation

Capacity building activities might have different duration, and different levels of complexity. Sending a staff member to attend a training programme is a very straightforward activity – improving the working mechanisms within an organization is much more complex and potentially time-consuming. Regions will need a *plan of operation* for implementation of capacity building interventions that is both flexible and coordinative. It should show the timeline of planned interventions and their inter-linkages with routine activities and programmes being carried out by the regional government in order to allow for synergies between routine service delivery and capacity building.

Implementing capacity building can include several types of activities. It can mean conducting training programmes for staff members, members of the DPRD or members of civil society groups in order to increase individual skills and competencies. It can also mean changing the way regional government institutions are working and are making decisions. It can mean modifying the way regional government institutions communicate with each other and harmonise/coordinate their respective plans and activities. It can include improving the communication and coordination between the DPRD and the executive. It can also mean revising the existing regulatory framework (both the one determined by the region itself, but also by the one determined by the national level) if the CBNA finds that this framework is hindering the achievement of the region's objectives.

Step 18: Monitoring of capacity building process

Monitoring is an essential task of programme implementation. An effective monitoring system needs to plan not only for the collection of data, but also for data analysis, reporting, review, and use of findings. When planning the frequency and schedule of data collection, an important factor to consider is the management's needs for timely information for decision-making. Participation of stakeholders in monitoring and the assignment of clear responsibilities are crucial for the relevance of monitoring results. As capacity building interventions are formulated using the logical framework approach, the CBAP should provide key indicators for results and benefits of the capacity building process to be monitored.

3.5 Phase E: Evaluation of the Capacity Building Process and Re-planning

The final phase of the capacity building cycle deals with the evaluation of outcomes and impacts obtained from capacity building at the regional level. Performance indicators formulated as part of the Capacity Building Action Plan should facilitate the assessment how the organizations or individuals have improved their performance by utilising the outputs, and which permanent benefits have been achieved from the enhanced governance performance. Based on this evaluation, and taking into account emerging conditions of the region, a re-planning of capacity

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building action plans can be done if and when necessary, for instance as part of the annual planning cycle.

The fifth phase of the capacity building cycle consists of two working steps:
- Evaluation of impacts (Step 19)
- Re-planning of capacity building action plans (Step 20).

Step 19: Evaluation of impacts

Following the implementation of capacity building measures, outcomes and impacts will have to be evaluated pertaining to performance improvement in conducting the core governance and service delivery functions. Common standards for public service provision (like the above-mentioned SPM) may provide further reference for evaluating capacity building achievements. Having defined impact indicators at the beginning of the capacity building process will make it easier to assess progress and achievements.

Assessing capacity building needs and the implementation of capacity building programmes is ideally a continuing exercise, where the results and impacts of capacity building activities become part of the next round of needs assessment and for the adjustment of the capacity building programme (see Fig. A-7). This requires adequate monitoring and evaluation by the regional team/task force to see whether the capacity building activities undertaken indeed generated the intended positive effects. Evaluation will mainly deal with the assessment of enhancement in performance over time.

Evaluation can also be done by external consultants who could provide a more objective or neutral perspective.

Step 20: Re-planning of capacity building action plans

Based on progress of capacity building interventions and on the results of the evaluation, changing frame conditions and/or revised regional development objectives, a re-planning of capacity building action plans may become necessary. The task is to adjust the programme in view of achievements and newly emerging needs. The capacity building planning process should have become a routine activity of regional government by then and start all over again, analysing capacity building needs and formulating objectives for capacity enhancement.

Figure A-7 visualises the five phases and related key steps in the capacity building process. As mentioned before, these steps not always follow each other in a linear and orderly fashion. In each step, the stakeholders involved in the process have different roles: sometimes they decide, sometimes they participate, and sometimes they are just informed. Table A-2 summarises these changing roles of regional stakeholders during the steps of the capacity building cycle.

Figure A-7: Phases and Steps in the Capacity Building Cycle

PREPARATION
1. Identification of needs for CBNA process
2. Determining objectives
3. Establishing responsibilities
4. Devising process
5. Allocating resources

ANALYSIS
6. Identification of issues
7. Analysis of processes
8. Organization analysis
9. Assessment of capacity gaps
10. Emerging capacity building needs

The Capacity Building Cycle

EVALUATION
19. Evaluation of impact
20. Re-planning of capacity building action plans

PLANNING
11. Multi-year action planning
12. Medium-term expenditure planning
13. Priority Setting

IMPLEMENTATION
14. Annual programming & budgeting
15. Project planning
16. Selection of service providers
17. Project implementation
18. Monitoring of process

Table A-2: Steps in the Capacity Building Cycle and the Role of the Stakeholders

Phase/Step	Stakeholders				
	Regional Administration (*Aparatur Pemda*)	Regional Council (*DPRD*)	Technical Team/Task Force (*Tim Teknis/Satuan Tugas*)	Regional Society (NGOs, Business community, interest groups etc.)	Capacity Building Service Providers
Phase A. Preparation					
1. Identification of needs for CBNA process	Initiative	Initiative	-	Initiative	-
2. Determining objectives	Participation/ Decision	Participation/ Decision	-	Participation	Support and advise if needed/requested
3. Establishing responsibilities	Participation/ Decision	Participation/ Decision	-	-	Support and advise if needed/requested
4. Devising process	Participation	Participation/ Decision	Preparation/ Management and Coordination	-	Support and advise if needed/requested
5. Allocating resources	Participation	Decision	Preparation/ Management and Coordination	-	-
Phase B. Analysis					
6. Identification of problems	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
7. Analysis of processes	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
8. Organization analysis	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
9. Assessment of capacity gaps	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
10. Emerging capacity building needs	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
Phase C. Planning and Programming					
11. Multi-year action planning	Participation	Participation	Management and Coordination	Participation	Support and advise if needed/requested
12. Medium-term expenditure	Participation/	Participation/	Management and Coordination	Participation	Support and advise if needed/requested

Phase/Step	Stakeholders				
	Regional Administration (*Aparatur Pemda*)	Regional Council (*DPRD*)	Technical Team/Task Force (*Tim Teknis/Satuan Tugas*)	Regional Society (NGOs, Business community, interest groups etc.)	Capacity Building Service Providers
planning	**Decision**	**Decision**			
13. Priority setting and sequencing	**Participation/ Decision**	**Participation/ Decision**	**Preparation**	**Participation**	-
Phase D. Implementation					
14. Annual programming & budgeting	**Participation**	**Decision**	**Preparation/ Management and Coordination**	**Participation**	-
15. Capacity building project planning	**Participation**	-	**Management and Coordination**	**Participation**	Support and advise if needed/requested
16. Selection of service providers; procurement	**Participation**	-	**Management and Coordination**	**Participation**	Provision of capacity building services
17. Project implementation	**Participation**	**Participation**	**Management and Coordination**	**Participation**	Provision of capacity building services
18. Monitoring of process	**Participation**	**Participation**	**Management and Coordination**	**Participation**	-
Phase E. Evaluation					
19. Evaluation of impact	**Participation/ Decision**	**Participation/ Decision**	**Management and Coordination**	**Participation**	Support and advise if needed/requested
20. Re-planning of action plans	**Participation/ Decision**	**Participation/ Decision**	**Management and Coordination**	**Participation**	-

3.5   Duration of the Capacity Building Cycle

The duration of the capacity building cycle, and how much time is needed for a thorough capacity building needs assessment cannot be generalized. The thematic scope of the capacity building initiative, the number and complexity of instruments applied, the resources which can be allocated for the capacity building effort, the regional political constellation and the commitment of the regional leadership, as well as the availability of external support – all these factors have an influence on the time needed. The capacity building needs assessment supported by GTZ in three districts of East Kalimantan in early 2004 was estimated to be completed in three months – six months turned out to be a more realistic estimate. This does not even include the political process of getting endorsement and agreement between the executive and the regional council (DPRD) on the priorities and the sequencing of the capacity building action plan.

The following table provides a rough estimate of the duration of the capacity building cycle. The whole process might take between 26 to 32 weeks depending on professionalism and experience of the technical team, the resources as well as political backing provided by regional government leadership. This time-frame, however does not yet include the time requirements for implementing capacity building interventions which may take another six months for first year initial capacity building measures to be implemented.

Table A-3: Estimated Duration of the Capacity Building Cycle

Phase	Step	Duration
A: PREPARATION 6 – 8 weeks	1. Identification of needs for CBNA process	1 – 2 weeks
	2. Determining objectives	1 week
	3. Establishing responsibilities	1 - 2 weeks
	4. Devising process	2 weeks
	5. Allocating resources	1 week
B: ANALYSIS 8 – 10 weeks	6. Identification of problems	2 weeks
	7. Analysis of processes	2 – 3 weeks
	8. Organization analysis	2 - 3 weeks
	9. Assessment of capacity gaps	1 – 2 weeks
	10. Emerging capacity building needs	1 week
C: PLANNING 7 – 8 weeks	11. Multi-year action planning	2 – 3 weeks
	12. Medium-term expenditure planning	2 weeks
	13. Priority setting and sequencing	1 week
D: IMPLEMEN-TATION Depending on scope	14. Annual programming and budgeting	2 weeks
	15. Capacity building project planning	2 weeks
	16. Selection of service providers; procurement	4 weeks
	17. Project implementation	Depending on scope
	18. Monitoring of process	Depending on scope
E: EVALUATION 6 weeks	19. Evaluation of impact	4 weeks
	20. Re-planning of capacity building action plans	2 weeks

Part Three

A Model Example for a Capacity Building Cycle

4. Model Example of a Regional Capacity Building Cycle

This chapter summarises a model example of a regional capacity building cycle, following the "5 – Phases/20 – Steps" model outlined in Chapter 2 above. For each phase of the process more detailed steps are outlined, providing indications of key activities and of the key participants and stakeholders. Key events are highlighted to guide the process, and tools and instruments are suggested which can be applied in each step. As mentioned before, the process does not have to be entirely linear, in other words steps can also happen simultaneously or in a reversed order.

The duration of each step is tentative only. Because the conditions in each region vary from conditions in other regions, the capacity building needs assessment can also take different forms requiring a different duration. Some assessments might be completed in a relatively short time, while others might take several weeks or even months to be completed. It is also not guaranteed that the steps follow each other in a timely manner – there will be delays (for instance because resources are not yet available, or because important decisions have not yet been taken), there will be gaps in the process, and there will be the need to repeatedly make sure that stakeholders stay involved and are informed about the process.

The model indicates key activities for each step of the process, and who should participate in the mentioned activities. Key events in the capacity building needs assessment process are mentioned. There are several process-related "*milestones*" which can provide orientation to all stakeholders:

➢ the "*exploratory workshop*" at the beginning (Step 2), which should give all stakeholders the necessary understanding about the capacity building needs assessment, and their respective role in the process;

➢ the *formal decision* on the capacity building needs assessment process (in Step 4), as determined either by means of a decision of the DPRD, or a SK Kepala Daerah;

➢ the *public workshop* (see Step 11), where findings and recommendations from the needs assessment will be presented to the administration, the DPRD, and the public for further discussion and consensus-building on priorities and forms of capacity building; and finally;

➢ the *formal decision* on the medium-term capacity building action plan (Step 13) either by the DPRD or an SK Kepala Daerah, which provides the legal framework for the planned capacity building activities, allocates the responsibilities for their implementation, and ensures the provision of resources.

➢ the *annual capacity building programmes* (Step 14) which will be integrated into the regular planning and budgeting documents.

➢ the *results from evaluating* the first round of capacity building (Step 19) will form a key input into the continuation and re-planning of the capacity building action plan.

Again: this is a model for a capacity building process, not a blueprint which must be followed in all details. The model is intended to provide guidance for the design of the capacity building needs assessment and action planning process in the regions, and should be adjusted to the specific conditions and requirements in each region.

Table A-4: The Capacity Building Cycle: Activities, Events,Tools

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
Phase A: PREPARATION (6 – 8 weeks)	1. **Identification of needs for capacity building process** **1 - 2 weeks**	Identify actual reasons and needs for capacity building.	Regional government management and staff, Regional council (DPRD), Private sector, Civil society groups, Service recipients		Customer feedback; Benchmarking; Self-assessment of organisational capacity; Supervision	Needs for capacity building will always and constantly arise out of the daily work of regional governments. If there is a „critical mass" of needs, or if there are major changes of the working environment of regional governments (like the launching of decentralization in 2001), it might be the right time to start a concerted capacity building effort.
		Take initiative to launch a capacity building needs assessment process.	Head of Regional Government (Kepala Daerah) with possible endorsement of the DPRD leadership			It is important that the capacity building effort has the backing from the regional government leadership and political support from the regional council (DPRD).
Milestone	2. **Determining objectives** **(1 day)**	Consultation with main stakeholders in order to identify main capacity issues, tentative scope, process and „object" of the capacity building needs assessment.	Regional government leadership and senior management, Regional council, Civil society groups, External facilitators/ consultants (e.g. from a regional university)	„Exploratory Workshop": - Explanation of the capacity building concept - Presentation of possible methods and approaches to CBNA - Definition of objectives and of expected results from the CBNA - Identification of key issues as seen by various stakeholders	Moderation techniques; Visualisation techniques; Focus Group Discussions (e.g. to identify key issues by stakeholders)	The main objective of the workshop is to raise awareness on the capacity building concept, to familiarise all stakeholders with possible approaches and methods of a CBNA, and to identify key issues on which a CBNA could focus. The workshop might end with a tentative agreement on issues and schedules as

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
	2 - 3 days	Further investigation of capacity building issues raised during the exploration workshop.	Selected senior staff in collaboration with external facilitators/ consultants	- Tentative agreement on key issues to be tackled by CBNA initiative - Determination of tentative time schedule Interviews and discussions (individual, small groups)	Interviews; Site visits; Document analysis	an input for the regional government leadership. Using skilled workshop moderators will help to gather as many inputs as possible and to conduct a result-oriented event. This is a necessary activity in order to stay focused by concentrating the process on the most pressing issues. Also needed to get endorsement and "buy-in" from the leadership.
	3. **Establishing responsibilities** **1 - 2 weeks**	Determine responsibilities for CB process (e.g. establish a Regional Steering Committee, a *Tim Teknis*[3] or a *Satuan Tugas*). Draft Terms of Reference for the CBNA exercise. Identify possible cooperation with external facilitators/ support institutions.	*Kepala Daerah* with possible endorsement by the DPRD leadership	Consultation between regional government management and DPRD leadership	Team building & management Terms of Reference Cooperation matrix	At this stage it is important that all parties involved have a clear and common understanding of the purpose and scope of the capacity building process, and of their own role in this process.

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[3] We use here the term "Tim teknis" to indicate the unit/team put in charge of the CBNA process. Depending on the local arrangements, this could also be an individual unit of the local government administration or a team with another name.

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
	4. **Devising CB process** **2 weeks**	Determine assessment methodology in view of issues raised. Establish time schedule for the assessment process and the subsequent formulation of a capacity building action plan. Determine needs, possibilities and extent of external support. Synchronize CB process with regional development planning/ budgeting process.	Steering Committee, *Tim Teknis;* Kepala Daerah; External support institutions and facilitators	Team meetings Coordination meetings with regional government management and other key stakeholders Public Hearing to present/discuss CBNA concept;	Interviews and discussions (individual, small groups) Process planning techniques; Gantt charts; Flow charts	Depending on the scope and extent of the planned CBNA process, external support institutions (like regional universities) can provide valuable inputs. Their involvement depends on the issues at hand, and the cost implications. It should be determined which elements of the CBNA process need external support, and which can be conducted by the region itself. Because capacity building is a medium-term effort, the results of the CBNA should be integrated into the regular regional planning and budgeting process. It is worthwhile to consider already at this early stage how this integration can be done effectively and timely.
Milestone		Officiate CB process.	Kepala Daerah, *DPRD*	Issue of *SK Kepala Daerah* outlining involvement and responsibility for CBNA process		In order to increase the political and administrative support for the capacity building needs assessment, the CBNA process should be formalised by means of a Decree of the Head of Region.

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
	5. **Allocating resources** **1 week**	Identification of funding requirements and suggested funding arrangements for conduct of CBNA process. Allocate resources, i.e. formulate and approve budget allocation for funding from APBD sources; negotiate/apply for funding from external parties.	*Tim Teknis*; DPRD; Budget Committee; Regional government leadership	Coordination meetings	Funding arrangement matrix	Depending on the annual budget cycle, funds from external resources (e.g. APBN) might be available only in the following year. In such a case the implementation schedule of the CBNA has to be adjusted in line with the availability of resources.
Phase B: *ANALYSIS* *(8 – 10 weeks)*	6. **Identification of issues** **2 weeks**	Scan issues for further investigation. Identify capacity-building related variables to be assessed. Distribute responsibilities for assessment among team members. Decide on methods and tools to be applied. Solicit external know-how if and where needed.	*Tim Teknis*; External support institutions/facilitators/ consultants;	Depending on scope and extent of CBNA: moderated workshops and group discussions; organisational capacity assessments; surveys and site visits; presentations; others	Work planning; Team management	The assessment process should ensure that the three levels of capacity (individual, institutional, system) are adequately covered („zooming in, zooming out"). Part of the assessment approach should be an analysis what future capacity needs might arise.
	7. **Analysis of processes** **2- 3 weeks**	Link issues for capacity assessment with related governance processes. Conduct process mapping. Identify key actors and process-related capacity issues.	*Tim teknis*; Regional government organizations involved in the CBNA process; Civil society groups; Regional government management;	Coordination meetings;	Process mapping Guided/semi-structured interviews with key respondents; Customer surveys	Depending on circumstances, this main part of the CBNA process can be implemented consecutively, i.e. as one block, but could also be implemented in stages over a longer period of time. If the process is done in stages, it is important that the *Tim Teknis* and the

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
						relevant stakeholders maintain a clear overview where the process stands, what has been achieved already and what the next steps are.
	8. **Organization analysis** **2 -3 weeks**	Select organizations for in-depth assessment. Apply methods and tools for organizational assessment.	*Tim teknis*; Regional government organizations involved in the CBNA process; Civil society groups; Regional government management;	Meetings, workshops and interviews with selected government and non-government organizations	Organisational capacity assessment tools; Rapid appraisals; Benchmarking; Trend analysis; SWOT analysis; Force field analysis	Same as before
	9. **Assessment of capacity gaps** **1 – 2 weeks**	Inventory findings from previous steps carried out. Identify capacity gaps.	*Tim teknis*; Facilitators; external support institutions		Capacity gap analysis (see Module B, Table B-13)	It is important to not only compare existing capacities with current demands and expectations, but also to consider whether the change of such demands and expectations in the near future will require a different mix of skills and competencies, or modified working procedures or even a reformed institutional set-up. Capacity is not static but dynamic, therefore the capacity building needs assessment should be forward looking and anticipate future developments.

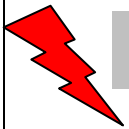| Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
	10. **Summarizing emerging capacity building needs** **1 week**	Summarize findings. Collect suggestions for capacity building action planning. Discuss key findings with stakeholders. Draft assessment report. Review results of CBNA.	*Tim teknis*; Facilitators; external support institutions		Capacity building needs format (see Module B, Table B-14)	At the end of the assessment process, the *Tim Teknis* and the external support institutions (if involved) should have substantial inputs regarding capacity building needs and suggested capacity building activities. These findings should be presented to and discussed with all stakeholders.
Phase C: ***PLANNING*** ***(7 – 8 weeks)*** **Milestone**	11. **Multi-year action strategy and planning** **2 - 3 weeks**	Formulate draft capacity building action plan incl. - capacity building strategies, - funding needs, - time schedules, - responsibilities for implementation, - needs for external support (e.g. expertise, funding), - cooperation mechanisms between the various stakeholders, and - the management structure. Discuss draft action plan with stakeholders.	*Tim teknis*; Facilitators; External support institutions Head of Region *(Kepala Daerah)* and regional government senior management; DPRD; Civil society groups	Stakeholder workshop(s); Public hearing	Logical framework Indicator setting	Findings should be integrated into a medium term capacity building action plan. The suggested plan could also indicate capacity areas which have not been covered yet, or where additional analysis is needed to formulate concrete capacity building activities. Making the results of the capacity building needs assessment public helps to verify findings and to collect additional inputs. Since the planned capacity building programme ideally targets different stakeholders in the regions (like regional government, DPRD, civil society groups), these stakeholders should have an opportunity to discuss the draft capacity

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
		Revise draft Capacity Building Action Plan if necessary.				building action plan. Depending on the outcome of the public debate on the suggested capacity building action plan, the draft may be revised, taking into account stakeholders' priorities, the political agenda of the regional government leadership and regional development priorities determined by the DPRD. The revised draft action plan should then be submitted to the *Kepala Daerah* and/or the DPRD leadership for endorsement/ approval.
	12. **Medium-term expenditure planning** **2 weeks**	Assess tentative funding requirements. Identify prospective sources of funding. Devise medium-term funding proposal.	*Tim teknis;* Regional government management; Budget commission DPRD leadership	Consultative meetings	Medium-term expenditure planning format	The medium-term expenditure framework enables to adopt the strategic perspective to budget requirements. It supports results-based and performance-oriented budgeting.
	13. **Priority setting and sequencing** **1 week**	Determine capacity building priorities and sequence of implementation. Formalise medium-term capacity building action plan (CBAP), for instance by decision of DPRD.	*Tim teknis;* Head of Region *(Kepala Daerah)* and regional government senior management; DPRD; Civil society groups	Coordination meeting; Public Hearings; Focus Group Discussions; DPRD session	Priority setting; Critical path analysis	In most cases the identified needs for capacity building will exceed available resources, therefore it will be necessary to determine and sequence priorities. A public debate with relevant stakeholders can build consensus on such priorities.

Milestone

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
Phase D: **IMPLEMEN-TATION** *(total time requirements depending on the complexity of the annual programme)* **Milestone**	14. **Annual programming & budgeting** **2 weeks**	Allocate own resources. Negotiate/access external resources. Formulate budget documents for lead institutions indicated in CBAP. Formalise annual capacity building plan.	*Tim Teknis;* Regional government management; DPRD; Civil society groups	Workshop to present findings and draft capacity building programme; Public hearings and/or discussions of selected issues with relevant DPRD commissions	Programming & budgeting format	An SK by the Head of Region or a decision from the DPRD will give the capacity building action plan a stronger political backing, and might also be needed in order to get funding for the planned activities. The capacity building programme should also be integrated into the regular regional planning documents (like the *Repetada*) and the annual budget documents. Capacity building requiring external support (funding, facilitation) might have to start some time after the formal adoption of the capacity building programme, depending on the lead-time it takes to raise/ensure such external support.
	15. **Capacity building project planning** **2 weeks**	Formulate implementation policy (basic principles) to be followed in the capacity building process. Plan projects for implementation of concrete capacity building interventions.	*Tim teknis;* External consultants/facilitators; Regional government agencies involved	Depending on its structure and content, the annual capacity building programme can include detailed institutional assessments, training activities, reviews of laws and regulations,	Project planning & management tools (e.g. Logical Framework Approach)	Individual capacity building interventions will have to be planned in sufficient detail. Depending on both substance and chronological position in the capacity building process, project planning

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
				modification of work procedures and other capacity building measures.		tools can be used to review and update underlying problems and needs.
	16. **Selection of service providers, and procurement of capacity building services** **4 weeks**	Identify external services and products required for implementation of capacity building activities. Prepare tender documents. Tender specific services. Evaluate service providers' offers. Select service providers.	*Tim teknis;* Regional government management; Procurement committee; Service providers	Tendering process	Expression of interest; Tendering documents and procedures; Selection criteria; Letter of award	There is a wide variety of providers of capacity building services. Some of them may work on a commercial basis, others on a cost-recovery basis. However, not all of them have sufficient capacities to provide adequate services and, therefore have to be carefully evaluated before contracting takes place. In the near future a national certification and accreditation system to be established by LAN will provide information on the availability and quality of capacity building services and products and thus greatly facilitate the selection process by the region.
	17. **Project implementation** Total time requirements depending on the complexity of the programme	Implement annual capacity building programme. according to time schedule and available resources. Keep stakeholders informed about progress.	*Tim Teknis*; Service providers; Participating stakeholders (like regional government units, DPRD, civil society groups)	Depending on capacity building interventions planned	Plan of operation	Capacity building can take many different forms: training, organisational change, modification of procedures and regulations, changing working cultures and styles. Concrete capacity building activities will have different time schedules and different

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
						levels of complexity. It will be one of the tasks of the *Tim teknis* to steer and monitor activities in line with the approved capacity building plan.
	18. Monitoring of process Total time requirements depending on the complexity of the programme	Establish an internal monitoring scheme for measuring and recording the progress of implementation. Monitor implementation of capacity building activities. Report findings to stakeholders.	*Tim teknis*; Regional government management; Civil society groups; Service recipients and beneficiaries	Progress Reviews; Evaluations; Coordination meetings with regional government and DPRD; Public hearings with stakeholders	Depending on monitoring strategy, e.g. process assessment of delivery of products and services	Monitoring progress is one of the key tasks of the *Tim Teknis* as the unit tracking results of the capacity building activities on a regular basis. At certain stages it might be useful to involve all stakeholders into a joint review of progress made in order to consolidate commitment to programme implementation and to take into account changing needs and perceptions. As the programme continues, the team also has to coordinate the continuing access to resources from the APBD and other sources for the following budget years

Phase	Step & Duration	Key Activities	Participants	Key Events	Tools	Remarks
Phase E: *EVALUATION* *(6 weeks)* **Milestone**	19. **Evaluation of impact** **6 weeks**	Formulate capacity building indicators (use benchmarks if available) or use indicators formulated as part of the CBAP. Evaluate capacity building achievements such as enhancement of performance. Report on findings.	*Tim teknis;* External evaluation specialists; Civil society groups Regional government management; Kepala Daerah; DPRD	Public hearing/ Presentation of findings from impact evaluation	Evaluation methods, both participatory and statistical	Capacity indicators should be designed to evaluate performance at the specific intervention level. They are part of the process of capacity development itself. Since capacity building is a continuing effort, results from evaluating the first round of capacity building should form a key input into the continuation and - if needed - modification of the programme.
	20. **Re-planning of capacity building action plans**	Analyse findings from process monitoring and/or impact evaluation in view of re-planning requirements. Suggest revisions of CB programmes/action plan in line with progress made and available resources. Ensure availability and allocation of resources in subsequent budget years.	*Tim teknis;* Regional government management; Civil society representatives; DPRD	Presentations/ discussions of reviewed capacity building strategy and/or annual programmes	Same methods as before	Re-planning based on findings from impact evaluation and from process monitoring should be done annually and thus inform the subsequent annual programme as well as the overall capacity building strategy. The process, in an iterative manner, is being re-started at the beginning (step 1) or at the annual planning stage (step 15).

Part Four

Further Resources

5.   Supporting Resources for the Capacity Building Cycle

Apart from financial resources (i.e. from the regional budget (APBD), from provincial and national budgets, donors), capacity building programmes will need external support and inputs in the form of advise, moderation, and technical inputs.

The Ministry of Home Affairs with support from other agencies is intending to establish a group (pool) of facilitators, who – on request - can support the regions in conducting capacity building needs assessments and the formulation of capacity building action plans. These facilitators are expected to moderate workshops and group discussions, to advise the regions on the different steps involved in a capacity building needs assessment, and to link the regions with other sources of support where needed. The Directorate for Capacity Building and Regional Performance Evaluation in the Ministry of Home Affairs is expected to coordinate the activities of this group.

In the future, the Associations of Regional Governments will become an important source for support and information regarding capacity building initiatives. The Centre for Regional Government Innovation (CLGI) (*Yayasan Inovasi Pemerintahan Daerah* – YPID) is being developed as a clearing house for collecting and disseminating information and knowledge on regional government issues, including capacity building. The Asian Development Bank (ADB) is supporting a five-year capacity building programme for around 40 local governments in 10 provinces that includes the establishment of a national level resource centre; lessons learnt from this programme will provide a rich source of information for other regions.

Text Box A-1 gives a list of contacts of organisations and institutions relevant for regions which intend to conduct capacity building needs assessments and formulate capacity building programmes.

Text Box A-1 Available Resources to Support Regional Capacity Building

Institution	Contact	Details of Support and Information
Departemen Dalam Negeri, Direktorat Pengembangan Kapasitas dan Evaluasi Kinerja Daerah	Jl. Medan Merdeka Utara No. 7, Jakarta 10110 Ground Floor, Gedung Biro Keuangan. Telp./Fax: 021-3519173; 3450038 ext. 2458 E-mail: cpmo-scbd@ditjen-otda.go.id	Information about government policies and programmes; Information on donor-supported programmes; Facilitation of regional capacity building needs assessments (pool of facilitators); Dissemination of information and good practices from other regions.
Lembaga Administrasi Negara (LAN) [Pusat Kajian Kinerja SDM Aparatur (Change Management Group)and Pusat Kajian Kinerja Otonomi Daerah]	Jl. Veteran No. 10, Jakarta 10110 ▪ Sri Hadiati WK, SH, MBA (Kepala Pusat Kajian Kinerja Sumber Daya Aparatur), Telp/Fax : 021-386 6857, E-mail: sri_hadiati@lan.go.id or kustriani@yahoo.com ▪ Drs. Desi Fernanda, M.Soc.Sc (Kepala Pusat Kajian Kinerja Otonomi Daerah), Telp.: 021-3868201-5; 3455021-5 ext. 167, Fax: 021-38665102, E-mail: desifernanda@yahoo.com	Cooperation in planning and conducting capacity building needs activities; Provision of skilled moderators; Research; Provision of trainers, curricula and training facilities, Support in implementation of ToT programmes
Asosiasi Pemerintah Kabupaten Seluruh Indonesia (APKASI)	Wisma Alia Lt. 4, Jl. Ridwan Rais No. 10-18, Jakarta Pusat; Telp: 021- 3867670; Fax: 021-3867671; E-mail: apkasi@apkasi.or.id; Website: www.apkasi.or.id	Dissemination of good practices between members of the association; Information on government and donor-supported programmes
Asosiasi DPRD Kabupaten Seluruh Indonesia (ADKASI)	Gedung Yarnati, 1st. Floor; Jl. Proklamasi No. 44, Jakarta 10320, Telp.: 021-3156785, Fax: 021-31904861, E-mail: info@adkasi.or.id; Website: www.adkasi.or.id	Dissemination of good practices between members of the association; Information on government and donor-supported programmes
Asosiasi Pemerintah Kota Seluruh Indonesia (APEKSI)	Century Tower 10th. Floor, Room 1006, Jl. H.R. Rasuna Said Kav. X-2 No. 4, Jakarta 12950; Telp. 021-5226773; Fax: 021-5226775; E-mail: info@apeksi.or.id; Website: www.apeksi.or.id	Dissemination of good practices between members of the association; Information on government and donor-supported programmes
Asosiasi DPRD Kota Seluruh Indonesia (ADEKSI)	Century Tower 10th. Floor, Jl. H.R. Rasuna Said Kav. X-2 No. 4, Jakarta 12950; Telp. 021-5226770; Fax: 021-5226771; E-mail: seknas@adeksi.or.id; Website: www.adeksi.or.id	Dissemination of good practices between members of the association; Information on government and donor-supported programmes
Centre for Regional Government Innovations (CLGI)/ Yayasan Inovasi Pemerintahan Daerah (YPID)	Jl. Sumatera No. 4, Menteng, Jakarta 10350; Telp: 021-390 2422/ 3918704; Fax: 021-31936145; E-mail: resourcenter@clgi.or.id; Website: www.clgi.or.id	Clearinghouse on good practices of regional governance; Access to information and available tools and instruments developed by regions and donor-supported programmes
Urban and Rural Development Institute (URDI)	Gedung Wisma Bhakti Mulya, 3rd. floor, Suite 302, Jl. Kramat Raya No. 160, Jakarta 10430; Telp: 021-3918485/ 3160013; Fax: 021-3916095/31903476; E-mail: urdi@cbn.net.id; Website: www.urdi.or.id	Research and training on urban and rural development issues
ADB – Sustainable Capacity Building for Decentralisation Programme	Ministry of Home Affairs (MoHA), Jl. Medan Merdeka Utara No. 7, Jakarta 10110. Ground Floor, Gedung Biro Keuangan. Telp./Fax. : 021-3440617. E-mail: coreteam@scbd.net; Website: www.scbd.net	Supports around 40 districts to formulate and implement five-year capacity building action programmes.

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