Improving Education Quality

Indonesia’s Achievements

Over the past three decades Indonesia has been able to steadily improve enrollments. In 2002, the gross primary enrollment rate exceeded 100 percent, up from 80 in the 1970s, and the net enrollment rate was 93 percent. Enrollment at the junior secondary level showed even more impressive growth: net enrollments rose from just 18 percent in the 1970s to 80 percent in 2002. Indonesia has also managed to substantially reduce the gap between male and female enrollments. Enrollment rates, especially at the primary level, compare favorably with those in countries in East Asia with much higher incomes per capita (Figure 1). It is to Indonesia’s credit to note that the financial crisis of the late 1990s hardly dented this impressive record: enrollment rates faltered immediately after the crisis, but quickly recovered, in part because of the swift introduction of a scholarships and schools grants program to keep children in school.

Gaps in Service Provision

Despite these achievements, all is not well.

- Not all children are in school. Indonesia has yet to achieve its goal of nine years of education for all: currently, some 20 percent of children who should be attending junior high school do not.
- Regional differences in enrollment are substantial. In 2002, for example, net enrollment rates in primary education ranged from 83.5 percent in the province of Gorontalo to 94.4 percent in Sumatera Utara. At the junior secondary level, net enrollment rates ranged from 40.9 percent in Nusa Tenggara Timur to 77.2 percent in Jakarta, and at the senior secondary level, from 24.5 percent in Nusa Tenggara Timur to 58.4 percent in Yogyakarta.
- Children of the poor drop out earlier. In 2002 junior secondary net enrollment rate of the richest quintile was 69 percent higher than that of the poorest quintile, while senior secondary net enrollment of the richest quintile was three and one-half times that of the poorest quintile. While nearly all children enter grade one, large percentages of those who belong to poorer income groups drop out after grade 6.
- The quality of schooling in Indonesia is low and declining. Expansion has not produced graduates with the knowledge and skills needed to build a strong society and competitive economy for the future. Evidence of this is that eighth-graders in Indonesia performed below its Asian neighbors on international tests in 2001 (Table 1). Clearly, in the case of Indonesia the expansion in enrollments has not been accompanied by an increase in quality.
- Teacher preparation and attendance are inadequate. Unlike many other countries, Indonesia allows all graduates of all teacher training institutes to become teachers without checking the preparedness of those graduates to impart knowledge and skills under various school conditions; at the same time, it is difficult to remove teachers who cannot teach. In addition, according to a
the country’s attractiveness to investors is shaped by the level of technologies that can increase income and productivity and Indonesia’s ability to compete in the global market, use Growth and Development Meeting Indonesia Policy Briefs mastered the curriculum. Schools are not regularly maintained because the teachers are not in the classrooms. Without the rudiments of instruction—textbooks, a blackboard, writing supplies, and a teacher who has mastered the curriculum.

Schools are not regularly maintained. One in six schools in Central Java is in “bad condition,” according to school survey data from the Ministry of National Education, (MoNE, 1999), while in at least one in two schools in Nusa Tenggara Timur, students sit in classrooms without the rudiments of instruction—textbooks, a blackboard, writing supplies, and a teacher who has mastered the curriculum.

survey done for the World Development Report 2004, 20 percent of Indonesia’s teachers were absent at the time of a random spot check in a representative number of schools. This means that 20 percent of the funds that finance teachers has no direct benefit to students—simply because the teachers are not in the classrooms.

An Agenda for Reform

The issues described above call for an agenda for reform that is driven by the goal of improving the quality of basic education in Indonesia. This agenda should be based on improving management capacity and accountability at all levels of government, empowering schools to plan and implement their own strategies for improving quality, reducing differences in local fiscal resources available for education, promoting the exchange and use of information within the entire system, building a better teaching force, and realigning the structure of the central agency to fit its new mandate. The present offers an excellent time for implementing this change agenda with urgency; Government is now in the hands of a new leadership that has won a large mandate from the Indonesian people.

1. Invest in Capacity

Implementing the new functions and roles as defined in Education Law 20/2003 requires more technical and managerial experience at all levels of government. Capacity building begins with defining performance standards and measures for education functions at each level, preparing checklists of basic standards and competencies, and auditing current capacity on the basis of a checklist of required competencies, which, at least for now, should be kept simple and measurable. The skills needed in particular are financial planning and budgeting, personnel management, information collection and communication. Enhancing skills is not only done through formal training but also through the actual exercise of the devolved functions within an enabling environment. To foster better management at the local level, the central government should:

- Announce local budgets earlier. Disclose the amount of funds and other assistance that local governments can expect to receive well before the beginning of each school year to give them a chance to finalize their spending plans and to mobilize additional resources, as needed.

- Use education block grants to local governments. Give local governments more education resources through education block transfers (DAKs) rather than projects, with appropriate monitoring and accountability mechanisms. MoNE currently manages an estimated 400 projects, accounting for the bulk of the APBN allocation for education and keeping control over the capital and quality improvements investments in education out of the hands of local governments. The greater the share

Meeting Education Challenges is Key to Growth and Development

Indonesia’s ability to compete in the global market, use technologies that can increase income and productivity and the country’s attractiveness to investors is shaped by the level of its human resources. Indonesia needs to quickly catch up with its neighboring countries’ education standards. Indeed, a 2003 survey of Japanese manufacturing firms about their operations in other Asian countries reveals that Indonesia’s perceived low level of human resources and inadequate supply of management skills diminishes its appeal to investors. This must be a concern as Indonesia’s regional competitors are continuing to upgrade their education base (Box).
of resources that are channeled through a DAK, the stronger the support for developing local governance and management. MoNE should finance the proposed DAK block grants in part from their existing DIPs. This is something the new decentralization law is promoting and is part of the overall government policy.

- **Reduce funding inequities.** Local government expenditures account for about two-thirds of education spending, and overall funding levels appear adequate (central and local governments combined spent more than 3 percent of GDP). However, a number of district governments do not have enough resources to meet their larger educational needs, resulting in large inequalities in spending per student (Table 2). Government should target needy districts and apply DAK financed programs to address specific localized service shortfalls.

2. **Adopt School-based Management as the Core of Reform Initiatives**

The Education Law 20/2003 has transferred greater responsibility and authority directly to schools, and in turn more is expected from schools and communities for making significant improvements in basic education. However, there is tremendous variation in the capacity of schools across the country to exercise the authority that decentralization has given them. If the schools in Bali reflect what goes on in other parts of the country, School Committees are not fully engaged and are underutilized as a governance mechanism (Table 3). To enhance school-based management:

- **Better prepare educators for their management roles.** Develop and pilot test an effective training program in planning and budgeting, financial management, assessment, and communication strategy for heads of school and School Committee members. Alternative modes of delivery of this program are needed to take account of the different circumstances throughout Indonesia.

- **Design and implement block grants for schools from district budgets.** Such a grant should cover their basic operating expenses and maintenance at a level sufficient to meet minimum standards for accreditation. This block grant should use a formula-based allocation to schools that is non-discretionary, easy to implement, and that depends on just a few key measurable criteria. To facilitate school-based management, assistance to schools should flow more in cash than in kind. Additional funds beyond operational funds could be obtained through a proposal-based grants mechanism to cover the costs of special programs on staff development and more substantial capital investments, such as the construction of a new classroom or laboratory, and for innovation and experimentation.

- **Establish pro-poor earmarked grants for projects initiated by schools and communities.** Such grants could stimulate innovation and experimentation, especially in the interest of reducing gaps in poor areas. Special assistance will be needed for schools below the minimum quality standards.

- **Manage school fees.** In the future, districts and their communities would be able to mobilize more of their own resources to supplement grants from central government. Education Law 20 is quite explicit about this expectation. Indeed, school fees have been rising rapidly over the last three years, much more rapidly than prices in general. While these fees can play a useful role in improving education, it is important to establish transparent mechanisms for the management of fees and to ensure that fees do not exclude the poor. In poorer areas, school block grants should serve as a means to reduce out-of-pocket spending.

3. **Develop a National Quality Assurance and Monitoring System**

The old centralized system of education reporting has collapsed. Within the next two years, it should be replaced by one that is driven by the information needs and capacities in the regions, but serve all levels of education management. It should focus on performance measures and accountability.

At the national level, information reveals the impact of programs and resource allocation decisions and defines areas or populations requiring special attention, and thus, enhances policy-making. At local levels, information is instrumental

| Table 2: High inequalities in spending (Per Capita Education Spending of Local, 2002) |
|------------------------------------------|-------------------|
| Lowest | Highest |
| Total | 1,193 | 540,479 |
| Routine | 1,013 | 539,287 |
| Development | 402 | 415,463 |

*Source: SIKD, Ministry of Finance*
for evaluating and monitoring functions. It is a diagnostic tool for defining the learning challenges among communities and schools, and for identifying the relative strength and weaknesses of different pedagogical approaches. At the school level, information is instrumental for evaluating student performance in specific subject areas, and is a communication tool for transmitting needs and achievements to parents and the school community at large.

- Enhance incentives for quality assurance, monitoring, and information sharing. Cooperation among the levels of government and by schools can be facilitated through the use of financial incentives, reliance on professional pride from having a joint system, and by providing an opportunity for learning from what the stronger districts are doing.

4. Improve the Quality of the Teaching Force Through Career-long Reform

Teachers are the main medium through which students learn, especially during the foundation years, and teachers’ salaries consume a large slice of the public budget. Using these resources better not only improves education quality, but also frees up funds for other important inputs, including books for students and professional development for teachers. Educators in Indonesia agree on the need to reform the teaching profession—but these reforms must touch all parts of a teacher’s career, from preservice training to deployment, promotion and career development.

- Launch a transparent accreditation system. Such a system should cover preservice teacher training programs within the next two years, with all programs completing accreditation within the next 4 years. Require programs to be reaccredited every five years. Broadly publicize the results of the accreditation and re-accreditation processes. To build support for this accreditation system, encourage local governments and schools to hire only the graduates from accredited programs.

- Appoint and promote teachers on the basis of merit. Stop the practice of buying teacher posts by establishing a teacher licensing exam and a certification process at the national level, and an open process of application and review at the district level. Publicize the results of the teacher licensing exam in mass media. Require teachers to recertify themselves periodically for promotions.

- Initiate career-long professional development programs for teachers and heads of schools. Such programs should encompass pre-service preparation, induction into the teaching profession, and continuous professional development.

5. Restructure the Central Ministry of Education

To reflect the change in its mandate, MoNE needs to restructure and transform itself within the next year. The Ministry's primary functions in a decentralized system are no longer direct delivery of services.

- Restructure the Ministry to reflect its new role under decentralization. Its tasks should revolve around designing policy, setting standards; measuring performance; empowering decentralized units to meet the standards; stimulating innovation and spreading lessons learned from experimentation; and addressing the education inequalities between prosperous and poor areas and the inability of poor areas to afford education of acceptable quality. A large central agency and heavy bureaucracy is not needed to meet Indonesia’s current challenges – in fact, it may hinder development.

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<th>Table 3: School Committees Still Not Fully Engaged</th>
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<tr>
<td>(Percentage distribution by frequency of School Committee meetings)</td>
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<tr>
<td>Every week</td>
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<td>Every year</td>
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<td>Only once in awhile</td>
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Data Source: Bali Impact Crisis Survey, 2003