Revealing How Indonesia’s Subnational Governments Spend Their Money on Education

SUBNATIONAL EDUCATION PUBLIC EXPENDITURE REVIEW 2020

November 18, 2020
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Why do we need a Subnational Public Expenditure Review?
Effective and efficient subnational public expenditure in education is key for Indonesia to realize its human capital development goals.
The education budget increased more than 200 percent in real terms between 2002 and 2018.

2020

20% of total government expenditure

Rp. 508 Trillion

60% of the education budget is managed by subnational governments.
Decentralization in Indonesia has shifted more responsibilities of education management to subnational governments
Data and Sources for Analysis

Subnational Government Budget and Expenditure Data from MoF

Education Data from MoEC

Data Collection

of detailed 2017 budget and execution information from 27 districts/cities

2015-2018
02
How do subnational governments conduct planning and budgeting?
Subnational governments conduct a great variety of education programs, but some districts/cities go beyond their mandates.
03

How much do subnational governments allocate to education?
Not all subnational governments fulfill the constitutional mandate

22%  112 out of 508 Districts/Cities
do not fulfill the 20 percent mandate

35%  12 out of 34 Provinces
Budget Allocation

From all districts/cities that do allocate 20% of their budget to education, not all are able to fully execute their budget. Only 70% of districts/cities have more than 95% realization rates.
Local Governance

Districts/cities with high standards of local governance tended to allocate the minimum 20 percent of their budgets to education and demonstrated a high level of executing capacity.

District’s education budget allocation and realization rates based on local education governance index.
How do subnational governments report their education expenditures?
Expenditure Categories

Most expenditure categories in education financing data are not standardized across districts/cities and provinces, leading to difficult comparisons and analysis for improved decision-making/policy-making.

<table>
<thead>
<tr>
<th>District</th>
<th>Range salary for non-PNS teacher paid by APBD</th>
<th>Local minimum wage</th>
<th>%</th>
<th>CoA Program category</th>
<th>CoA Activity category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wonogiri</td>
<td>500,000 - 1,200,000</td>
<td>1,400,000</td>
<td>36%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Penghargaan GTT dan PTT</td>
</tr>
<tr>
<td>Demak</td>
<td>300,000 - 600,000</td>
<td>2,065,000</td>
<td>58%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Fasilitasi Bantuan Kesejahteraan bagi PTT dan GTT</td>
</tr>
<tr>
<td>Purworejo</td>
<td>450,000 - 800,000</td>
<td>1,300,000</td>
<td>35% - 62%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Kesejahteraan Pendidik Wiyata Bhakti Pendidikan Formal</td>
</tr>
<tr>
<td>Kab. Probolinggo</td>
<td>1,000,000 - 2,000,000</td>
<td>2,042,900</td>
<td>49%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Penunjang Biaya Operasional Sekolah Daerah (BOSDA)</td>
</tr>
<tr>
<td>Kab. Bojonegoro</td>
<td>250,000 - 1,000,000</td>
<td>1,858,000</td>
<td>13% - 54%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Honorarium/Tunjangan Kinerja GTT/PTT</td>
</tr>
<tr>
<td>Kab. Kotim</td>
<td>1,190,000 - 2,776,460</td>
<td>2,776,460</td>
<td>43%</td>
<td>Program Peningkatan Mutu Pendidik dan Tenaga Kependidikan</td>
<td>Pengembangan Guru Kontrak</td>
</tr>
<tr>
<td>Kota Semarang</td>
<td>2,125,000 - 2,400,000</td>
<td>2,125,000</td>
<td>100% - 113%</td>
<td>Program Pelayanan Operasi Perkantoran/Program wajib belajar pendidikan dasar 9 tahun</td>
<td>Operasional UPTD Pendidikan Kecamatan/Pendampingan BOS</td>
</tr>
<tr>
<td>Kota Surabaya</td>
<td>3,580,000 - 3,580,000</td>
<td>3,580,000</td>
<td>100%</td>
<td>Program wajib belajar pendidikan dasar 9 tahun</td>
<td>BOSDA</td>
</tr>
</tbody>
</table>

Program and activity category names for honorarium teachers’ salaries/allowances.
How are resources actually spent on education at the subnational level?
Non-Salary Spending

Education spending at district/city level is dominated by payment of civil servant teacher salary and limit resources for non-salary spending

Actual or *de facto* non-salary spending is only

14%

of the total education budget
Early Childhood Education

Districts/cities allocate very little budget for early childhood education and development

2.6%

On average, districts/cities allocate only 2.6% of their education budgets on early childhood and development.
Early Childhood Education

On average, districts/cities allocate

500,000 Rupiah per-child for pre-primary

12 out of 27 districts/cities surveyed have allocations lower than

150,000 Rupiah per child for pre-primary
Though an increased overall budget for education has improved education access, it has yielded limited contributions to improving learning outcomes for students.
Student Outcomes

At the local government level, there was little correlation between spending and expected outcomes.

Overall education budget allocation shows weak correlation with average UN score. There are a lot of rooms to improve for many districts.

Panel data analysis of 2015-18 doesn’t consistently show positive relationship between per-student spending and outcomes.
06

How can subnational governments spend better?
Recommendations

1. Reassess district capacity
2. Prioritize effective programs
3. Simplify and standardize budgets
4. Leverage technology
Reassess districts’ financial and technical capacity in delivering education services.

- **One size does not fit all solution**
  
  - Districts/cities that fail to allocate the minimum 20% allocation
    - Require tighter monitoring and enforcement (to fulfill the 20 percent budget mandate).
  
  - Districts/cities with low realization rates
    - Need focused capacity building in planning their education programs/activities and in implementing them (to achieve better budget execution).

- **Overall**
  - Reassess district/cities financial and technical capacity to have necessary resources including for non-salary resources to deliver quality education services.
Consolidate and prioritize education programs that are effective in increasing student learning outcomes

- Teacher and education personnel mapping and performance evaluation
- Facilitating youth social service activities
- Uniform procurement for poor students
- Quality improvements of student drop-outs
- Empowerment of student drop-outs
- Youth entrepreneurship management training
- Transformation and development of reading interest and parking facilities

STUDENT LEARNING OUTCOMES
Simplify and standardize budget classifications.

Produce better data and statistics that are comparable across districts/cities

help both central and subnational governments track progress and ensure that their decisions are evidence-based
Leverage technology to strengthen accountability.

- Data
- Analysis
- Evaluate Programs
- Evidence-based Policymaking

Development of an integrated education data management system

establish an education quality index for every district/city

Improve local supervision, transparency, and accountability in providing education services
Thank You!
The full report is available at:
https://www.worldbank.org/indonesia/educationspending