



# Revealing How Indonesia's Subnational Governments Spend Their Money on Education

SUBNATIONAL EDUCATION PUBLIC EXPENDITURE REVIEW 2020



*November 18, 2020*

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# 01

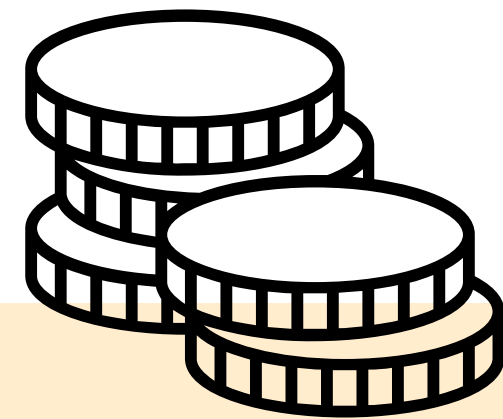
## Why do we need a Subnational Public Expenditure Review?



**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



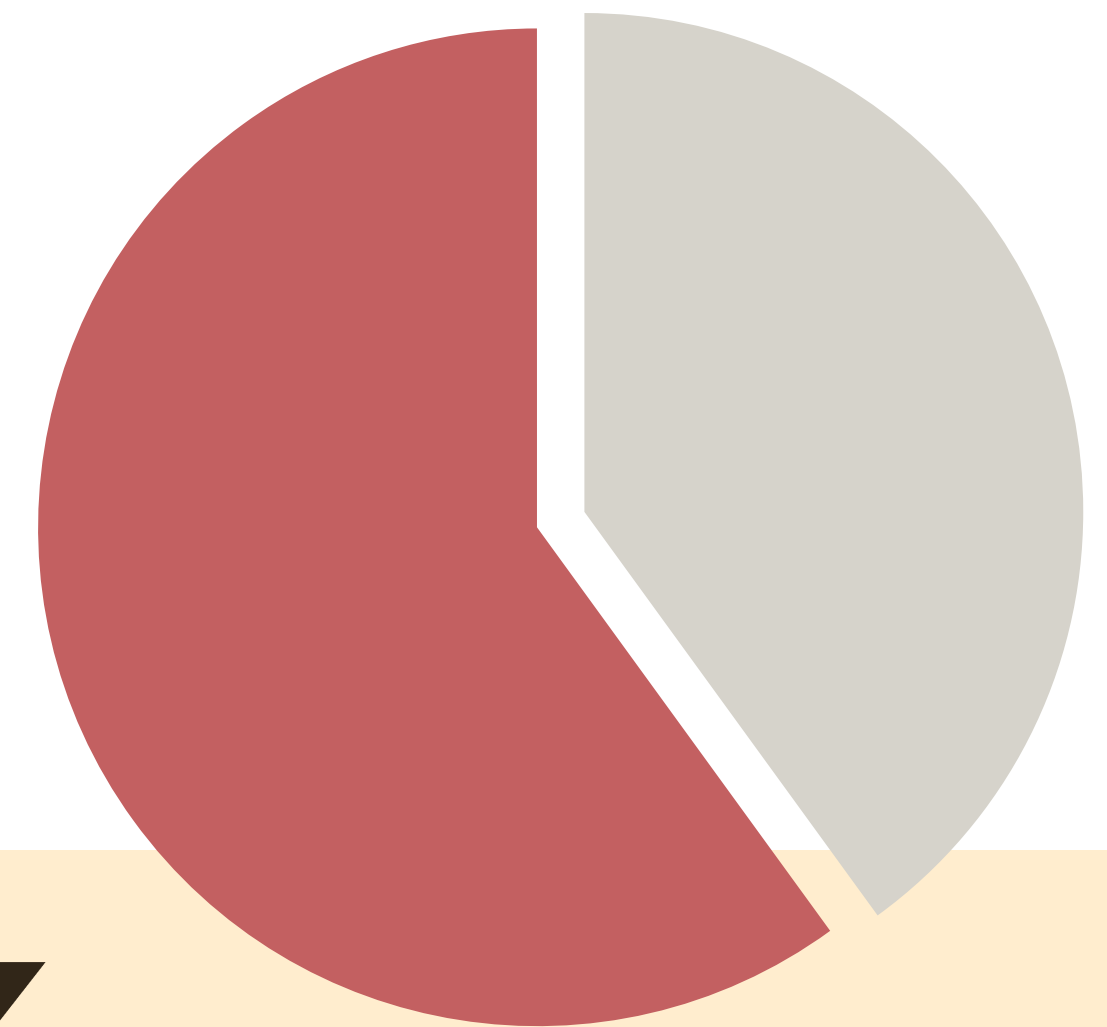
**20%**

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



**Salary  
Expenditure**

**Infrastructure**



**ECED**

**Teacher Training**

# Data and Sources for Analysis

## **Subnational Government Budget and Expenditure Data from MoF**

2015-2018

## **Education Data from MoEC**

2015-2018

## **Data Collection**

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

# 02

## How do subnational governments conduct planning and budgeting?



# Planning

**Quantity**

**Quality**

# Planning

**Kuantitas**

**Kualitas**

## Programs

**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?



# Budget Allocation

Not all subnational governments fulfill the constitutional mandate

22%

112 out of 508  
Districts/Cities

35%

12 out of 34  
Provinces

do not fulfill the 20 percent mandate

# Budget Allocation

From all districts/cities that do allocate 20% of their budget to education, not all are able to fully execute their budget

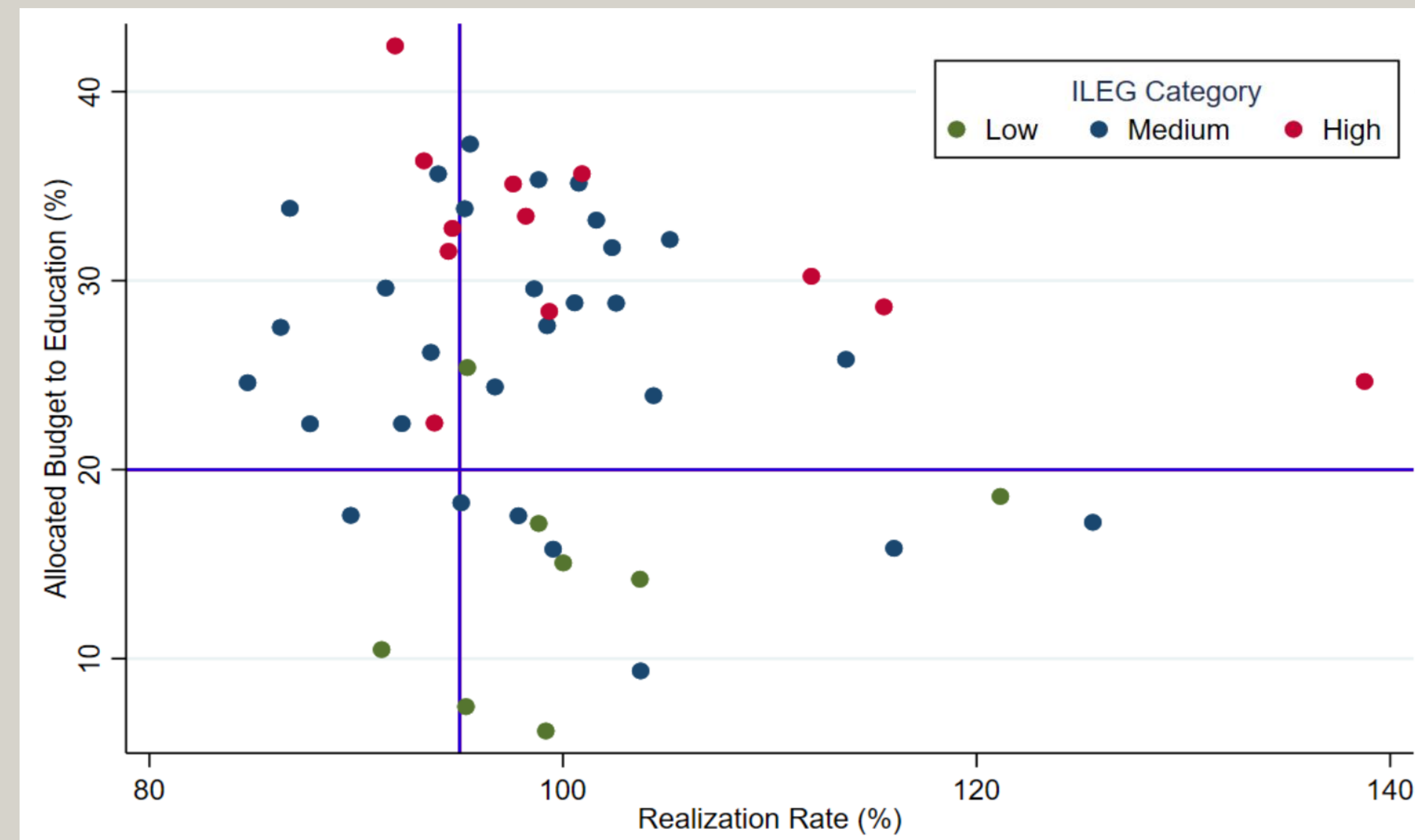
70%

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



# 04

**How do subnational governments report their education expenditures?**



# Expenditure Categories

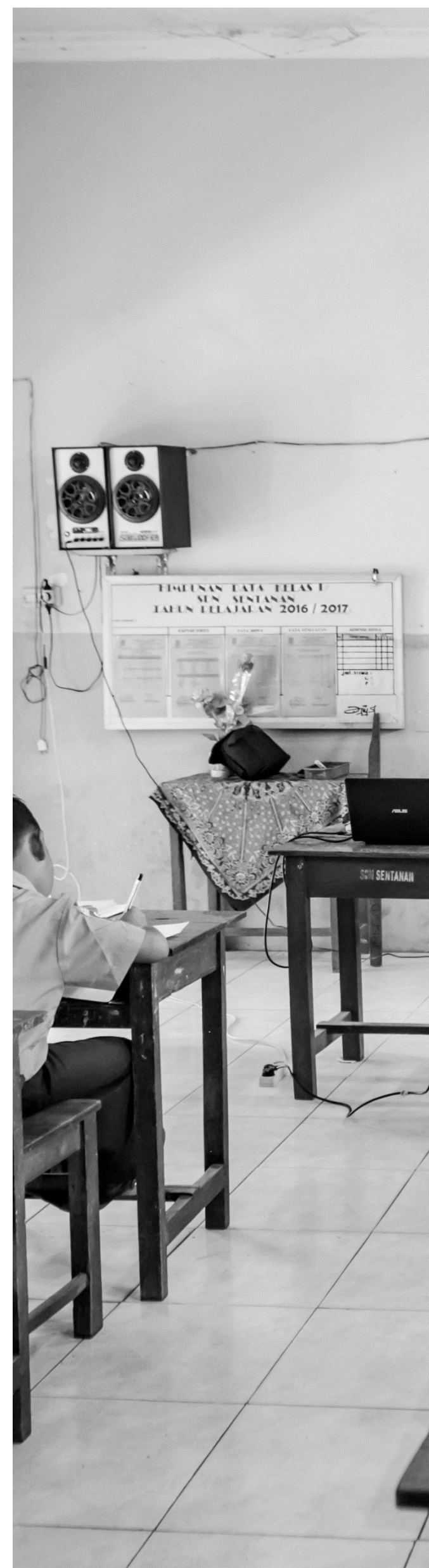
Most expenditure categories in education financing data are not standardized across districts/cities and provinces, leading to difficult comparisons and analysis for improved decision-making/policy-making

Program and activity category names for honorarium teachers' salaries/allowances

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

# 05

**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.**

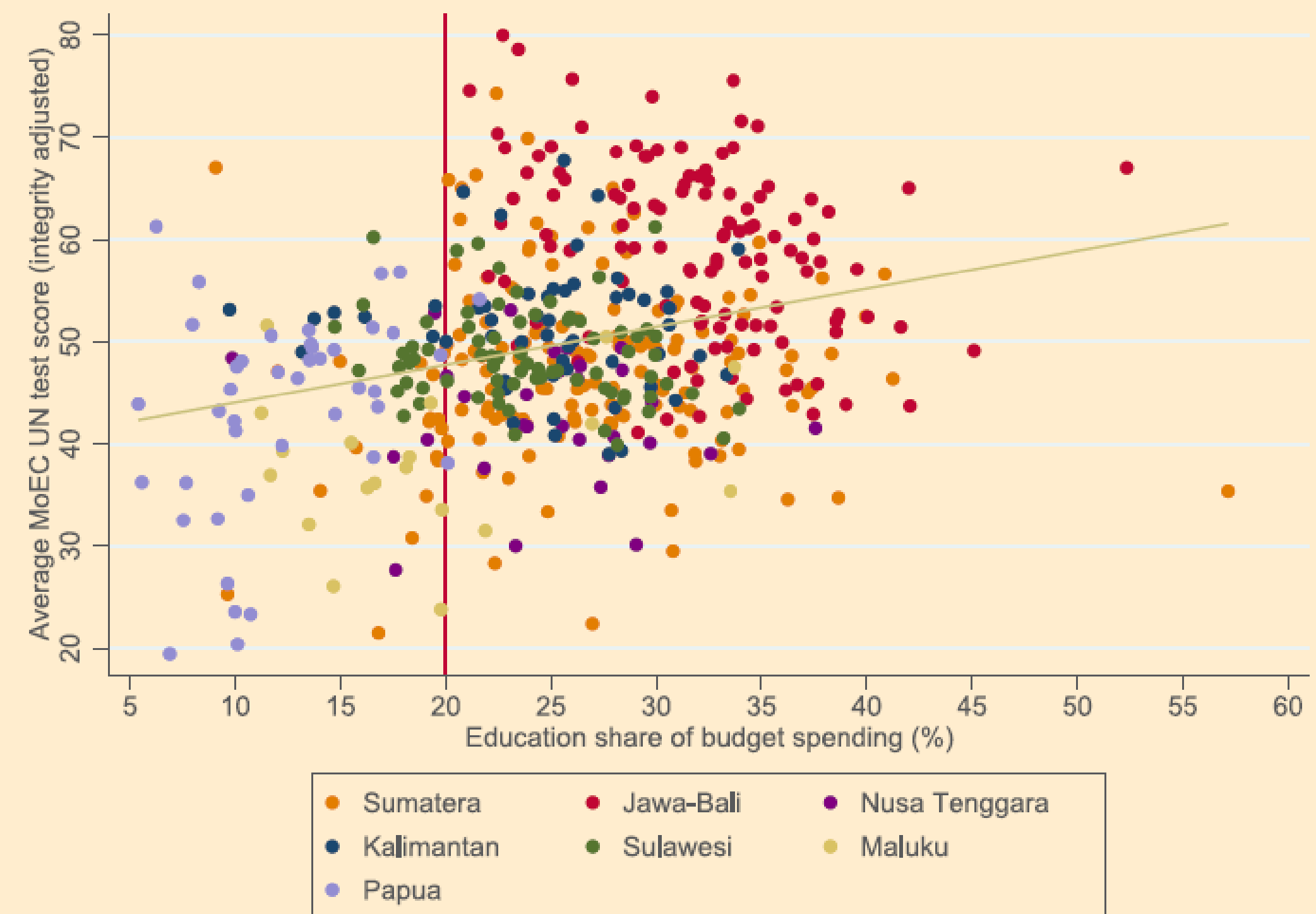
# Student Outcomes

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.

Realized Spending and National Exam (UN) Scores



# 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  
FITS 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

Youth pioneer selection

Quality improvements of super

Empowerment of student drop-outs

Youth entrepreneurship management training

Construction of parks, ceremonial and development of reading interest and parking facilities



**STUDENT  
LEARNING  
OUTCOMES**

# Simplify and standardize budget classifications.

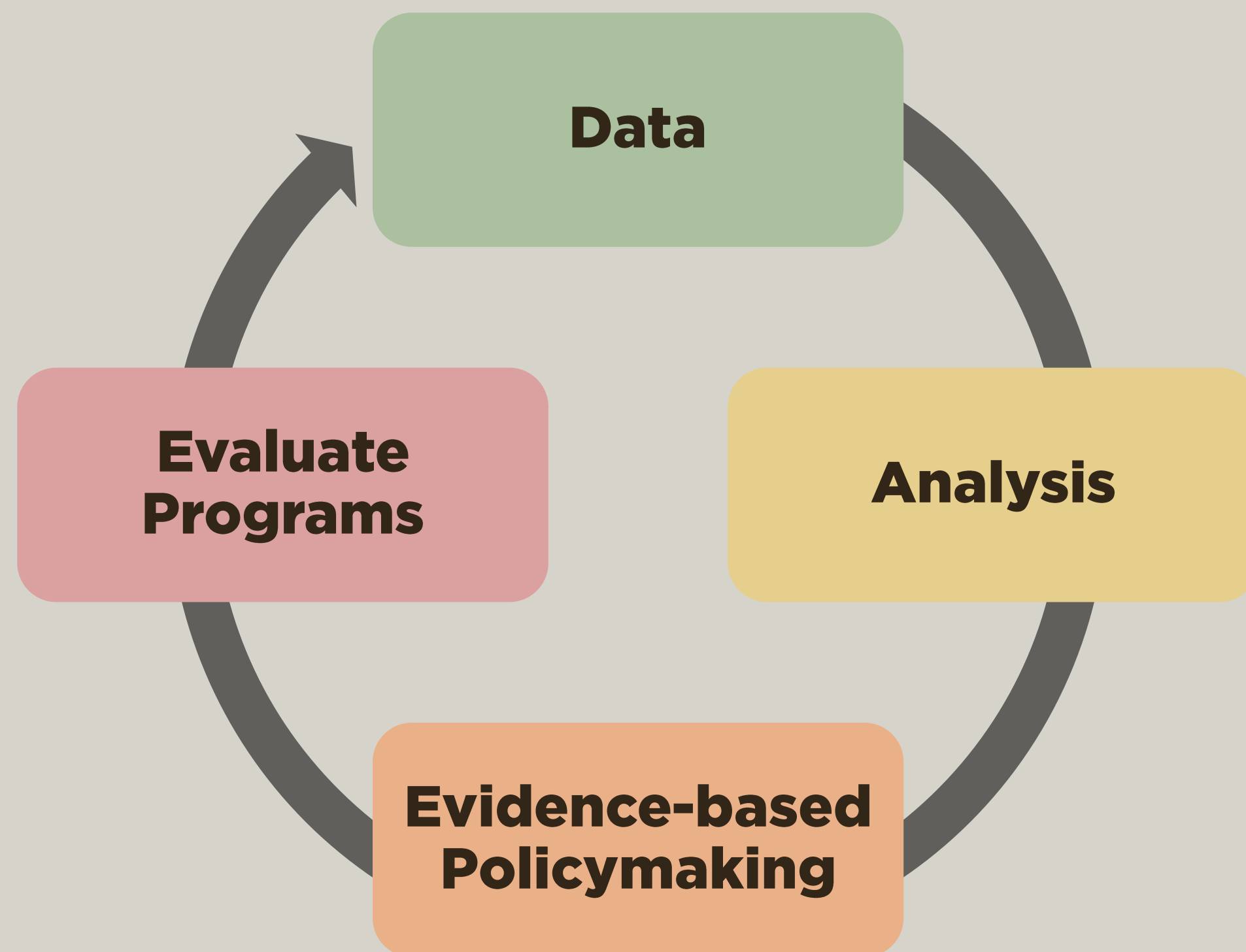


Produce better data and statistics that are comparable across districts/cities



help both central and subnational governments track progress and ensure that their decisions are evidence-based

# Leverage technology to strengthen accountability.





# Thank You!

The full report is available at:

<https://www.worldbank.org/indonesia/educationspending>



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**EDUCATION IN  
INDONESIA**