



FINAL REPORT

Annual Sector Financial Report (2012):

An annual review of Indonesian education sector financing

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ABBREVIATIONS AND ACRONYMS

	Bahasa Indonesia	English
ACER	Dewan Penelitian Pendidikan Australia	Australian Council for Educational Research
ADB	Bank Pembangunan Asia	Asian Development Bank
APK	Angka Partisipasi Kasar	Gross Enrolment Rate
APM	Angka Partisipasi Murni	Net Enrolment Rate
AusAID	Badan Australia untuk Pembangunan Internasional	Australian Agency for International Development
AWP	Rencana Kerja Tahunan	Annual Work Plan
Balitbang	Badan Penelitian dan Pengembangan	Centre for Research and Development
Bappenas	Badan Perencanaan Pembangunan Nasional	National Development Planning Agency
BEP	Program Pendidikan Dasar Australia-Indonesia	Australia-Indonesia Basic Education Program
BOS	Bantuan Operasional Sekolah	School Operational Fund
BOS Buku	Bantuan Operasional Sekolah Buku	School Operation Funds for Textbooks
BSNP	Badan Standar Nasional Pendidikan	National Education Standards Board
CCR	Rasio Kelas-Ruang Kelas	Class-Classroom Ratio
CSAS	Kontraktor untuk Layanan Kepenasehatan Strategis	Contractor for Strategic Advisory Services
DFAT	Departemen Luar Negeri dan Perdagangan	Department of Foreign Affairs and Trade (Australian)
DG	Direktorat Jendral	Directorate General
EC	Komisi Eropa	European Commission
EFA	Pendidikan untuk Semua	Education for All
ESP	Rencana Strategis Pendidikan	Education Strategic Plan
ESSP	Education Sector Support Program	Education Sector Support Program
ESWG	Kelompok Kerja Sektor Pendidikan	Education Sector Working Group
GDP	Pendapatan Domestik Bruto	Gross Domestic Product
GER	Angka Pendaftaran Kasar	Gross Enrolment Rate
GoA	Pemerintah Australia	Government of Australia
GOI	Pemerintah Indonesia	Government of Indonesia
JSS	Sekolah Menengah Pertama	Junior Secondary School
KPI	Indikator Kunci dari ?	Key Performance Indicator
LAKIP	Laporan Akuntabilitas Kinerja Publik	Public Performance Accountability Report
MCPM	Kontraktor Pelaksana untuk Pengelolaan Program	Managing Contractor Program Management
MDA	Kajian Tengah Dekade	Mid-Decade Assessment
MoF	Kementerian Keuangan	Ministry of Finance
MoEC	Kemendikbud	Ministry of Education and Culture

MoRA	Kementrian Agama	Ministry of Religious Affairs
NER	Angka Pendaftaran Murni	Net Enrolment Rate
NFE	Pendidikan Non-formal	Non-Formal Education
PAM	Matriks Aksi Kebijakan	Policy Action Matrix
PCMU	Unit Pengelola dan Koordinasi Program	Program Coordination and Management Unit
PMPTK	Peningkatan Mutu Pendidik dan Tenaga Kependidikan	Quality Improvement of Teachers and Education Personnel
POM	Monitoring dan Pengawasan Kinerja	Performance Oversight and Monitoring
PSC	Komite Pengarah Program	Program Steering Committee
PTP Matrix	Matriks Sasaran dan Kinerja Program	Program Targets and Performance Matrix
PUSLIT	Pusat Penelitian	Center for Research
PUSPENDIK	Pusat Statistik Pendidikan	Center for Education Statistics
Renstra	Rencana Strategis	Strategic Plan
Rp.	Rupiah	Rupiah
SCR	Rasio Siswa Ruang Kelas	Student Classroom Ratio
SD	Sekolah Dasar	Primary School
SIKD	Sistem Informasi Keuangan Daerah	Regional Finance Information system
SMA	Sekolah Menengah Atas	Senior Secondary School
SMP	Sekolah Menengah Pertama	Junior Secondary School
SWAP	Pendekatan Sektor secara Luas	Sector Wide Approach
SPI	Indikator Kinerja Tambahan	Supplementary Performance Indicator
STR	Rasio Siswa Guru	Student Teacher Ratio
SUSENAS	Survei Sosial Ekonomi Nasional	National Socio-Economic Survey
TA	Bantuan Teknis	Technical Assistance
ToR	Kerangka Acuan Kerja	Term of Reference
UN	Perserikatan Bangsa-Bangsa	United Nations
USAID	Badan Amerika Serikat untuk Pembangunan Internasional	United States Agency for International Development

This report is intended to provide high level monitoring of national and district trends in education financing. The purpose of the monitoring is to inform the Governments of Indonesia and Australia as they implement the Education Partnership (2011-2016).

This is the sixth Annual Sector Financial Report (previously known as the Annual Financial Performance Report). It is a continuation of last year's report published by the Performance Oversight and Monitoring team of the Education Partnership, and a series of three annual reports that were prepared by the same author for the Basic Education Program and delivered through the Contractor for Strategic Advisory Services. Copies of these reports are held by the Australian Embassy and the Indonesian Ministry of Education and Culture.

The author is Education Economist Mr. Adam Rorris. He has worked in close collaboration with, and has benefitted from the support of, the Ministry of Finance and the Ministry of Education and Culture (MOEC). The consultant acknowledges the support and advice of the many people that contributed to the study. Data analysis support was provided by Mr. Ahmad Evandri. The views and opinions expressed in this report are those of the author and do not necessarily reflect those of the Governments of Indonesia or Australia.

Amendment history

Version	Notes and modifications	Created by/modified by
1.0	Initial Draft Report (06 December 2013)	Creator: Adam Rorris
1.1	Draft Report (09 February 2014)	Modifier: Adam Rorris
1.2	Final Report (04 April 2014)	Modifier: Adam Rorris

Background

The Annual Sector Financial Report (ASFR) 2012 monitors and reports on trends in education financing in Indonesia. This is the sixth Annual Sector Financial Report (previously known as the Annual Financial Performance Report) and follows a series of reports produced by the same author for the AusAID supported Contractor Strategic Advisory Services (CSAS) team. The report is intended for the use of high level government officials and education sector experts in the Governments of Indonesia and Australia. It provides succinct analysis and is intended to be an accessible tool for operational planning. The objectives of this report are:

1. To identify trends in the quantum and distribution of education funding in relation to national policy and school needs.
2. To monitor education sector and school resourcing from the standpoint of the key RENSTRA themes of access, quality improvement and improved accountability.
3. To provide a record of education financing in those districts directly benefiting from Components 1 and 2 of the Australian-Indonesia Education Partnership (EP).
4. To inform the Government of Australia (GoA), the Government of Indonesia (GoI) and other donors of the effectiveness and efficiency of current school funding mechanisms.
5. To support the capacity of GoI institutions to monitor and report on school financing.

The report has a particular focus on district level expenditures. Indonesian district level expenditure patterns are increasingly important as districts have increased responsibility for education management under the Indonesian government's decentralization policy. Monitoring patterns of expenditure by districts will become an increasingly important role for the Ministry of Education and Culture (MoEC) and the Ministry of Religious Affairs (MoRA) to ensure that national funding norms and procedures are being implemented appropriately. Financial analysis of education allocations therefore needs to have a district level disaggregation to assess the variability in fiscal capacity and actual allocations for education resourcing.

A wide range in the poverty status of districts, and the importance of education in lifting district populations out of poverty, mean that vulnerable groups stand to benefit most from well-targeted education investment. Monitoring and evaluation of district level education financing provides the tools to do so.

Key Performance Indicators and Analysis

The report analysis is framed by a set of Key Performance Indicators (KPI). The KPI focus attention on the main RENSTRA themes and the government's financial commitment to education. Most of these KPI are reported on at a national level by the GoI as part of its international Education for All (EFA) reporting obligations.

Each of the indicators is described as being either a lead or lag indicator. Lag indicators are summative in nature. They describe the current state of progress toward an expected outcome. Lead

indicators are those which capture the rate of movement towards an outcome or have a clear causal relationship to a desired outcome.

A summary of the results and findings for each of the indicators is presented in table format as part of this Executive Summary. This includes a summary assessment of the indicator result being positive, negative or uneven. A 'Positive' result indicates it is supportive of RENSTRA objectives; a 'Negative' result suggests it is contradictory to RENSTRA objectives; and an 'Uneven' result indicates large variation between districts.

This report has utilized the Enhanced Analytical Facility (EAF) as a database and warehousing tool. The EAF has brought together education, finance and socio-economic data sets from a very wide range of sources. Greater inter-relational analysis of these data sets and enhanced visualization capacity from new software adds power and improves readability of the report. The EAF was again updated for this 2012 report, with updates to financial and enrolment data for 2011 and the addition of new data for 2012.

Key Findings

- 1. *Strong real growth in national public expenditure for education in 2012.***

The GoI had particularly impressive growth in real and nominal terms in 2006 and 2009. Since 2009, growth in education expenditures had marginally outpaced inflation, but there was a plateau in the real increase of national funding for education. In 2012 we see the first significant increase in real terms for education funding.
- 2. *Government commitment to meet a 20% target for education expenditure share of national budget has been met for the fourth year in a row.***

The national expenditures for education in 2012 met the 20% target. Unlike the previous three budget years, this has generated a large year-on-year increase in real funds available for education. Education has benefited from total national public revenues and expenditures which have grown at a significantly faster rate than inflation.
- 3. *Average district level education expenditures across Indonesia have increased from 27% of the total district budget (APBD) in 2006 to nearly 35% share in 2012.***
- 4. *Education expenditures at the district level rose from 31% in 2009 to 35% in 2012***

This demonstrates that districts have, on average, strengthened their commitment toward education spending during the period 2009-2012.
- 5. *The lowest average share of budget allocation for education (at the district level) was found in Papua (16%) and Maluku island group (25%).***

While Maluku has shown growth since 2010, Papua has dropped again from an 18% education share of district budgets in 2010 to 16% in 2012. The island groups of Sulawesi, Kalimantan and Maluku went in the opposite direction and posted annual increases in the education share of district expenditures in 2012.
- 6. *Nationally, there are 30 districts which allocated less than 15% of their total district budget (APBD) on education in 2012.***

Of the 30 districts spending less than 15% of their budget on education, 22 are in the poorest quintile, and 17 of these are found in Papua.

7. ***The poorest districts have consistently committed the lowest proportion of their budget towards education during the period 2006-2012 (average 31% in 2012).***

8. ***In 2012 nearly 100 districts (nearly 20%) posted a decline in their education budget.***

This is a marked deterioration from 2011, when only 22 districts posted a decline in their annual education budget allocation.

9. ***The problem of contracting education budgets is focused on Papua.***

Twenty of the 31 districts recording a decline in nominal annual district education expenditure are located in Papua.

10. ***Average district expenditure per student across the country grew but not as strongly as for 2011.***

Average education expenditure per student has grown to Rp. 3.1 million in 2012, from an average Rp. 2.8 million in 2011. Highest allocations per student are found in the poorest districts (quintile 5) at an average Rp. 3.4 million per student.

11. ***The most striking aspect of the breakdown of per student expenditure is that the Papua island group declines in the annual per student allocation for education in 2012.***

In Papua, per student allocations for education drop 12% from Rp. 6.26 million in 2011 to Rp. 5.48 million in 2012.

12. ***To achieve better learning outcomes across the poorest districts, the district governments in poorest districts will need to grow their education spending more quickly and drive a stronger 'equity slope' in education funding distribution.***

During the four year period 2008-2011, Indonesia displayed overall growth in per student expenditures, with a linear trend for greater expenditures in the poorest districts. In 2012 the slope of this equity spending was halted, with slower growth in the poorest districts.

13. ***In 2012, the BOS grants have increased as a proportion of the district education budget (up to 14%).***

This outcome is a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves. The per-pupil BOS allocation has increased from Rp 397,000 to Rp 580,000 per primary student and from Rp. 570,000 to Rp. 710,000 per junior secondary student per year in 2012.

14. ***There were six districts in 2012 that meet Critical Education Funding Status (CEFS) criteria compared to 2011 (2 districts), 2010(12 districts) and 2009 (16 districts).***

The CEFS diagnostic tool developed by the ASFPR identifies districts that have (i) low expenditure per student, (ii) small education share of the district budget, and (iii) weak annual growth in their education budget.

Possible Impacts on the Sustainability of Benefits Stemming from EP Investments

1. At a macro level, there is solid evidence to suggest that the GoI will continue to invest heavily in education. This should flow through in its support for district budgets. National funding for the education sector is expected to remain strong. Adherence to a proportional budget allocation for education enhances the ability of the education sector to anticipate future allocations and plan accordingly by creating a more stable financing framework. The proportional allocation approach toward education financing enhances predictability and steady growth of the education budget in a growing economy.
2. School systems require a substantial share of non-salary related expenditures to (i) provide a full range of resources (apart from teachers) to schools, and (ii) maintain buildings and provide for additional capital and equipment needs. Most recent data show the average salary share of expenditures in districts had come down to 75% of total district level expenditures. In the context of the additional salary costs associated with the teacher certification process, this is a very positive achievement. However, some districts spend well in excess of this on salaries, leaving these districts with very little to spend on PD or maintenance of school buildings.
3. Eighteen EP districts contributed less than the 20% national target for education, which is considerably lower than the 2012 national average of 35%. This low share of funding for education in specific districts may threaten the sustainability of EP investments in the future.
4. One recurring concern is that some districts with the highest poverty rates are persistently allocating a significantly smaller share (less than 15%) of resources for education than the national average (35%). This low commitment from some of the poorest districts makes it harder for them to catch up on educational development. It also indicates which districts may have further scope to grow their education budget and cover the cost associated with PD and the maintenance of new school buildings as might be funded under the EP.
5. Papua and Maluku stand out as two provinces that spend the least for education as a proportion of total district funds. Papua in particular stands out because on average it experienced a decline in expenditure per student in 2012 compared to 2011. There is scope to increase education funding in these areas to cover the additional but modest recurrent costs associated with the EP investments.
6. Most EP districts are showing growth in per student allocations for education. This provides a good financial base for further improvements. However in 2012, nearly 100 districts (of which 59 were EP districts) contracted their education budget compared to the previous year. There will be good and sound reasons for this in many cases, but where it reflects a shifting priority away from education it may jeopardize the ability of districts to meet future financial commitments to PD and building maintenance.
7. Growing BOS funds provide much needed discretionary funds to schools. The challenge for government will be to put in place the appropriate training, monitoring and support to enable the effective use of these funds as well as identifying the inevitable instances where these funds are not properly expended or adequately reported.

Progress against Key Indicators

INDICATOR	DESCRIPTION	LEVEL	RELATED GOAL	RESULT	COMMENT AND IMPLICATIONS
KPI 1 Share of public expenditure	Public expenditure on education as percentage of total public expenditure (covers MoEC and MoRA expenditure)	National	Government commitment	Positive	Comment: Significant growth in allocations as proportion of national expenditure, from 12% 2001 (12%) to 20% by 2012. Implications: Stable growth in education financing is positive for further investment.
KPI 2 Share of GDP	Public expenditure on education as percentage of GDP	National	Government commitment	Positive	Comment: Education expenditure, as a proportion of GDP, increased from 3.3% in 2011 to 3.5% in 2012.
KPI 3 Share of non-salary resources	% share of education budget spending on non-salary costs.	National	Quality	Positive	Comment: No new data available for 2012. Non-salary share of expenditures in 2011 increased to 25% of total district level expenditures (up from 13% in 2010). Implications: Growth in budget is not being solely consumed by salaries. New budget allocations were especially strong for capital items.
KPI 4 National commitment to non-formal learning	Public expenditure on literacy and non-formal education (NFE) as percentage of public expenditure on education	National	Equity/access	Negative	Comment: No new data available for 2012. NFE expenditure is approximately 1% of total expenditure for education. Implications: Key advantage of NFE is its cost-effectiveness; increased levels of investment are needed to maximise possible economic and social returns.
KPI 5 Commitment to basic education relative to national wealth	Public recurrent expenditure on basic education as percentage of all public education expenditure	National	Equity/access	Positive	Comment: Report has updated data to most recent year available. In 2009 basic education accounted for approximately 56% of education expenditure. By contrast, less than 20% of MORA education expenditure was on basic education. Implications: It is unclear what has been driving the fluctuations in the basic education share of MoRA expenditures, so difficult to assess implications.
KPI 6	Education as % of total public	District	Government	Neutral	Comment: The strong increase in the education share of

INDICATOR	DESCRIPTION	LEVEL	RELATED GOAL	RESULT	COMMENT AND IMPLICATIONS
District commitment to education	expenditures		commitment Equity/access		district budgets in 2011 was reversed in 2012, with the education share dropping just over 1% from 36.7%. Implications: Some districts showing negative growth should be monitored
KPI 7 Annual growth in spending in the poorest districts	Annual % change in public expenditures for education in lowest quintile districts compared to national % change in public expenditure for education	District	Equity/access	Negative	Comment: In 2012, 31 of the poorest districts experienced a contraction in their nominal education expenditure (before accounting for inflation). Implications: Nearly one third of poorest quintile districts (100) reduced their annual budget allocation for education in 2012
KPI 8 Average district expenditure per student	Public expenditure from APBD divided by total number of school students	District	Government commitment Quality	Positive	Comment: Average expenditure per student across the country grew in 2012 but not as strongly as for 2011. Implications: Some districts showing negative growth should be monitored
KPI 9 Actual education expenditure as % of planned expenditure	Realised APBD for education as % of planned APBD for education	District	Government commitment	Positive	Comment: No new data available for 2012. Districts in 2007 (the last year for which verified data are available) managed to spend nearly 100% of their planned budget. This was a significant improvement on 2006 where only 91% of funds were spent nationally. Implications: Updated data are required to reach conclusions about possible changes in expenditure patterns
SPI 1 Discretionary school funds as % of total district school expenditure	Estimated BOS expenditure as % of total school expenditure	District	Quality	Positive	Comment: In 2012, the BOS grants increased as a proportion of the district education budget as a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves. Implications: Principals and school committees have greater than ever funds for discretionary spending at school level

Risk Areas for the Education Partnership

#	FINDING	POSSIBLE CONSEQUENCES FOR THE EP
RA1	Some EP districts (including some with the highest poverty rates) are persistently allocating a very low share of their resources to education.	This low commitment may threaten districts' ability to sustain recurrent expenditures associated with EP investments.
RA2	Papua (and to a lesser extent Maluku) have many districts performing badly on numerous financing indicators.	EP investments in these two provinces run the risk of losing effectiveness if they are not supported by district financial commitment.
RA3	In 2012, 59 EP districts contracted their education budget compared to the previous year. This may continue into the future.	Where this reflects a shifting priority away from education it may jeopardise the ability of districts to meet future financial commitments to professional development and building maintenance.

Suggested Next Steps

NEXT STEPS (AND LEVEL OF URGENCY)	PRIME RESPONSIBILITY
NS1: EP districts which have very small share of total district budget allocated for education should be monitored and engaged in a dialogue to understand current allocations and future plans (**).	POM, with DFAT's approval
NS2: Focus diagnostic and policy response efforts on the Papua and Maluku island groups to understand the factors driving (i) low education share of district budgets, (ii) the average decline in budget allocations in 2012 compared to 2011 (**).	DFAT (with POM, where appropriate)
NS3: Engage in dialogue with a sample of EP districts that reduced their 2012 education budget allocations compared to 2011. Detailed diagnostics on (i) poorest EP districts that had an annual reduction in their 2012 Budget, and (ii) districts with annual drop greater than 10%. Diagnoses to understand reasons for drop and monitor change in allocations in 2013 and 2014 district budgets (**).	MOEC and POM (with DFAT's approval)
NS4: Liaise with MoEC and other central agencies so as promote the introduction of district report cards on education. These report cards should be produced on annual basis and include key educational development and financial indicators (*).	DFAT

NB: Red - high urgency (***); orange - medium urgency (**); green - low urgency (*)

Introduction, Approach and Methodology



1.1 The Education Partnership

The Government of Australia (GoA) has been investing in Indonesia's basic education sector for a number of years, most notably through the flagship AUD 395 million Australia Indonesia Basic Education Program (AIBEP) (2006-2011) and now through the Australia-Indonesia Education Partnership (EP): a five-year, AUD 524 million program that operates from mid-2011 to mid-2016.

Australia is supporting the Government of Indonesia (GoI) to achieve its policy goals in relation to access, quality and governance of basic education (defined as primary and junior secondary education). The EP's vision is to improve education service delivery in Indonesia. To achieve this, it focuses on three goals:

- To increase participation in Junior Secondary Education (JSE) schooling.
- To improve the quality of education in public and private schools, including Madrasah.
- To improve sector governance through increased use of evidence for decision-making.

The EP recognizes that these goals are aspirational and are influenced by a multitude of factors, many of which are outside the control or even direct influence of the Partnership. As such, the EP focuses its effort on the attainment of four End-of-Partnership-Outcomes (EOPOs):

- Enrolment in JSE in targeted districts increases.
- Management of schools and Madrasah improves.
- Quality of Madrasah improves in line with National Education Standards.
- Policy-makers utilize research findings to inform education sector policy, planning and budgeting.

These EOPOs describe the highest level of change over which the EP has significant influence (see Annex A). The EP uses various modalities to deliver its support, e.g. earmarked budget support (Components 1 and 2), project delivery (Component 3), and technical assistance to GoI agencies (Components 1-4). From late 2013, the majority of expenditure in Components 1 and 2 will be made through government systems.

1.2 The Annual Sector Financial Report

Objective

The objectives of the report are:

1. To identify trends in the quantum and distribution of education funding in relation to national policy and school needs.
2. To monitor education sector and school resourcing addressing the key RENSTRA themes of access, quality improvement and improved accountability.
3. To provide a record of education financing in those districts directly benefiting from Components 1 and 2 of the Education Partnership.

4. To inform GoA, Gol and other donors of the effectiveness and efficiency of current school funding mechanisms.
5. To support the capacity of Gol institutions to monitor and report on school financing.

Scope of Analysis

District Level Disaggregation

District governments have an increasing importance in education provision under the Gol decentralization policy. Financial analysis of education allocations therefore needs to have a district level disaggregation to assess the variability in fiscal capacity and actual allocations for education resourcing.

Key Performance Indicators

The Key Performance Indicators (KPI) focus on the three main RENSTRA themes, and the government's financial commitment to education. These indicators have been chosen based on the available data so as to enable a quick snapshot to be presented without need for additional surveys and interviews.

One Supplementary Performance Indicator (SPI) sits below the KPI. The SPI offers a more nuanced perspective across the three RENSTRA themes by assessing education expenditure at a district level.

Lead and Lag Indicators

Each of the indicators are described as being either a lead or lag indicator¹.

Lag indicators are summative in nature. They describe the current state of progress toward an expected outcome. For example, a lag indicator measuring government financial commitment towards education is the percentage of total public expenditure allocated towards education.

Lead indicators are those which capture the rate of movement towards an outcome or have a clear causal relationship to a desired outcome. For example, a lead indicator of government commitment towards financial commitment towards education might be annual percentage real increase in the education share of total public expenditure.

Selection of Indicators

The indicators have been drawn from a number of sources. One group of Key Performance Indicators is used by Gol as part of its EFA reporting obligations. Another set of indicators focuses mainly on the district level of analysis. These have been selected to be of use for the Indonesian government and the Education Partnership in promoting development of the basic education sector across Indonesia. These indicators can be of use at the district level for planning and budgeting purposes.

¹ Conceptually, "lead and lag indicators" have originated in the development of performance scorecards for use by business analysts. They are adapted here for use within the education sector.

1.3 The Evidence Base

Data Sources and Collections: Financial Data

National Level Financial Data

This report has been able to update some of the historical data used in previous reports. Data for the period 2001-2005 remains unchanged but there have been revisions for the period 2006-2008. The government compiled comprehensive multi-year data on national and sub-national expenditures on education in its submission to the Supreme Court case on its legal obligation to allocate at least 20% of the national budget towards education (Supreme Court Decision Number 13/PUU-VI/2008). These data have replaced the previous estimates generated by the World Bank in 2006 and 2007, and CSAS for 2008.

Detailed financial data for 2009-2012 has been collected from Financial Note and Indonesian Revised Budget Papers 2010-2012. These documents are published by the Ministry of Finance.

District Level Financial

District level financial data have been collected from the Ministry of Finance (MoF) Regional Financial Information System (SIKD). For district financial data for the years 2006-2007 the author worked with the Officers of the SIKD section to be given access to the available SIKD records. The SIKD collects in hard copy the budget and actual expenditures of all districts and provinces. A painstaking process of manually sorting through the paper financial records of all districts and provinces was undertaken.

From 2008 onwards it has been possible to access the electronic records of district budgets submitted to the SIKD. Near complete financial records for all districts and provinces were obtained for 2007 and for approximately 78% of all districts in 2006. Data collection from 2008 onwards has been direct from the electronic records within the SIKD section of the MoF.

Data Sources and Collections: Non-Financial Data

Education

Data for student, teacher and school facilities are derived from the statistical collection of the Education Census conducted by MoRA and MoEC. These data have been collected and stored in the Enhanced Analytical Facility (EAF) that is kept with MoEC Balitbang. This database has been built from available government statistical collections and represents authoritative government-sanctioned data. The database includes population data collected from the Bureau of Central Statistics (BPS).

Poverty

Poverty is an important analytical filter for the ASFR. Financial data analysis includes an examination of poverty by segregating districts into poverty quintiles. The Poverty quintiles are based on the "PO" poverty scale developed by Survei Sosial Ekonomi Nasional (SUSENAS). This scale captures the

incidence of poverty (the proportion of people living below the poverty line)². The ASFR indicators and analysis are available to be used and incorporated within existing mandatory reports of MoEC and MoRA.

The data underpinning most of the indicators at the district level are sourced from GoI statistical collections. This should mean the indicators can be reported within other regular reports. At the district level, these indicators will be useful and could be incorporated within their reporting systems.

² The official method for calculating the incidence of poverty in Indonesia is the basic needs approach developed by the BPS. The method is based on consumption related aspects of poverty with a poverty line determined using average consumption in Rupiah for a list of basic essential food items and non-food bundle items. An individual who is below the poverty line is considered to be poor. The PO index is the proportion of all people living below that poverty line

Financial Performance at National Level



2.1 Introduction

Public funding for education in Indonesia is provided mostly by the central and provincial levels of government, with the provincial level providing a smaller share. National level analysis of aggregate public expenditure is complicated because of these different sources of funding and the subsidization of salaries and services provided by the central level of government.

The national trends in the public financing of education are analyzed in this section. Key Performance Indicators (KPIs) provide a macro-level assessment of government commitment towards education. Each KPI has been assigned a ranking that indicates change on the year before (neutral, positive, negative).

For the period 2001-2005 this report relies on data collected by the World Bank and presented in its publication *Investing in Indonesia's Education* (World Bank, 2007). For the period 2006-2008, the Gol compiled comprehensive multi-year data on national and sub-national expenditures towards education in its submission to the Supreme Court case on its legal obligation to allocate at least 20% of the national budget towards education (Supreme Court Decision Number 13/PUU-VI/2008).

Detailed finance data for 2009 and 2010 has been collected from *the Financial Note and Indonesian Revised Budget 2010*, section III-2, (published by MoF, 2010), and from *Financial Note and Indonesian Proposed Budget 2011*, section iv-100, MoF 2010. Financial data for 2012 have been collected from *Nota Keuangan dan Rancangan Anggaran Pendapatan dan Belanja Negara Tahun Anggaran* (published by MoF 2012). An English language version of this publication could not be accessed for 2012.

The key financial data that have been assembled to drive the national level financing are presented in the table over-page.

Table 1 National Level Education Financing Data 2001-2012¹

ITEM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Nominal National Education Expenditures (Rp trillion) ⁽¹⁾	42.3	53.1	64.8	63.1	78.6	122.99	142.2	154	207.41	225.2	243.3	286.6
National Education Expenditures (Rp trillion 2001 prices) ^{(2) (3)}	42.3	47.8	55.4	50.4	52.1	76.1	82.2	79.2	106.4	109.4	109.9	124.8
Education Exp. As % of National Public Exp. (% Total National Exp.)	12.0%	15.8%	16.0%	14.2%	13.9%	17.6%	18.9%	15.6%	20.0%	20.0%	20.2%	20.2%
National Education Exp. (% GDP)	2.5%	2.8%	3.2%	2.8%	2.9%	3.7%	3.6%	3.1%	3.7%	3.5%	3.3%	3.5%
Total Nominal National Expenditures (Rp trillion)	352.8	336.5	405.4	445.3	565.1	699.1	752.4	989.5	1037.1	1126.2	1202.0	1418.5
GDP at Current Prices ⁽⁴⁾ (Rp trillion)	1684.0	1897.8	2013.6	2273.1	2729.7	3339.2	3949.3	4954.0	5613.4	6436.2	7427.1	8241.9
Total Real National Expenditures (Rp. Trillion 2001 prices)	352.8	302.7	346.3	356.0	374.5	432.7	435.0	508.8	532.2	547.3	543.1	617.5

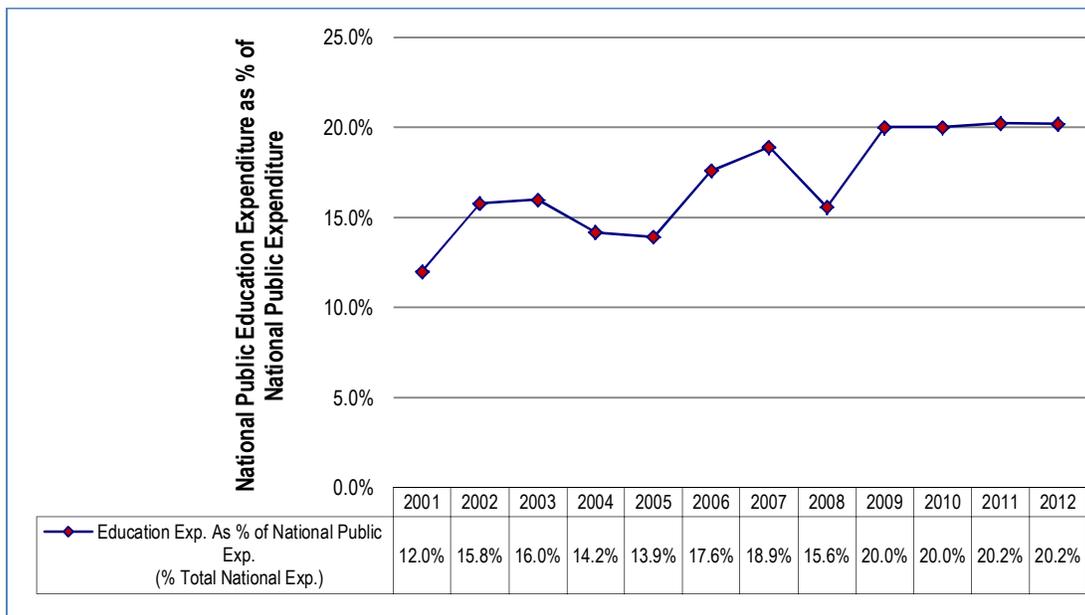
1. Financial data for 2005-2008 from (CC: Constitutional Court Decision PUU-13/2008) where Government of Indonesia provided a detailed breakdown of expenditure allocations. Data for 2001-2004 collected by World Bank and presented in its publication *Investing in Indonesia's Education* (WB, 2007).
2. Inflation data for 2001-2006 from BPS Key Indicators of Indonesia Table 5.2 Inflation Rate Year on Year 2002-2007 Statistic http://dds.bps.go.id/eng/download_file/Booklet_indikatorunci.pdf. This line compares expenditures at constant 2001 prices to remove the cost of price inflation across years
3. Inflation rate for 2007-2009 from BPS Statistical Yearbook 2009 Table 12.5 Composite Inflation Rate 2006-2009. Inflation rate For 2010-2012, BPS Statistical YearBook 2012 <http://www.bps.go.id/eng/flip/flip11/index3.php>
4. GDP at current prices from Bureau of Statistics 2001-2009, For 2010 - 2012, BPS Gross Domestic Product at Current Market Prices By Industrial Origin (Billion Rupiahs), http://www.bps.go.id/eng/tab_sub/view.php?kat=2&tabel=1&daftar=1&id_subyek=11¬ab=1

¹ National level data captures expenditures from all Ministries, not just MOEC and MORA.

2.2 Key Performance Indicators

KPI 1: Education Expenditure as Proportion of Total Public Expenditure

Figure 1: Education Expenditure as Proportion of Total National Public Expenditure, 2001-2012



KPI 1	EDUCATION EXPENDITURE AS PROPORTION OF TOTAL PUBLIC EXPENDITURE		
STATUS AND TRENDS			
Result	Positive	Data availability	Full
Observations	<ul style="list-style-type: none"> • Gol's commitment to meet a 20% target for education expenditure share of national budget has been met for the fourth year in a row (see Figure 1). • The nominal value of public expenditures for education increased from 207 trillion in 2009 to 287 trillion by 2012 (see Figure 2 over-page). • The public expenditure for education (not accounting for price inflation) increased by approximately 38% between 2009 and 2012. • The real value of public expenditure for education increased by 17% during the period 2009- 2012. Almost all of the real increase in funding occurred in 2012. • In 2001 constant prices, national education expenditures increased more than 2.6 times their original 2002 value of Rp. 48 trillion to more than Rp. 124 trillion by 2012. • Annual increases in national education expenditure have been uneven. The growth in public expenditure (while still positive) has been uneven in its nominal value and 2001 constant prices. Sharp increases in public expenditure for education in the years 2003 and 2006 were followed by contractions in 2004 and 2008. • Annual growth in national public expenditure for education in 2012 exceeded price inflation for the first time since 2009. The Gol had particularly impressive growth in real and nominal terms in 2006 and 2009. Growth in education expenditures had marginally outpaced inflation since 2009 but there was a plateau in the real increase 		

KPI 1	EDUCATION EXPENDITURE AS PROPORTION OF TOTAL PUBLIC EXPENDITURE
STATUS AND TRENDS	
	<p>of national funding for education. In 2012 we see the first significant increase in real terms for education funding. When accounting for the eroding impact of price inflation over time, the real increase in funding for education can be observed. The periods 2003-2005 and 2007-2008 saw a virtual pause (or even a slight decline) in real education expenditures</p>
IMPLICATIONS AND MATTERS ARISING	
For the performance of the education sector	<ul style="list-style-type: none"> The national expenditures for education in 2012 met the 20% target. Unlike the previous three budget years, this has generated a large year-on-year increase in real funds available for education. Education has benefited from total national public revenues and expenditures which have grown at a significantly faster rate than inflation. Adherence to a proportional budget allocation for education should enhance the ability of the education sector to anticipate future allocations and plan accordingly by creating a more stable financing framework. The proportional allocation approach toward education financing (i.e. 20% of available national public budget) will enhance predictability and steady growth of the education budget. The exception to this will be in the case of an economic downturn that depresses Gol revenues or where there is a change government fiscal policy settings, leading to reduced public expenditure as a proportion gross domestic product.
For the performance of the Education Partnership	<ul style="list-style-type: none"> National funding flowing to schools should not be reduced and total funds available are unlikely to be reduced.

Figure 2: National Public Expenditure on Education, Rp. Trillion 2001-2012

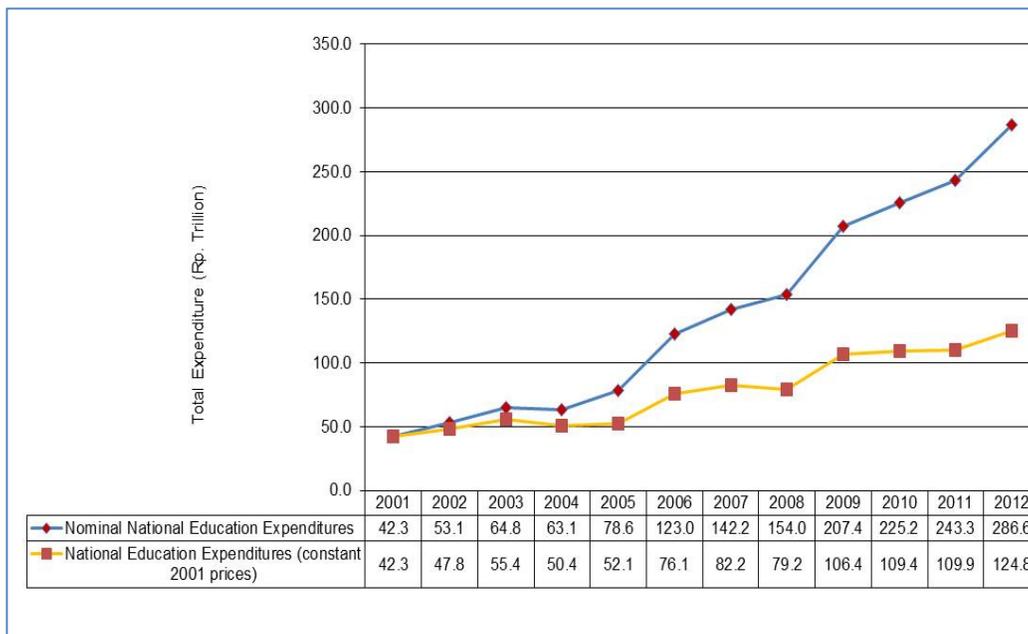
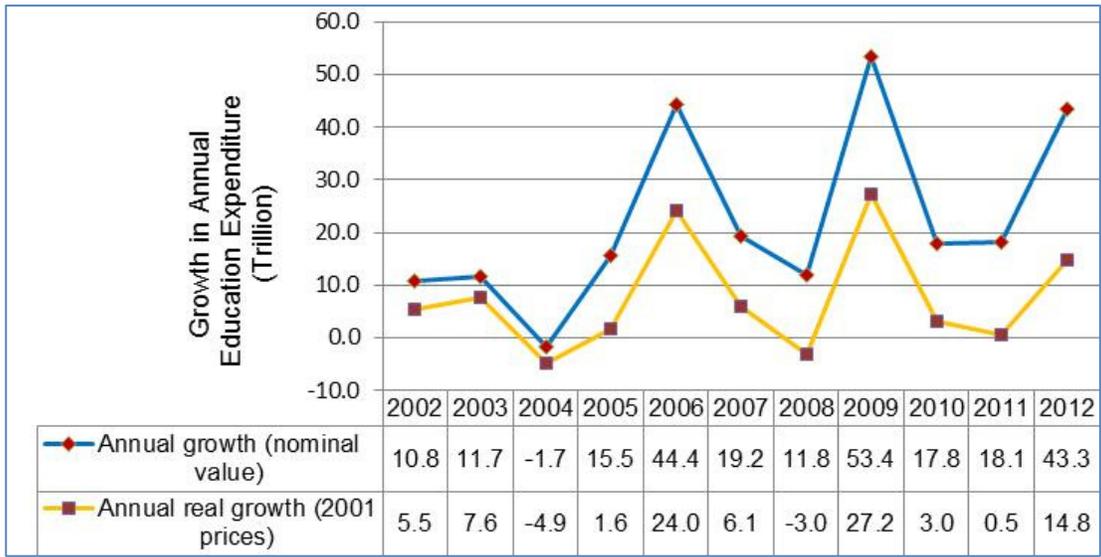
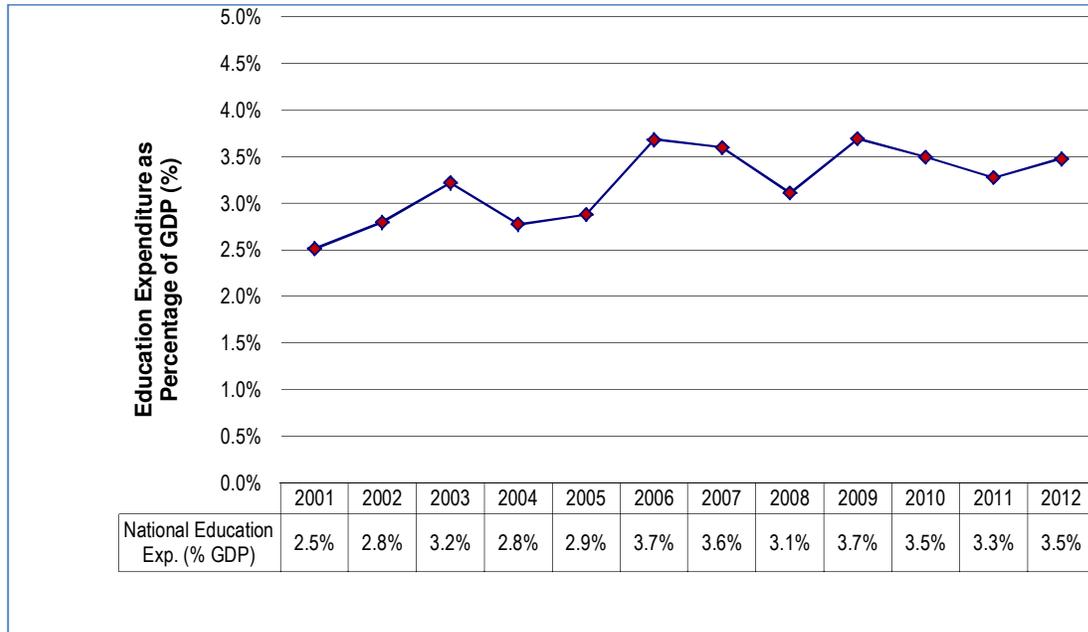


Figure 3: Annual Growth in Education Expenditure (Rp. trillion), 2001-2012



KPI 2: Education Expenditure as Proportion of GDP

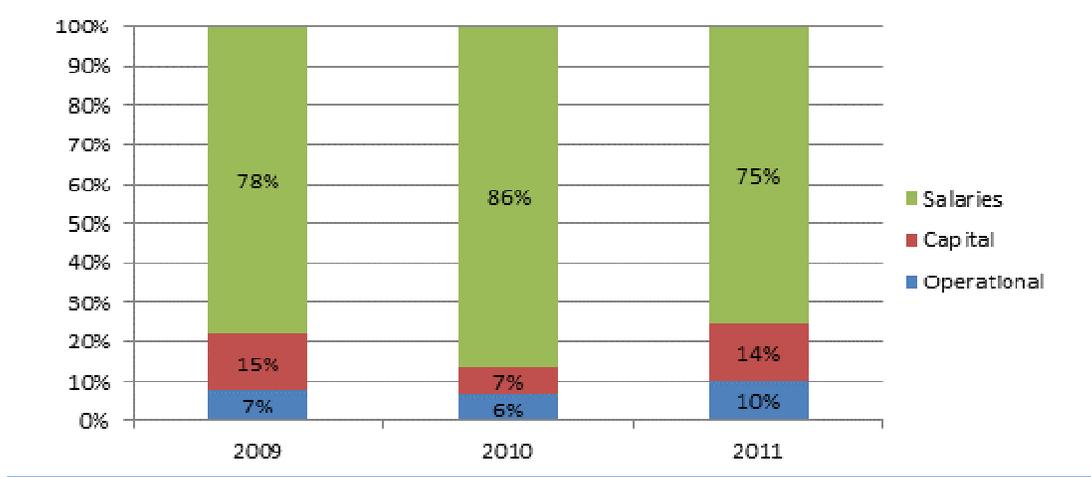
Figure 4: Education Expenditure as Proportion of GDP, 2001-2012



KPI 2	EDUCATION EXPENDITURE AS PROPORTION OF GDP		
STATUS AND TRENDS			
Result	Positive	Data availability	Full
Observations	<ul style="list-style-type: none"> This indicator captures the national public commitment towards education in relation to the economic wealth being generated. By mapping education expenditure with GDP it avoids comparison problems with other countries which may have different sized public sectors. The indicator is also useful for comparing expenditure trends in a country which has altered the size of its public sector across time. Generally, this indicator is used in tandem with “education share of public expenditure”. Education expenditure as a proportion of GDP increased from 3.3% in 2011 to 3.5% in 2012 (see Figure 4, above). Education as a percentage of GDP rose from 2.5% in 2001 to a high point of 3.7% by 2009. In 2007 when the latest comparison figures are available, Indonesian education expenditure as a share of GDP (3.6%) was equal to the East Asia regional average. While national education expenditure grew at the same pace as national public expenditure for the period 2008-12, it has grown unevenly but marginally faster than GDP during this period. 		
IMPLICATIONS AND MATTERS ARISING			
For the performance of the education sector	<ul style="list-style-type: none"> Expressed as a percentage of GDP, future growth in public allocations will become contingent on an increase in public expenditures as a proportion of GDP. In a year such as 2012 where government grows public expenditures at a faster rate than GDP, then public expenditure as a proportion of GDP will increase if government enforces its policy setting of a minimum 20% allocation for education expenditure. Education expenditure as a percentage of GDP may decline if (i) fiscal settings reduce public expenditures as a proportion of GDP, and (ii) the government does not exceed the 20% target for education as a proportion of total public expenditure. 		

KPI 3: Education Non-salary Expenditure as Share of Total Expenditure

Figure 5: Composition of Aggregate District Education Expenditure, 2009-2011



KPI 3		EDUCATION NON-SALARY EXPENDITURE AS SHARE OF TOTAL EXPENDITURE	
STATUS AND TRENDS			
Result	Positive	Data availability	Limited to 2011. District supplied data from 2009 onwards. Data only refers to the district tier of government and does not include considerable non-salary payments likely to be flowing from central level government to districts and schools.
Observations	<ul style="list-style-type: none"> School systems require a substantial share of non-salary related expenditures to (i) provide a full range of resources (apart from teachers) to schools, and (ii) maintain buildings and provide for additional capital and equipment needs. In 2011 the salary share of expenditures of total district level expenditures had come down to 75% from 86% the year before (see Figure 5). In the context of the additional salary costs associated with the teacher certification process, this is a very positive achievement. New budget allocations were especially strong for capital items which doubled from 7% of total district budgets in 2010 to 14% in 2011. Budget allocations for operational costs also grew strongly from 6% in 2010 to 10% in 2011. 		
IMPLICATIONS AND MATTERS ARISING			
For the performance of the education sector	<ul style="list-style-type: none"> In 2011 there was a significant year-to-year improvement in the share of resources being allocated to non-salary expenses within the education budget. Unfortunately there is little room for complacency in this respect due to the ongoing fiscal impact of remuneration for teachers attaining teacher certification. Certified teachers will garner at least 100% pay increases once they are certified. The cumulative impact of these increases will act to severely constrain future increases in non-salary expenditures. It will be increasingly important for districts and schools to ensure that non-salary expenditures are effective and efficiently distributed. 		
For the performance of the Education Partnership	<ul style="list-style-type: none"> District budget allocations for non-salary items in education will be very important to support the improvement in the quality of education. In particular the Professional Development of principals and teachers will require the financial support of districts beyond the EP funded interventions. EP districts which have very 		

KPI 3	EDUCATION NON-SALARY EXPENDITURE AS SHARE OF TOTAL EXPENDITURE
STATUS AND TRENDS	
	<p>little funding allocated for operational activities (outside of salaries) should be monitored and engaged in a policy dialogue to understand current allocations and future plans.</p>

KPI 4: Expenditure on Basic Education as % of All Education Expenditure &

KPI 5: Expenditure on Non Formal Education as % of All Education Expenditure

Figure 6: Education Expenditure by Sub-Sector, 2008 and 2009

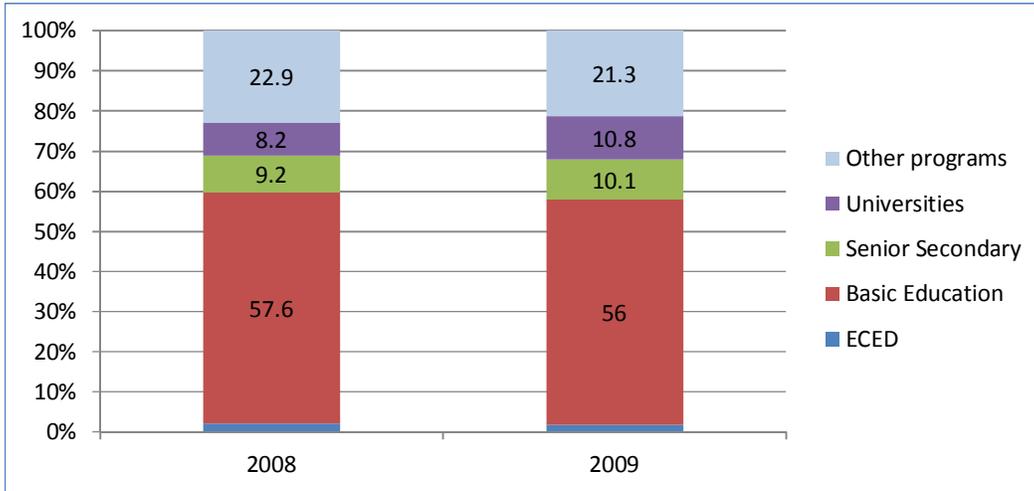
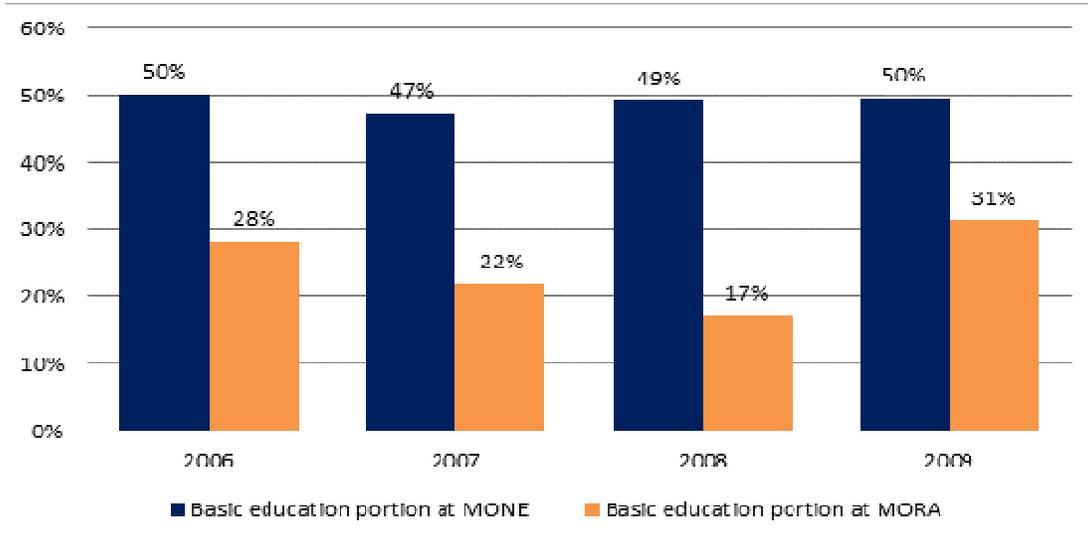


Figure 7: Basic Education Share of Central Level Expenditures for MoEC and MoRA, 2006-2009



KPI 4&5		EXPENDITURE ON BASIC EDUCATION AS % OF ALL EDUCATION EXPENDITURE & EXPENDITURE ON NON FORMAL EDUCATION AS % OF ALL EDUCATION EXPENDITURE	
STATUS AND TRENDS			
Result	Positive for Basic Education Negative for Non Formal	Data availability	Data updated to year 2009. Analysis of central level expenditures for basic education is provided to give some idea of resourcing.
Observations	<ul style="list-style-type: none"> Basic education in 2009 accounted for approximately 56% of total funding (see Figure 6, above), which is significantly down from more than 70% in 2004. Senior secondary will begin to make a stronger resource claim in future as the universal policy expands access. Districts carry the bulk of expenditure for basic education and remain a key site for interventions. Analysis of central level expenditures for the period 2006-2009 shows commitment to Basic Education is holding firm within MoEC at around 50% (see Figure 7, above). Within MoRA there was greater fluctuation with basic education dropping to as low as 17% of education expenditure in 2008 before climbing again in 2009 to 31% (see Figure 7). It is unclear what has been driving the fluctuations in basic education share of MoRA expenditures. The financial allocations for non-formal education in 2004 were very low at 1% of total sector expenditure. 		
IMPLICATIONS AND MATTERS ARISING			
For the performance of the education sector	<ul style="list-style-type: none"> Maintaining the share of basic education will be important even as access to secondary education is expanded. Investment in basic education builds a strong base in literacy and numeracy, and economic development suffers when basic education expenditure is neglected in favour of investment at higher levels. NFE expenditure was approximately 1% of total expenditure for education in 2004. While a key advantage of NFE is its cost-effectiveness, increased levels of investment are needed to maximise the possible economic and social returns. 		

Financial Performance at District Level



3.1 Introduction

District-level expenditure patterns are increasingly important because districts have increased responsibility for education management under decentralisation. Monitoring patterns of expenditure by districts will become an increasingly important role for MoEC and MoRA so they can better ensure that national funding norms and procedures are being implemented appropriately. The wide range of districts' poverty status and the importance of education in lifting district populations out of poverty also mean that vulnerable groups stand to benefit most from well-targeted investments in education.

These district level analyses also can support the Australian government funded EP at the district level. Most directly, the sustainability and success of Component 2 will depend on districts being able and willing to finance professional development of key personnel, e.g. principals and supervisors. As such, it is important to monitor trends in district level education financing.

This section provides comparisons of district-level education expenditures for 2006-2012. The year 2006 is a useful benchmark to identify the nature and extent of education spending at the district level because it is before the commencement of the Australian government funded expenditures through the BEP program that preceded the current EP.

The district-level analysis provides comparisons in district expenditures between (i) rural and urban districts, (ii) EP and non-EP districts (with some reference to the earlier Australian funded BEP districts, (ii) districts sorted into poverty quintile rankings, (iv) provinces, and (v) island groups.

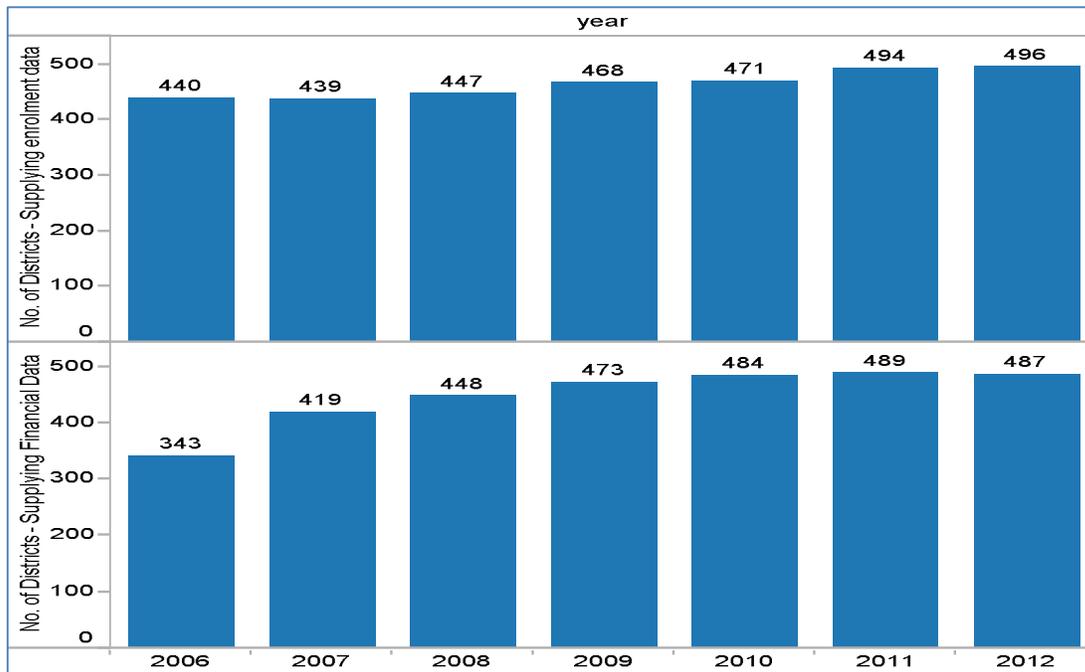
The district poverty analysis is driven by the distribution of all districts (rural and urban) into poverty quintiles. This means there are approximately 100 districts in each quintile. Quintile 1 (richest) 'hosts' the 100 districts which have the lowest percentage of individuals living in poverty. This measure of poverty is taken from the BSP PO poverty index that is widely used for measuring poverty in Indonesia.

The ASFR is based on data collected electronically for the period 2010 to 2012. District data prior to this period have been collected directly from the SIKD section of MoF. The SIKD collected in hard copy format the budget and actual expenditures of all districts and provinces. The non-financial data (teacher and enrolments) have been collected from MoEC. Since 2010, these data have been supplemented by data collected electronically from the MoF. The 2010 ASFR was the first to have an entire year that was derived entirely from electronic records provided by SIKD MoF. The data provided by the MoF is subjected to logic tests and assessed for its completeness.

The district analysis utilizes five KPIs to examine district financing of education across Indonesia. The financial data only captures district government expenditures within each district. The financial analysis does not therefore capture the allocations made by central or provincial governments which may flow into the education sector within each district. It does not capture the MoRA allocations for public and private Madrasah which are central government allocations. The district analysis is therefore only useful as an indicator of district government priorities and expenditure patterns.

The figure below presents the number of districts which have supplied data to MOF and MOEC that has been used monitor the KPIs of the district level analysis.

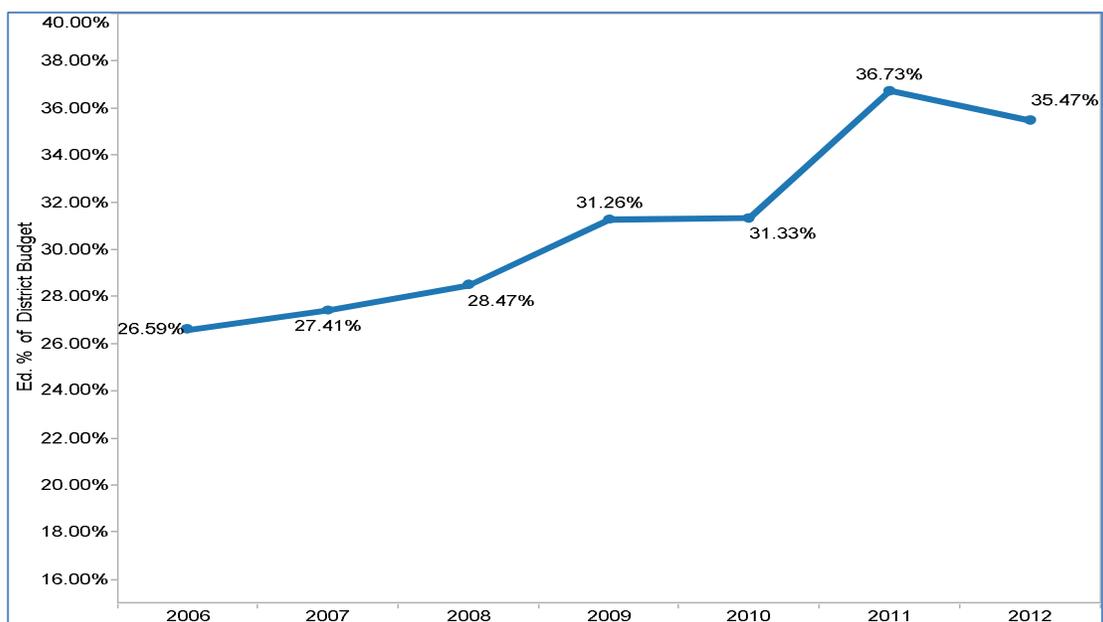
Figure 8: Number of Districts Included in ASFR Analysis, (2006-2012)



3.2 Key Performance Indicators

KPI 6: District Financial Commitment to Education

Figure 9: Education Expenditure as % of Total District Budget (APBD 2006-2012)



KPI 6	DISTRICT FINANCIAL COMMITMENT TO EDUCATION		
STATUS AND TRENDS			
Result	Neutral	Data availability	Financial data for 2012 was available for 487 districts and enrolment data for 496 districts out of a total 497 districts.
Observations	<ul style="list-style-type: none"> • Average district level education expenditures across Indonesia have increased from 27% of the total district budget (APBD) in 2006 to just over 35% in 2012 (see Figure 9, above). • The strong increase in 2011 was reversed in 2012 with the education share dropping just over 1% from 36.7%. • This small reduction in the average education share of district budgets in 2012 came after a sharp increase in 2011. This mitigates its negative significance. • The overall increased share of education expenditures at the district level from 31% in 2009 to 35% in 2012 demonstrates that districts, on average, strengthened their commitment toward education spending during the period 2009-2012. • The slight reduction in share of allocations towards education is consistent for urban and rural areas. Rural areas dropped from average 37% share in 2011 to 36% in 2012, with urban 35% to 34% respectively. • While these averages show maintenance of financial commitment to education, it does disguise some variation between districts, provinces and islands. Comparison of the fluctuations of individual districts may not be useful as their expenditure may be significantly affected by one-off large annual investments. • The lowest average share of budget allocation for education was found in Papua (16%) and Maluku island group (25%). While Maluku has shown growth since 2010, Papua has dropped again from an 18% education share of district budgets in 2010 to 16% in 2012. • Districts in Bali had a significant drop in the average education share of district budgets, from 39% in 2011 to 34% in 2012. • The island groups of Sulawesi, Kalimantan and Maluku went in the opposite direction and posted annual increases in the education share of district expenditures in 2012. • Nationally, 30 districts allocated less than 15% of their total district budget (APBD) to education in 2012. Of the 30 districts, 22 are in the poorest quintile, and 17 of these are found in Papua. • Nineteen districts allocated less than 15% of their total district budget (APBD) to education for four years in a row during the period 2009-2012. • Analysis of districts by their poverty quintile, shows that the poorest districts have consistently committed the lowest proportion of their budget (average 31% in 2012) towards education during the period 2006-2012. • The poorest quintiles (4 and 5) are the ones to have recorded the biggest annual drop in the education share of district expenditures. 		
Observations about EP districts	<ul style="list-style-type: none"> • On average, the EP districts committed a greater proportion of their budget towards education than the non-participating districts. On average, Component 1 districts allocated 39% of their budget in 2012, compared with 32% for the non-participating districts. • Eighteen EP districts contributed less than the 20% national target to education. They were also considerably lower than the national average of 35% for education in 2012. • Reflecting a positive high level of financial commitment towards education, 36 EP 		

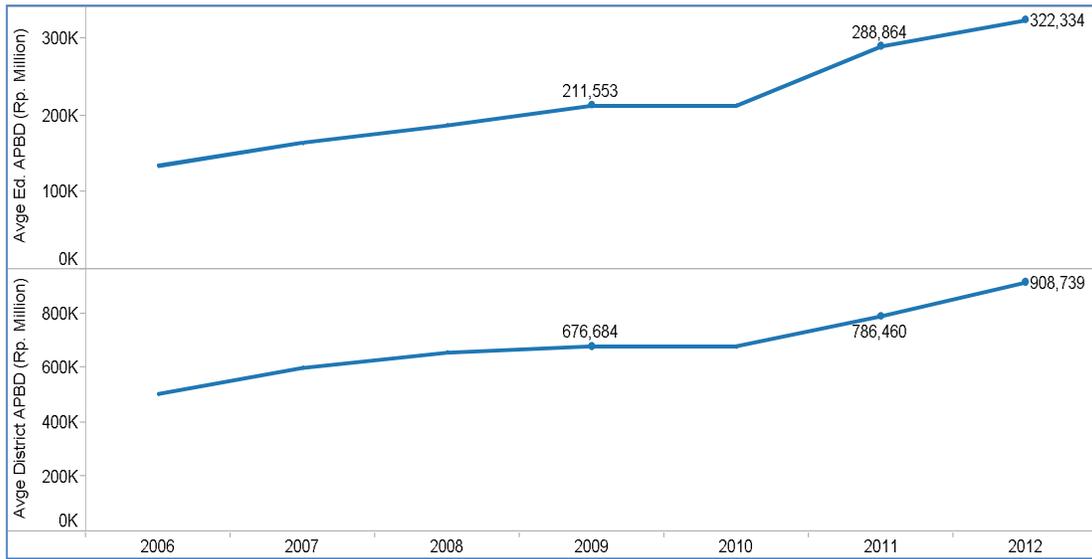
KPI 6	DISTRICT FINANCIAL COMMITMENT TO EDUCATION
STATUS AND TRENDS	
	districts committed more than 50% of their total district budget towards education in 2012.
Observations about AIBEP districts	<ul style="list-style-type: none"> • Most positively, the poorest BEP districts have increased their education share of expenditures from 28% in 2009 to 35% by 2012. • More negatively, from 2009 to 2012 there are nine (9) BEP districts which have dedicated less than 20% of their budget towards education in every year. Most of the BEP districts that report spending less than 20% of their budget on education are located on Maluku.
IMPLICATIONS AND MATTERS ARISING	
For the performance of the education sector	<ul style="list-style-type: none"> • The recurring concern is that some districts with the highest poverty rates are persistently allocating a significantly smaller share (less than 15%) of resources for education than the national average. • Papua and Maluku stand out as two provinces that spend the least on education as a proportion of total district funds
For the performance of the Education Partnership	<ul style="list-style-type: none"> • Focus diagnostic and policy response efforts on the Papua and Maluku island groups to understand and improve district school funding in the near future.

Discussion

The average total district budget in 2012 (for all areas of expenditure, including education) grew by approximately Rp. 125 billion on 2011 allocations (16% growth). This was faster than the growth in the education expenditure, which grew at just over 11% year to year (2011-2012; see Figure 10, below).

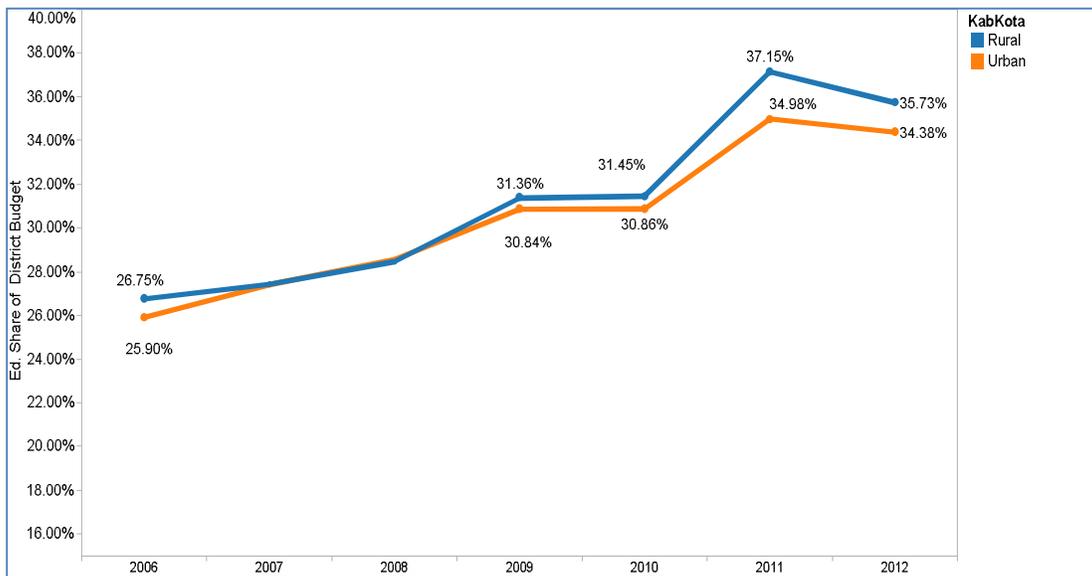
While annual district education expenditure in 2012 grew by a healthy 11%, as a proportion of the total district budget, it dropped off on the previous year. This one off event needs to be considered in relation to the previous year when there was a massive growth in education expenditure (more than 30%) which was far greater than the annual growth in total district expenditures.

Figure 10: Average District APBD and APBD for Education, 2006-2012



Both urban and rural districts have retained a high allocation of the district budgets towards education (more than 34%). While rural districts have remained largely unchanged in their proportionate share for education, urban areas slightly dropped to 36% (see Figure 11, below).

Figure 11: Rural and Urban District Education Expenditure as % of Total District Budget (APBD 2006-2012)



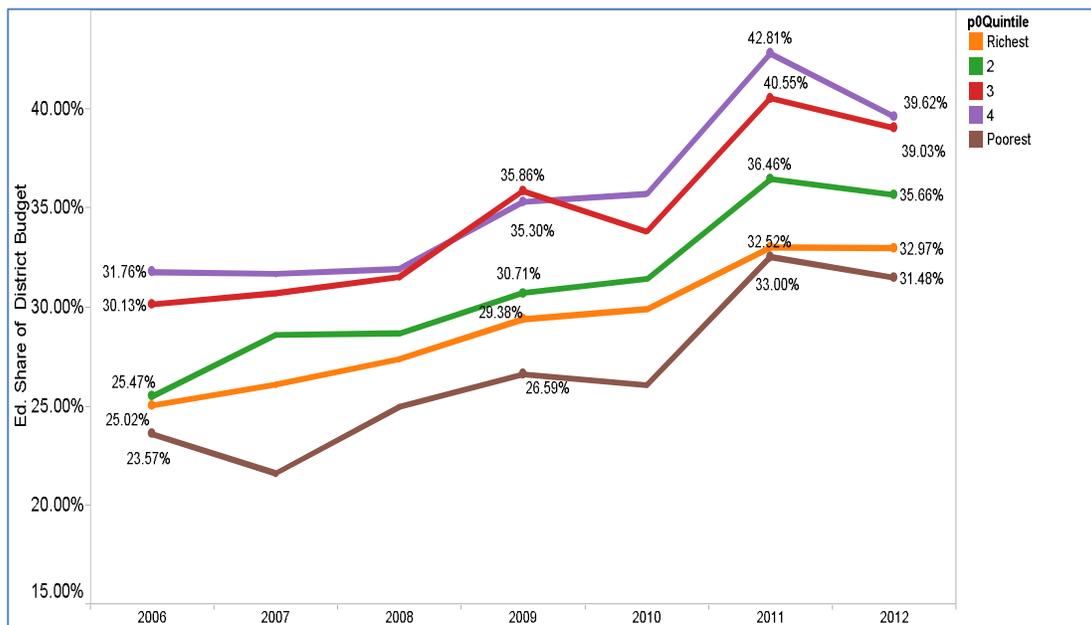
Districts in most poverty quintiles increased their average allocation share for education between 2006 and 2011, with the single major exception of quintile 3 which had a significant fall, and the smaller decrease of poorest districts (quintile 5) in 2010 (see Figure 12, below). The year 2011 marked a change with significant increases in the education share of district budgets across districts from all poverty quintiles.

In 2012 there is a change with reduced allocation share towards education across districts in all poverty quintiles except for the richest which recorded a small increase.

Poverty quintile analysis still shows that the poorest districts have consistently committed the lowest proportion of their budget (average 31%) towards education during the period 2006-2012.

More concerning is that the poorest quintiles (4 and 5) are the ones to have recorded the biggest drops in the education share of district expenditures. The poorest quintile has had the biggest drop and allocates less than any other quintile (31.5%).

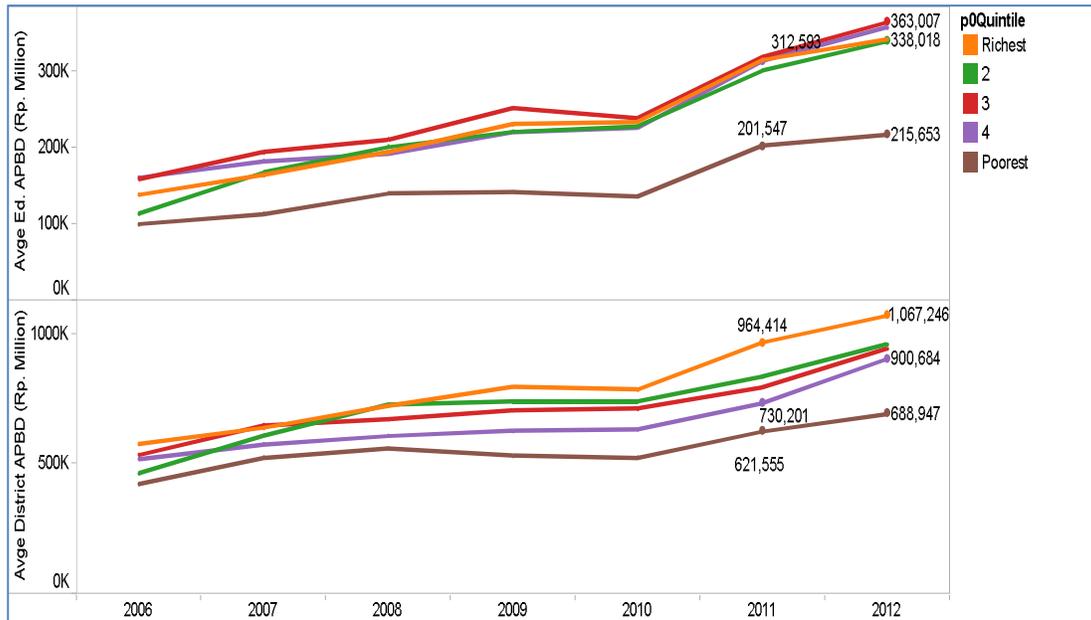
Figure 12: Education Expenditure as % of Total District Expenditure by Districts according to Poverty Quintile, (APBD 2006-2012)



From 2009 onwards, the average size of district global budgets (for all sectors) directly corresponds to their poverty quintile status. The richest quintile districts have an average district budget in 2012 of Rp. 1.1 trillion compared to the poorest districts Rp. 700 trillion. The other three quintiles are distributed within this range according to their quintile rank.

In education expenditure, the poorest quintile districts are the clear outlier with an average district education budget of Rp. 216 trillion compared to the all the other quintiles which are grouped between Rp. 338 – 363 trillion (see Figure 13).

Figure 13: Average District APBD and APBD for Education, by poverty quintile 2006-2012

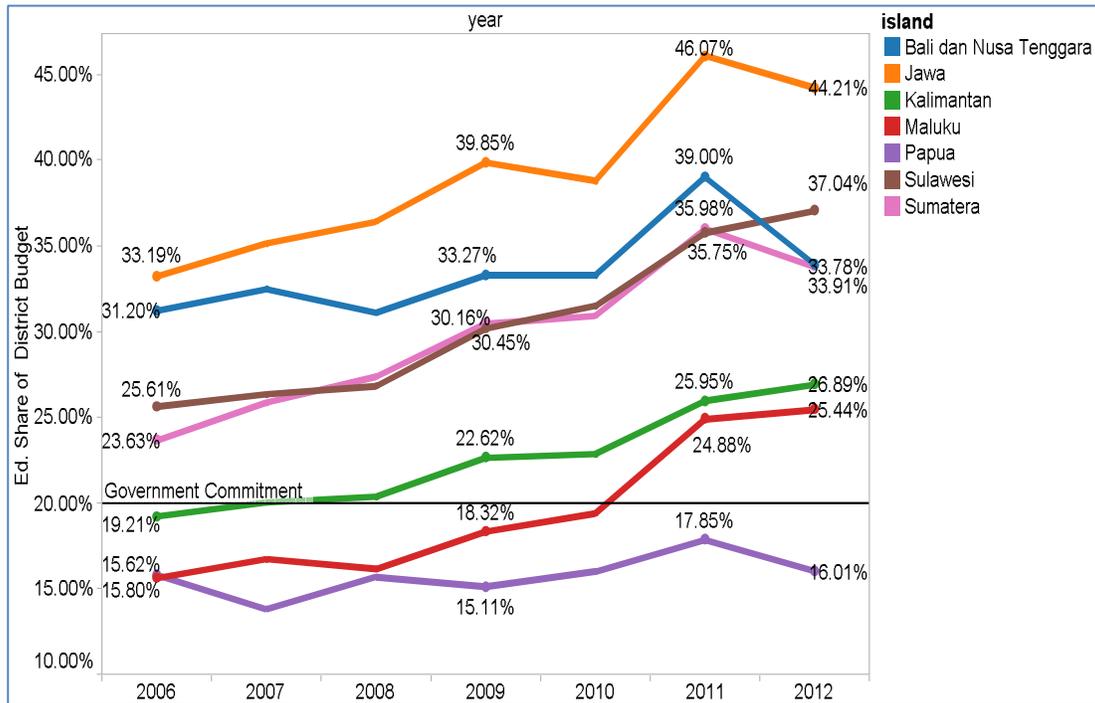


Following the big increases in education expenditure in 2011, there were moderate declines in education share of expenditure in the island groups of Java, Sumatera and Papua. There was a significant drop of more than 5% in Bali.

Of particular concern, is that Papua alone remains below the average 20% commitment of district funds towards education. It has further retreated from the 20% commitment, with expenditures declining from 18% of funds in 2011 to 16% in 2012.

The island groups of Sulawesi, Kalimantan and Maluku went in the opposite direction and posted an annual increase the education share of district expenditures in 2012 (see Figure 14, below).

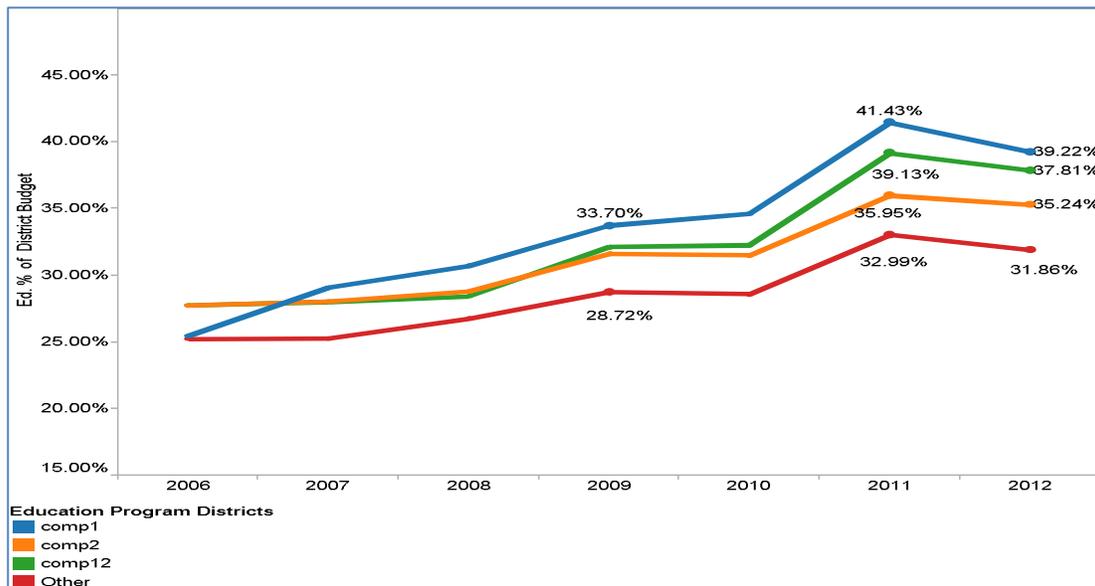
Figure 14: Education Expenditure as % of Total District Expenditure by Island Grouping (APBD 2006-2012)



Education Partnership (EP) districts

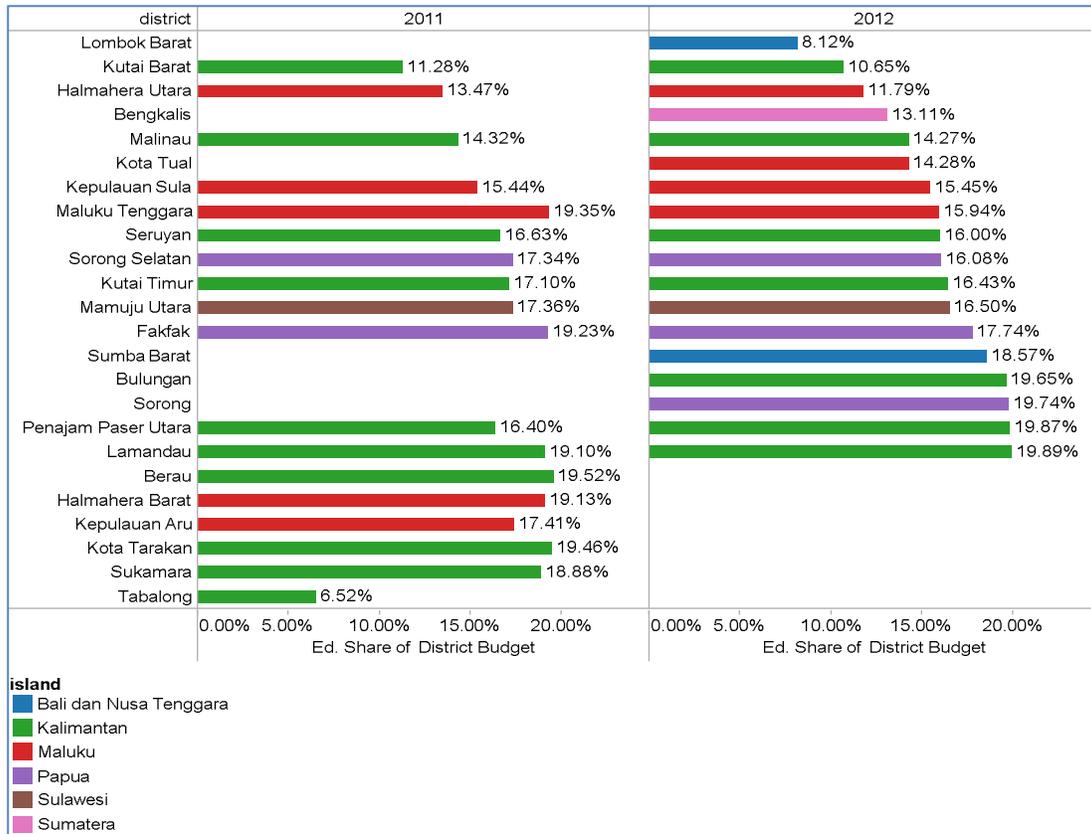
On average, the districts participating in the EP (see Annex B) have been committing a greater proportion of their budget towards education than the non-participating districts. On average Component 1 districts were the highest and allocated 39% of their budget in 2012, compared with 32% for the non-participating districts (see Figure 15, below).

Figure 15: EP Districts - Average Education Allocations as Proportion of District Budget, 2012



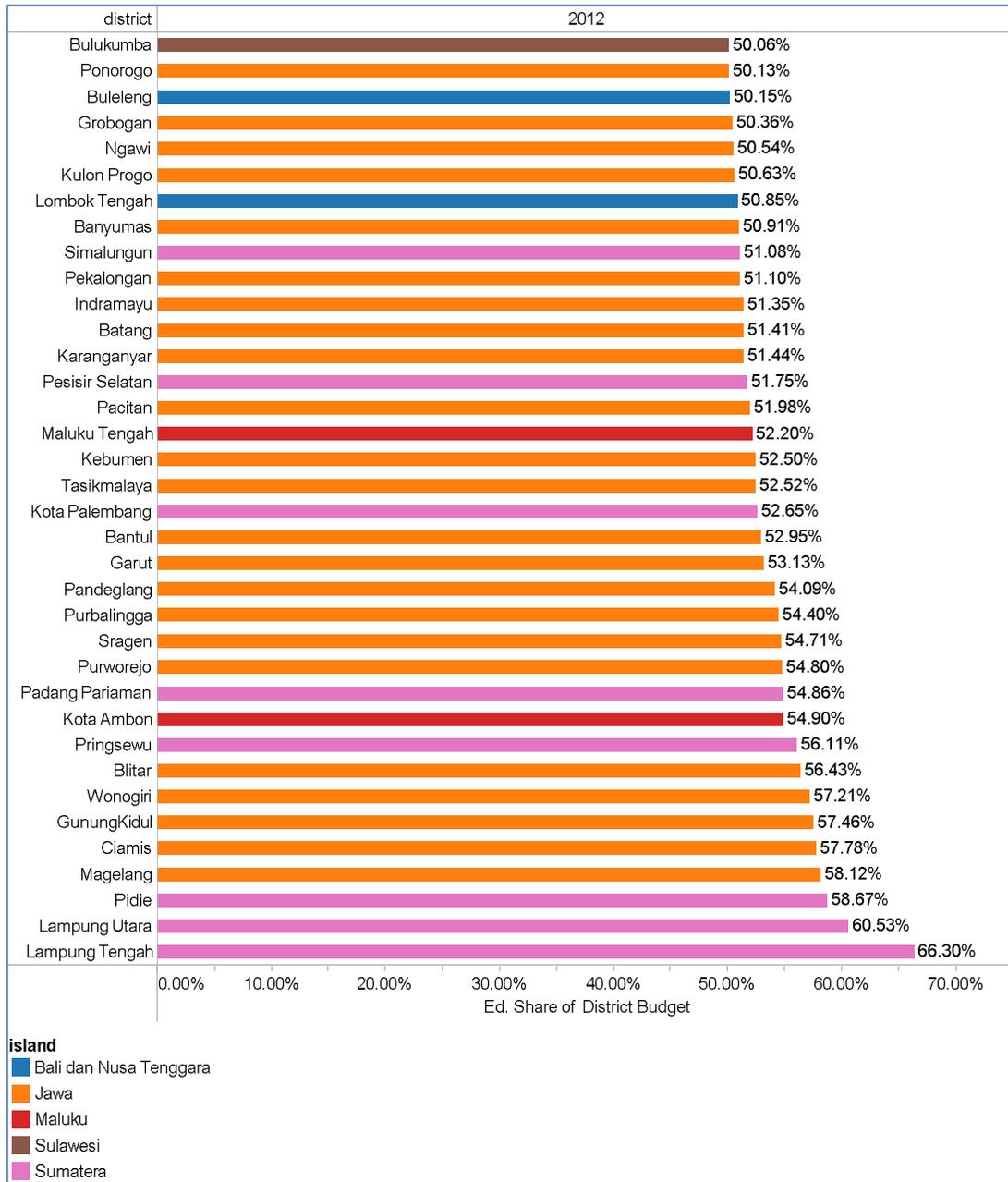
Eighteen EP districts contributed less than the 20% national target for education and therefore were considerably lower than the national average of 35% in 2012 (see Figure 16, below).

Figure 16: EP Districts with Low Budget Allocation for Education (< than 20% of district budget), 2012



Reflecting a positive high level of financial commitment towards education, 36 participating districts in 2012 committed more than 50% of their total district budget towards education (see Figure 17, below).

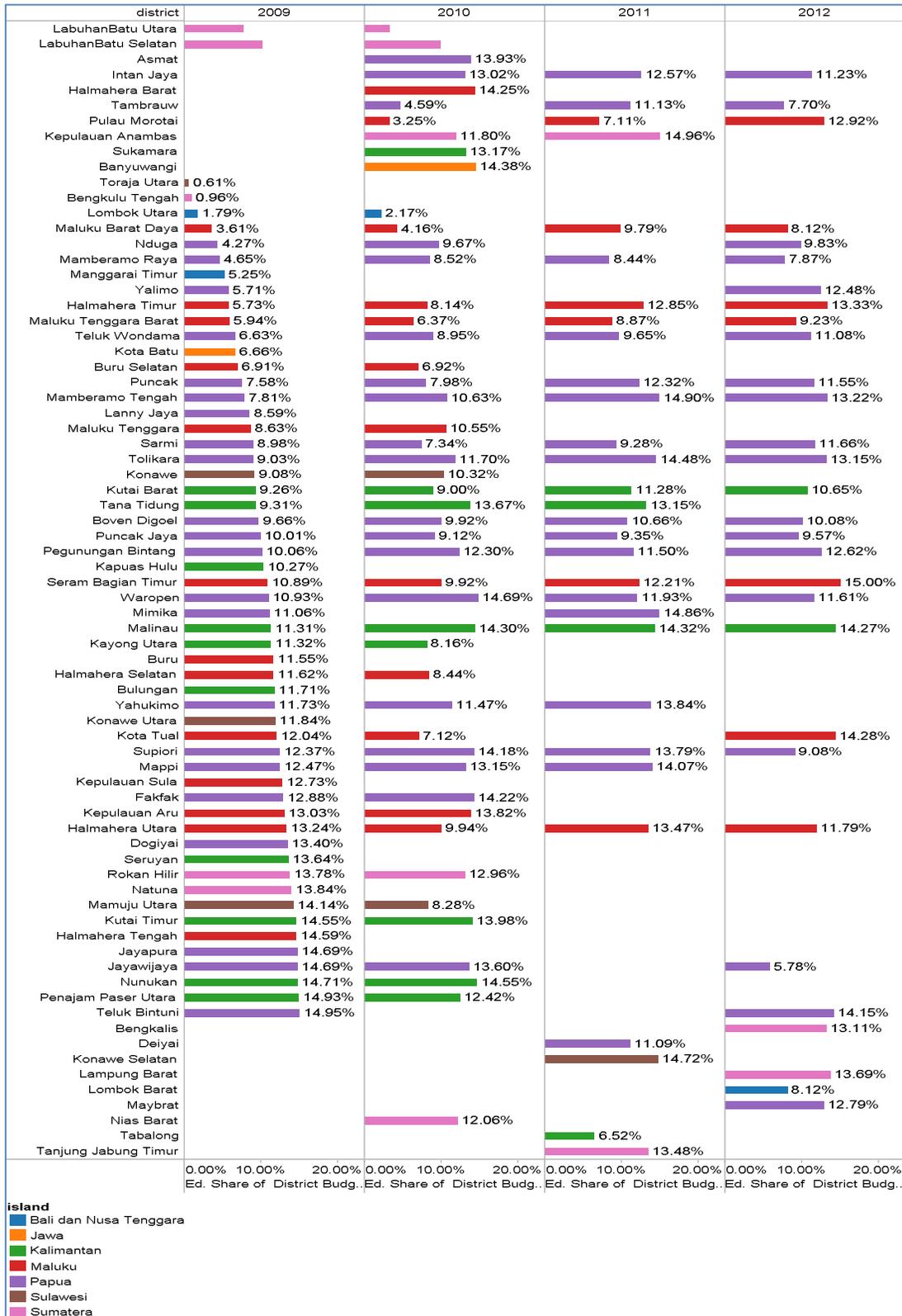
Figure 17: EP Districts with high Budget Allocation for Education (>than 50% of district budget), 2012



Nationally, 30 districts had less than 15% expenditure on education in 2012. Of these districts, 19 have allocated less than 15% of their total district budget (APBD) **every year** during the period 2009-2012.

Figure 18, below, shows every district that allocated less than 15% of their district budget on education in any of the three budget years during 2009-2012. It would be useful to understand why the education budget share is so low in these districts and to what extent they represent policy related or demand side factors as well as possible misreporting to the MoF.

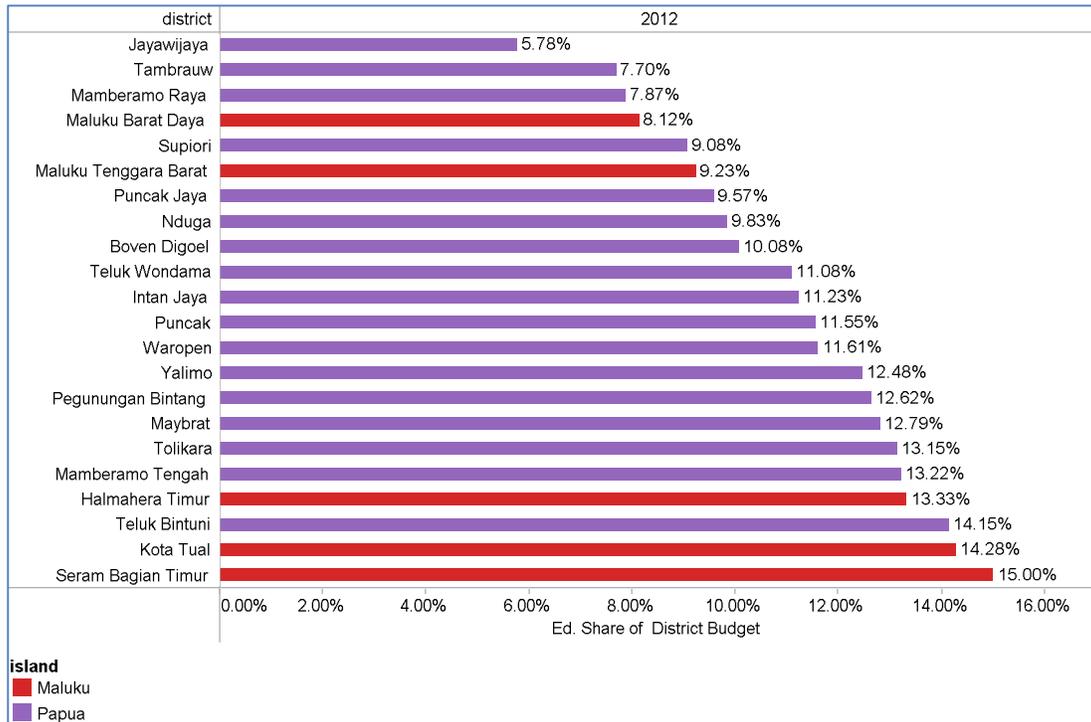
Figure 18: Districts with very low financial share for education (less than 15% of APBD Expenditure) 2009 -2012



* Districts that are blank for one year have exceeded the benchmark for that year.

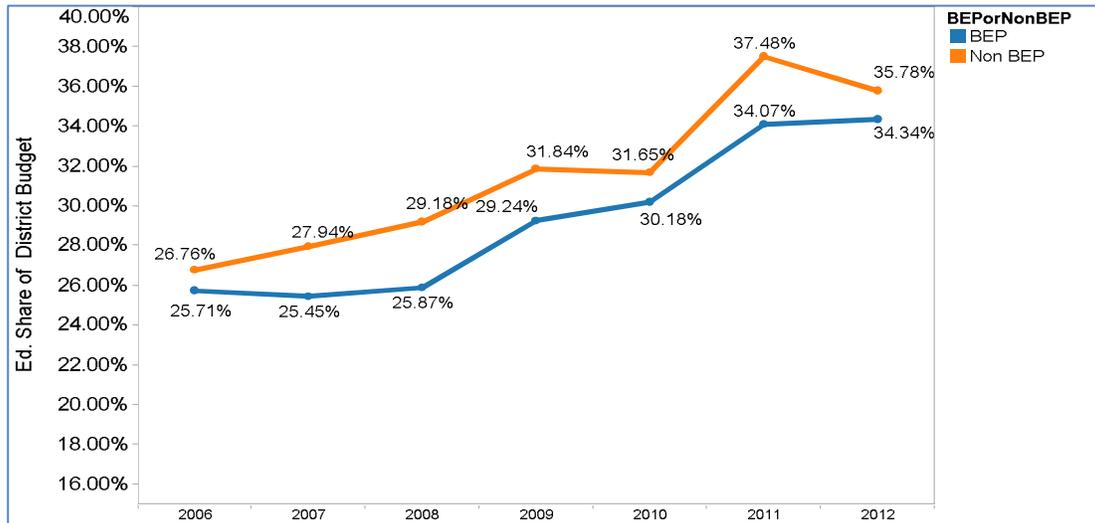
Looking at the 30 districts which in 2012 committed less than 15% of their budget towards education, we find that 22 of these districts belong to the poorest quintile of districts. Of these 22 poorest quintile districts, 17 are found in Papua and 5 are in Maluku (see Figure 19, below).

Figure 19: Poorest Districts with very low financial share for education (less than 15% of APBD Expenditure) 2012



It is interesting to look at the experience of the GoA funded BEP districts to see how their education expenditure patterns have evolved during and since the GoA investments.

Figure 20: APBD Education Expenditure as % of Total district Expenditure in BEP and Non-BEP Supported Districts (APBD 2006-2012)

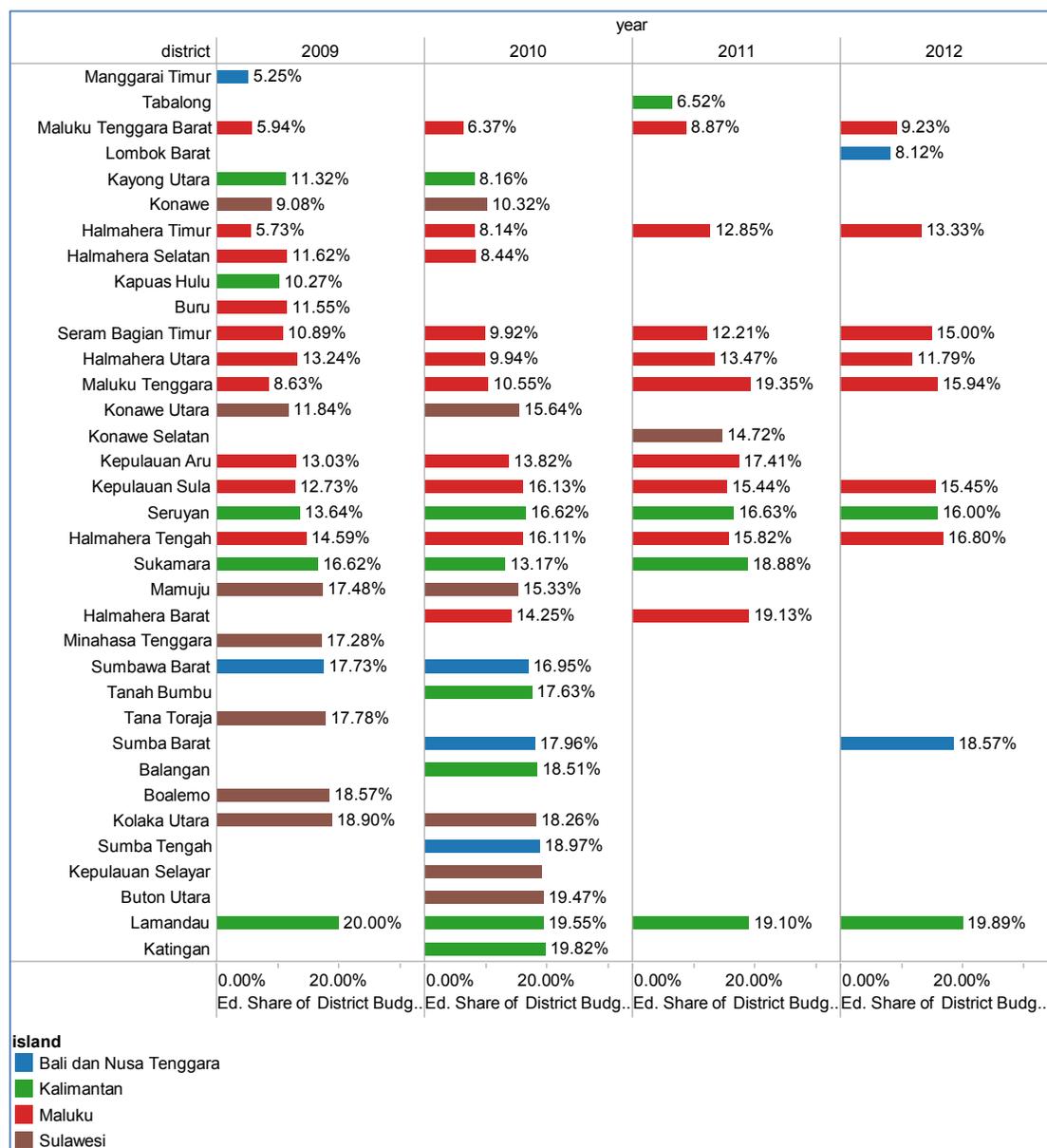


While BEP districts have committed a share of their district budget that is broadly in line with the national average, there are some BEP districts that have spent considerably less.

This report presents three years of results from 2009 to 2012 showing there have been 9 BEP districts which have dedicated less than 20% of their budget towards education in every year.

Most of the BEP districts that report spending less than 20% of their budget on education in both are located on Maluku. While some of the low figures may be due to poor reporting, the persistence of these low allocations shares in consecutive years suggest there are other factors involved.

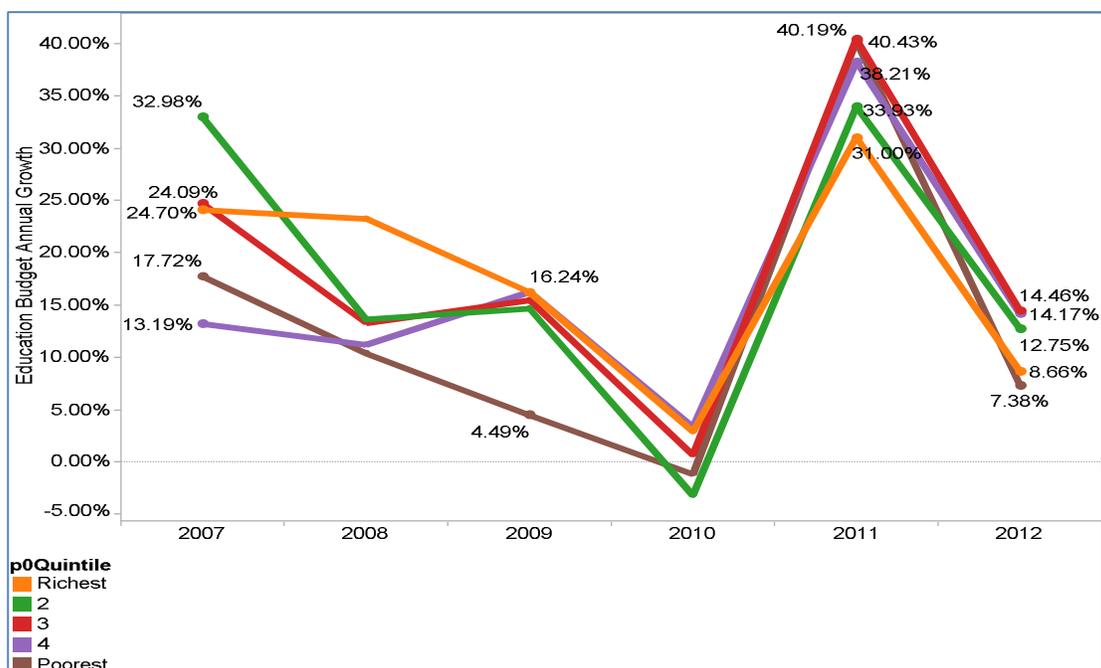
Figure 21: BEP Districts with low financial share for education (less than 20% of APBD Expenditure) 2009 and 2012



* Districts that are blank for one year have exceeded the benchmark for that year.

KPI 7: Annual Growth in Education Spending for the Poorest Districts

Figure 22: Annual Growth in APBD Education Expenditure, 2007 -2011, by Poverty Quintile



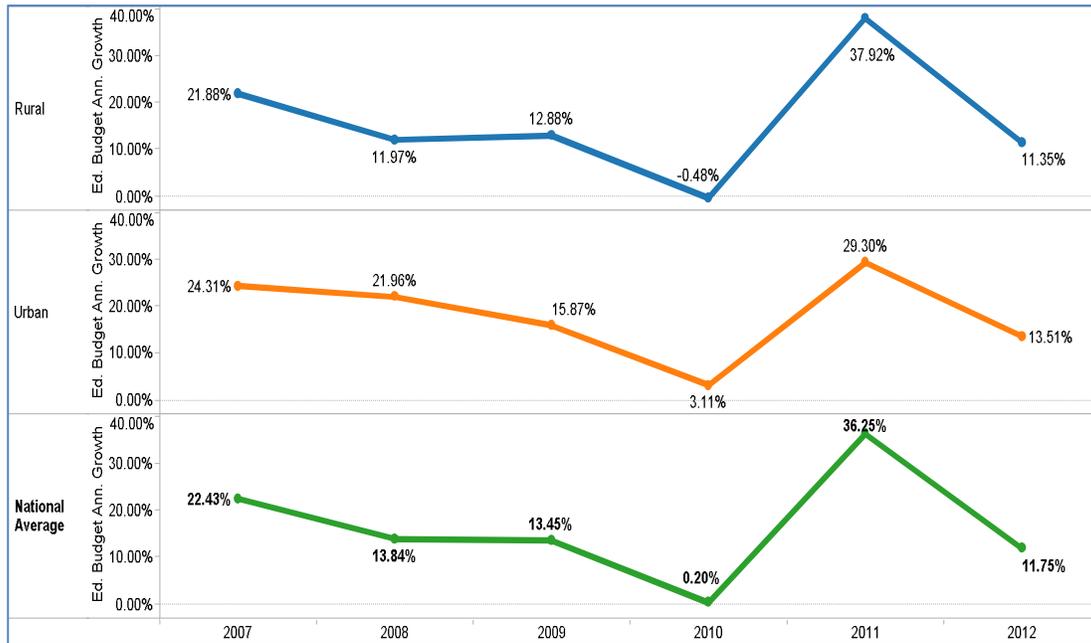
KPI 7		ANNUAL GROWTH IN EDUCATION SPENDING FOR THE POOREST DISTRICTS	
STATUS AND TRENDS			
Result	Negative	Data availability	Financial data for 2012 was available for 487 districts and enrolment data for 496 districts out of a total 497 districts.
Observations	<ul style="list-style-type: none"> On the positive side, poorest districts (i.e. those in the bottom quintile) recorded a 7% average annual growth in their 2012 education budget on the previous year. This follows a very strong positive growth (40%) in 2011, a mild contraction in 2010, and annual growth of 10% and 5% between 2007-08 and 2008-09 budgets (see Figure 22, above). On balance, however, it is a poor result for the poorest districts which have the lowest average percentage increase in budget allocations for education of all the poverty quintiles. Their growth of education budgets is marginally above the annual inflation rate. In 2012 100 districts (nearly 20%) showed a decline in their education budget. A marked deterioration from 2011, when only 22 districts experienced a decline in annual education budget allocation. Looking specifically at the poorest quintile districts in 2012, the problem of contracting education budgets is again focused on Papua. Twenty of the 31 districts recording a decline in nominal annual district education expenditure are located in Papua. In 2012, 31 of the poorest districts experienced a contraction in their nominal education expenditure (before accounting for inflation) compared to the previous district annual budget. This is a retreat from the previous year when only 6 poorest quintile districts experienced an annual decline. 		

KPI 7	ANNUAL GROWTH IN EDUCATION SPENDING FOR THE POOREST DISTRICTS
STATUS AND TRENDS	
	<ul style="list-style-type: none"> Urban districts with an average annual growth of 14% in year to year allocations grew more strongly than urban districts (11%).
Observations about EP districts	<ul style="list-style-type: none"> In 2012 EP districts on average grew their education budgets by 12% on the previous year's budget. However, 59 EP districts showed an annual contraction in their education budget compared to the previous year.
Observations about AIBEP districts	<ul style="list-style-type: none"> In 2012, BEP districts within all poverty quintiles showed annual growth in education expenditure.
IMPLICATIONS AND MATTERS ARISING	
For the performance of the education sector	<ul style="list-style-type: none"> Poorest districts had the lowest average percentage increase in budget allocations for education of all the poverty quintiles. Their growth of education budgets is marginally above the annual inflation rate. In 2012 nearly 100 districts (nearly 20%) showed an annual decline their education budget; a deterioration from 2011 when only 22 districts showed an annual drop in their education budget allocation. A diagnostic assessment should be considered for Papua and those poorest districts which are reducing their education expenditures.
For the performance of the Education Partnership	<ul style="list-style-type: none"> There is merit in speaking with those EP districts that reduced their 2012 education budget allocations compared to 2011 There may also be merit in running detailed diagnostics on (i) a sample of poorest EP districts that had an annual reduction in their 2012, and (ii) a sample of districts with annual drop greater than 10%. The diagnoses could be used to better understand reasons for the drop and to monitor change in allocations in 2013 and 2014 district budgets.

Discussion

The average annual growth rate of district education budgets in 2012 was a strong 12%. This follows a very strong growth in 2011 (36%). Although the chart may show a dip from the previous year, a 12% annual growth in education spending is very healthy. The strongest growth was shown by the urban districts, which had annual growth of 14% compared with an 11% annual growth of urban districts (see Figure 23, below).

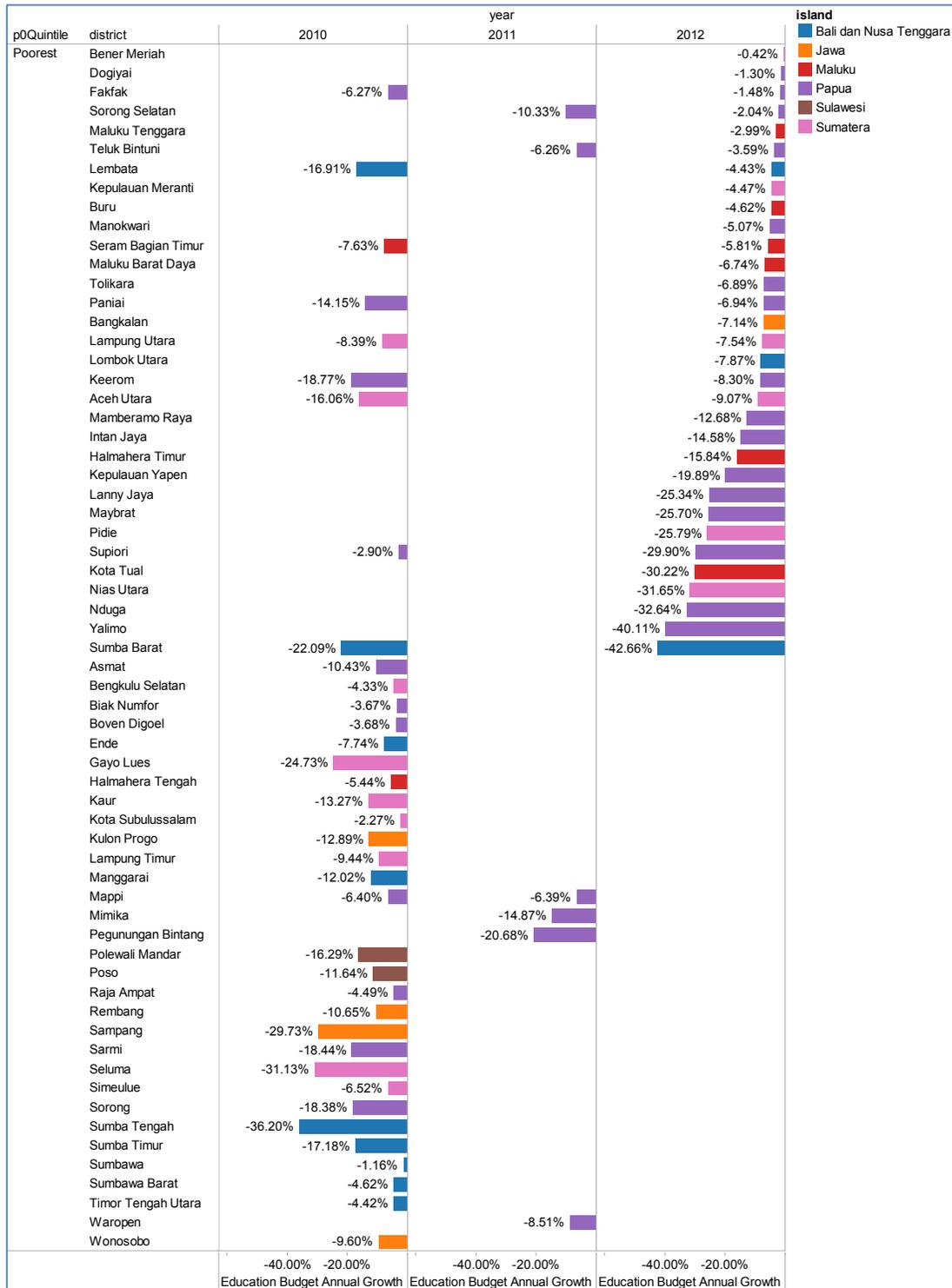
Figure 23: Annual Growth in District Education Expenditure, (APBD 2007-2012)



In 2012, 31 of the poorest districts experienced a contraction in their nominal education expenditure (before accounting for inflation) compared to the previous district annual budget. This is a retreat from the previous year when only 6 poorest quintile districts experienced an annual decline in the dedicated 2011 district budget funds for education (compared with the 2010 district budget allocations).

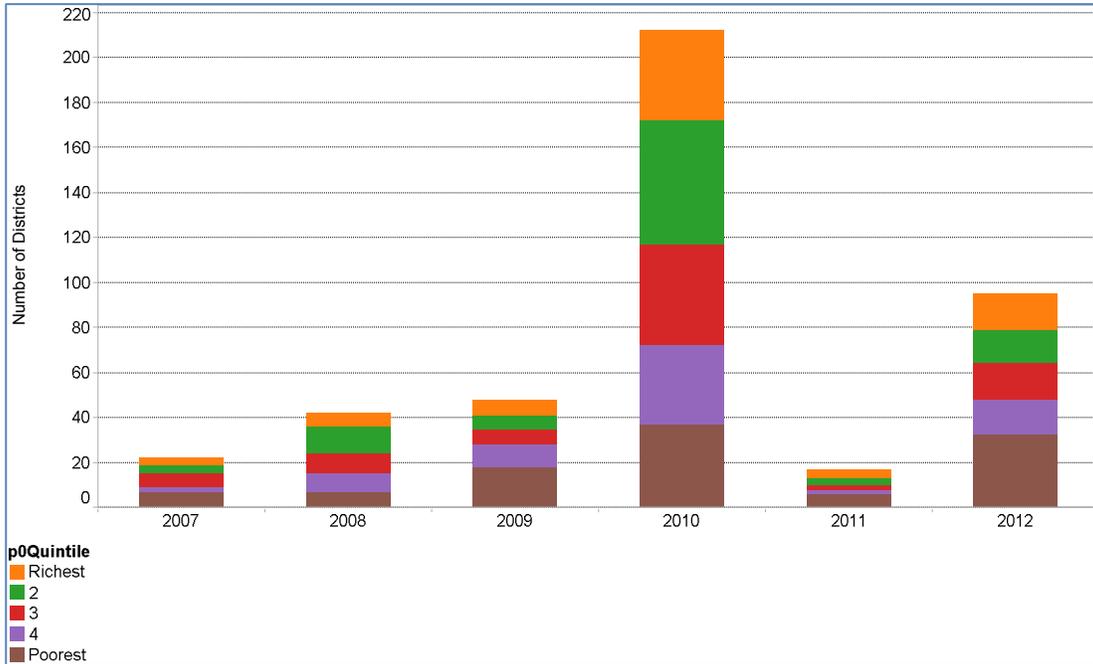
Papua remains the focus of the decline - twenty of the districts recording a decline in nominal annual district education expenditure (out of 31) are located in Papua.

Figure 24: Poorest Districts (Quintile 5), Negative Annual Growth in Education Expenditure, (APBD 2010-2012)



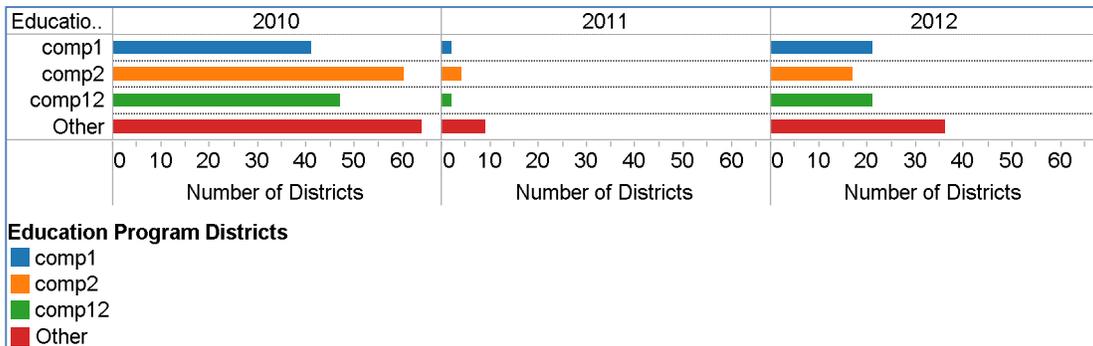
Poverty quintile analysis of districts with declining education budget allocations in 2012 shows them to be distributed across all quintiles although 31 of the 97 are from the poorest quintile.

Figure 25: Total Number of Districts, with Negative Annual Growth in APBD Education Expenditure, 2007 -2011



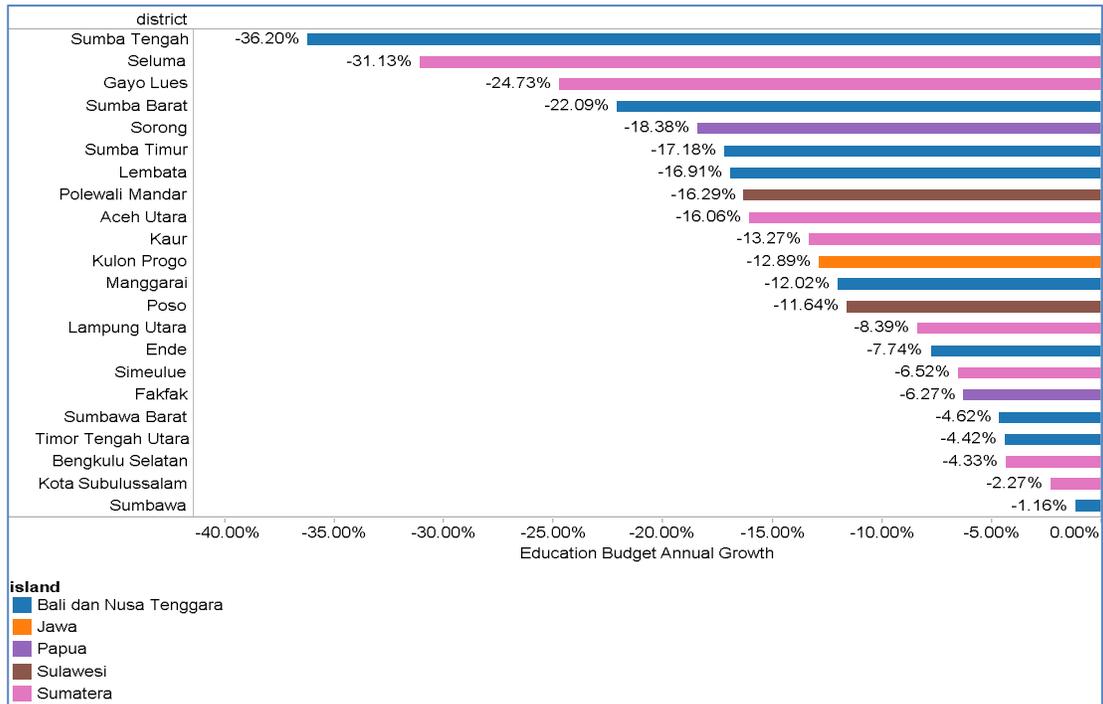
In 2012 there was an increase in the number of EP districts (59 in 2012) that experienced a decline in their annual allocation for education compared to the previous year.

Figure 26: Number of Districts with declining annual education expenditure



A particular concern is to observe the number of poorest districts (bottom 20% by poverty ranking) which provided less for education than the previous year. In 2012 there were 22 EP poorest districts which provided less for education than their previous budget.

Figure 27: EP Poorest Districts with declining annual education expenditure (2012 vs 2011)



The following four tables provide (i) the name of those EP districts which had an annual decline their financial commitment towards education in 2012, and (ii) the percentage drop in their financial commitment to education compared to the value of the previous year's budget .

Figure 28: Component 1 districts with declining annual education expenditure (2012 vs 2011)

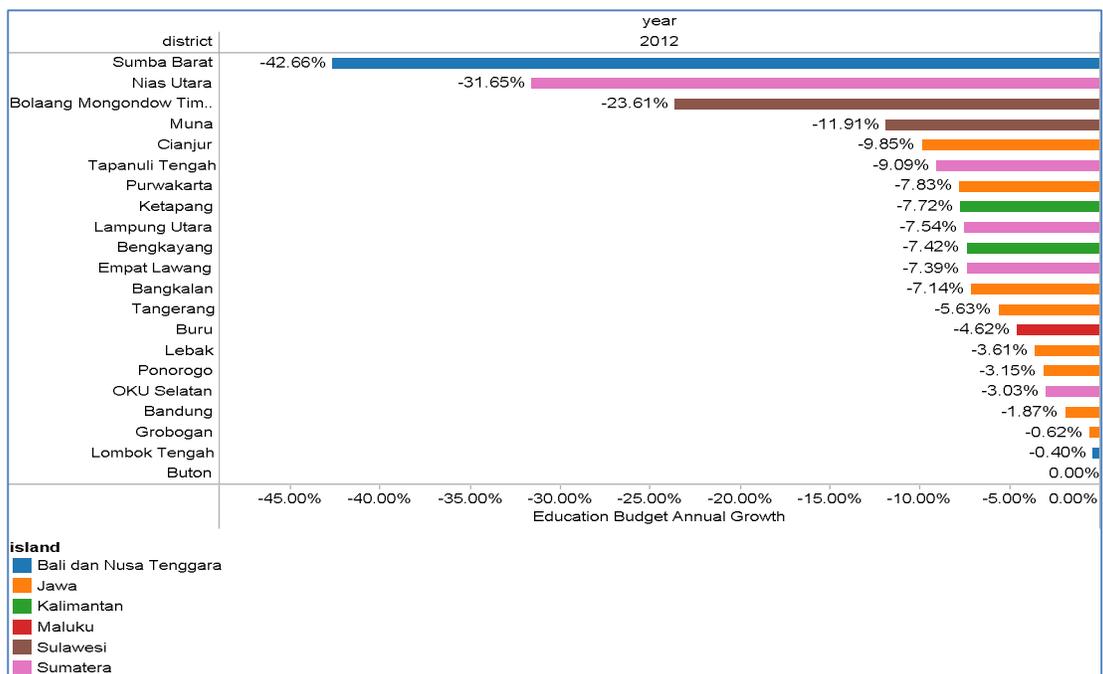


Figure 29: Component 2 districts with declining annual education expenditure (2012 vs 2011)

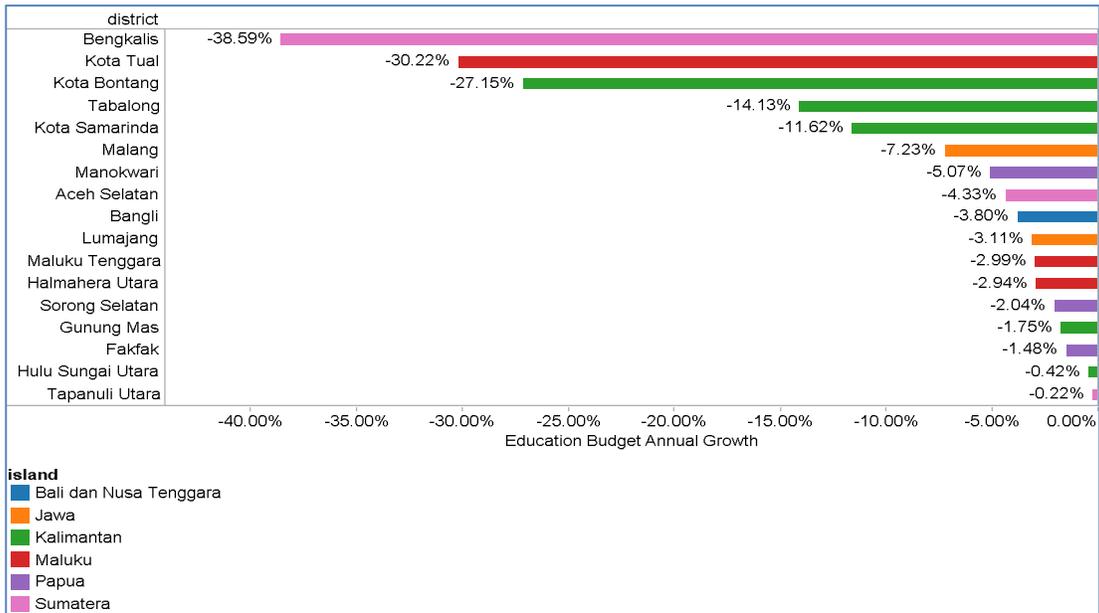
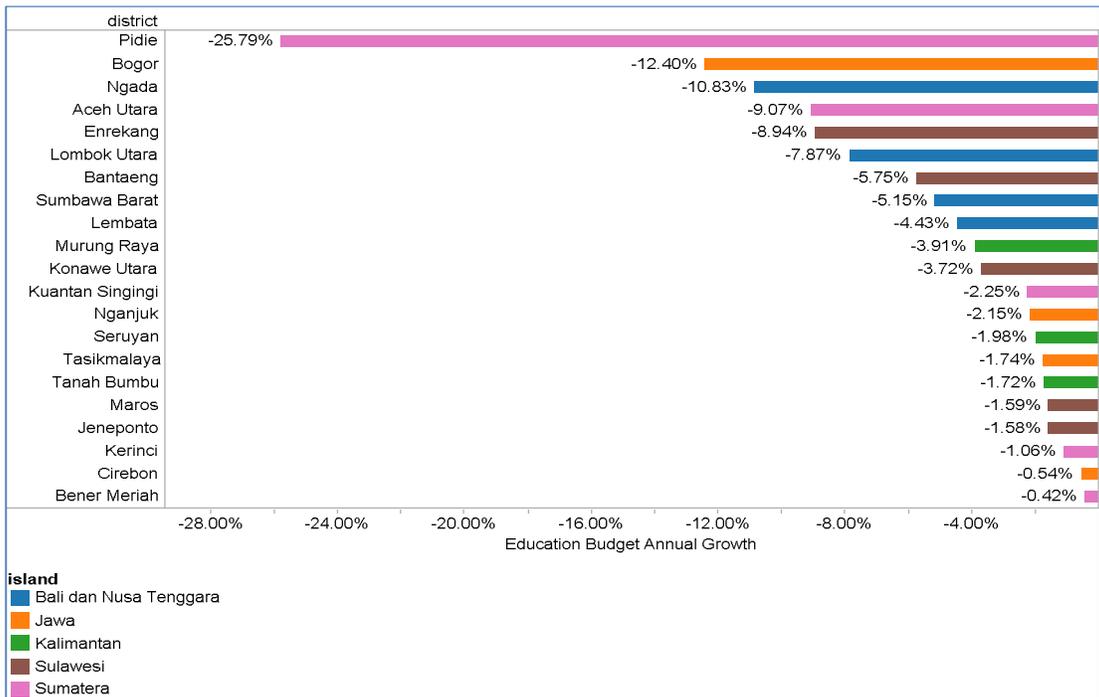
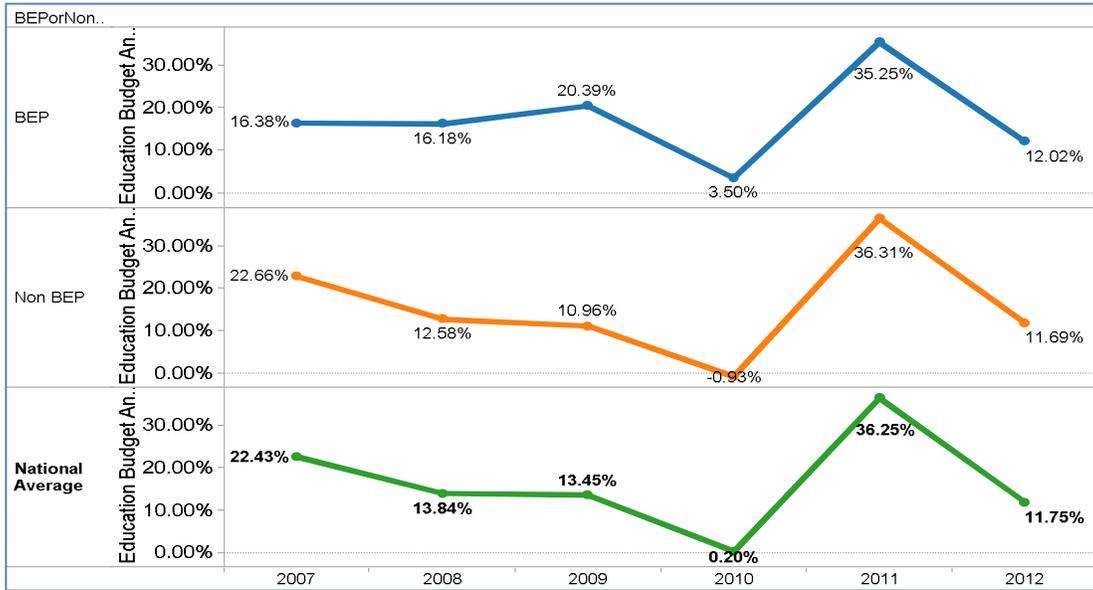


Figure 30: Component 1 & 2 districts with declining annual education expenditure (2012 vs 2011)



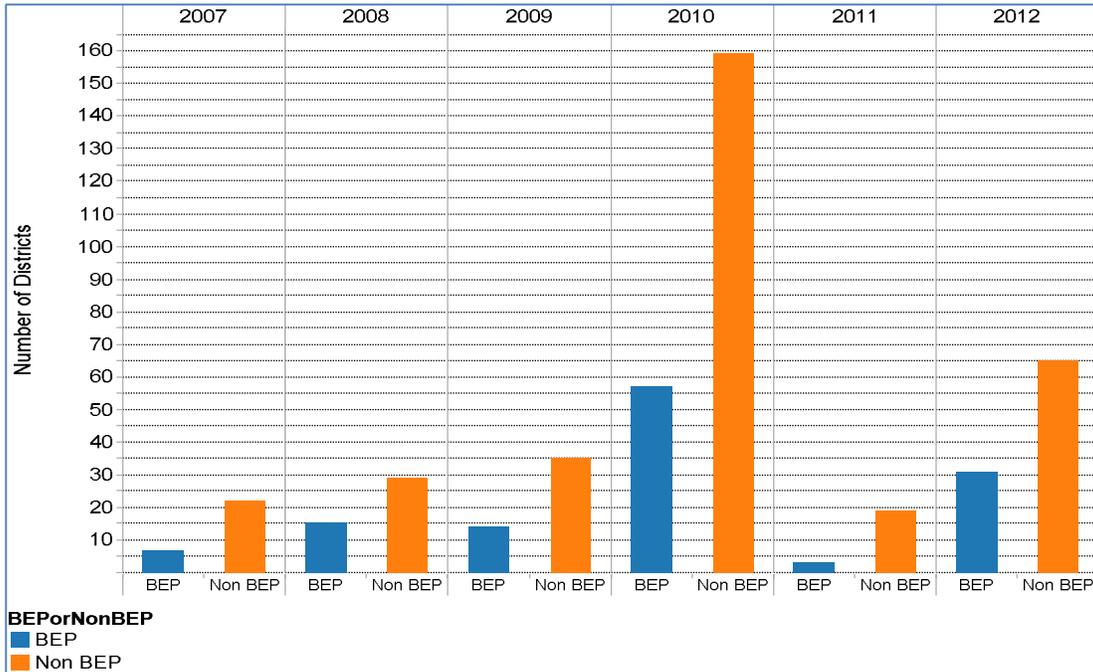
BEP districts had a strong growth in education expenditures with a national average of 12% that was marginally above the national average growth for all districts.

Figure 31: BEP and Non-BEP Districts - Annual Growth in District Education Expenditure, (APBD 2007-2012)



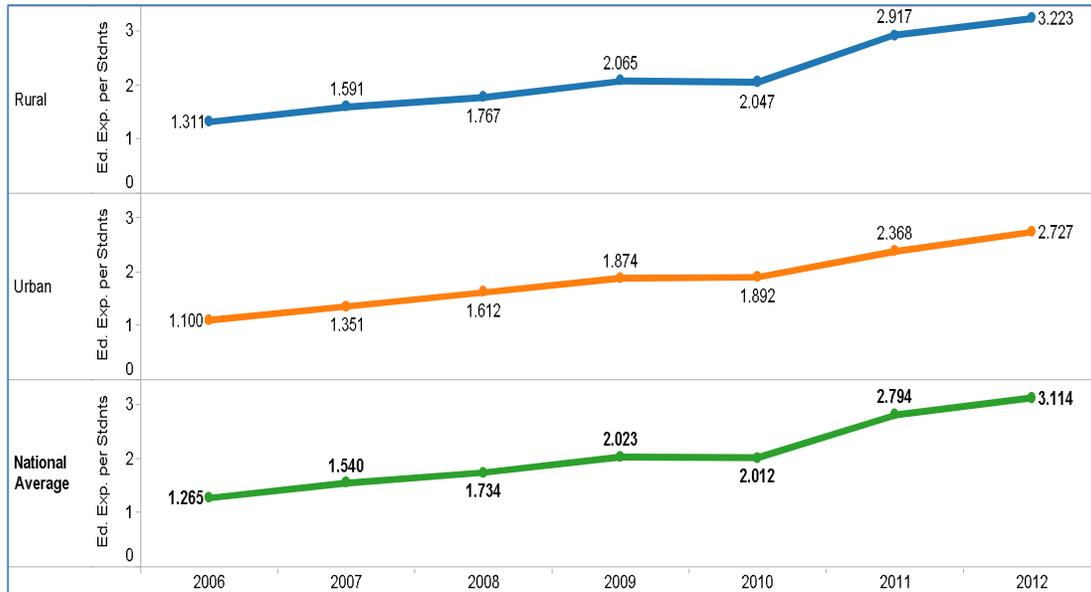
In 2012 there were 97 districts showing a decline in the education budget. This is deterioration from 2011, where 22 districts experienced a decline in annual education budget allocation. In 2012, nearly 20% of districts showed a decline in budget commitment towards education.

Figure 32: Number of Districts, with Negative Annual Growth in APBD Education Expenditure (2007-2011)



KPI 8: Average District Expenditure per Student

Figure 33: Average District Education Expenditure per all Students, 2006-2012 (Rp. millions.)



KPI 8		AVERAGE DISTRICT EXPENDITURE PER STUDENT	
STATUS AND TRENDS			
Result	Positive	Data availability	Financial data for 2012 was available for 487 districts and enrolment data for 496 districts out of a total 497 districts.
Observations	<ul style="list-style-type: none"> • Average expenditure per student across the country grew but not as strongly as for 2011. Average education expenditure per student has grown to Rp. 3.1 million in 2012, from an average Rp. 2.8 million in 2011 (see Figure 33, above). • Average per student expenditure is higher in rural districts and reached Rp. 2.9 million per student in 2012 compared to Rp. 2.4 million per student in the urban areas. • Highest allocations per student are found in the poorest districts (quintile 5) at an average Rp. 3.4 million per student. • The richest quintile districts are the outliers with per student expenditures at Rp. 2.8 million. The poorest districts are on average allocating 28% more per student than the richest. • Districts in the far eastern region of the country tend to have significantly higher costs per student than districts in the western region because of the lower density of populations. Average expenditure per student in 2012 was again highest in the island groups of Papua (Rp. 5.5 million) and Kalimantan (Rp. 4.9 million). Lowest expenditure by a considerable margin is found on Java with Rp. 2.6 million per student. • The most striking aspect of the breakdown of per student expenditure is that the Papua island group declines in the annual per student allocation for education in 2012. In Papua, per student allocations for education drop 12% from Rp. 6.26 million in 2011 to Rp. 5.48 million in 2012. • The 'per student allocation' is greatly affected by the sparseness of population. More sparsely populated districts (such as those in the eastern region and many of 		

KPI 8	AVERAGE DISTRICT EXPENDITURE PER STUDENT
STATUS AND TRENDS	
	<p>those in the poorest quintile districts) have higher average salary costs. This is because of both lower student/teacher ratios and higher salary related costs associated with remote area allowances.</p> <ul style="list-style-type: none"> • During the four year period 2008-2011, Indonesia displayed an overall growth in per student expenditures, with a linear trend for greater expenditures in the poorest districts. In 2012 the slope of this equity spending was halted, with slower growth in the poorest districts.
Observations about EP districts	<ul style="list-style-type: none"> • District expenditure per student has been increasing across EP participating and non-participating districts. • These increases disguise great internal variation in district allocations. Twenty-five EP districts allocate less than Rp. 2.2 million per student. On the positive side, 33 EP districts allocate above Rp. 6.2 million per student, which is more than double the national average per student allocation for education.
Observations about AIBEP districts	<ul style="list-style-type: none"> • Per student expenditure in BEP districts has started from a higher base but consistently grown over time at a similar rate to the other non-BEP districts.
IMPLICATIONS AND MATTERS ARISING	
For the performance of the education sector	<ul style="list-style-type: none"> • To achieve better learning outcomes across the poorest districts, the district governments in poorest districts will need to grow their education spending more quickly and drive a stronger 'equity slope' in education funding distribution. • The reasons behind the decline in per student allocations towards education in Papua districts need to be understood.
For the performance of the Education Partnership	<ul style="list-style-type: none"> • Most EP districts are showing growth in per student allocations for education which provides a good financial base for further improvements. • EP districts that have reduced their per student allocations in 2012. There is merit in monitoring 2013 and 2014 budget allocations for any continuation of a declining trend.

A more nuanced analysis of per student education expenditure looks at district expenditures per public MoEC school students. This provides a more accurate measure because districts are only responsible for teacher salaries and other operational expenses of MoEC public schools. By excluding private school students from per student calculations it is possible to remove the bias of different rates of enrolment in private schools across districts.

The national average education expenditure per public students in 2011 was Rp. 4 million per student (from a previous year average of Rp. 3 million). Average expenditure per student for urban districts (Rp. 3.91 million) remains very close to rural districts (Rp. 3.98 million). Because there are proportionately greater numbers of private school students in urban areas, this indicator neutralizes the trend of the broader indicator *expenditure per all students*.

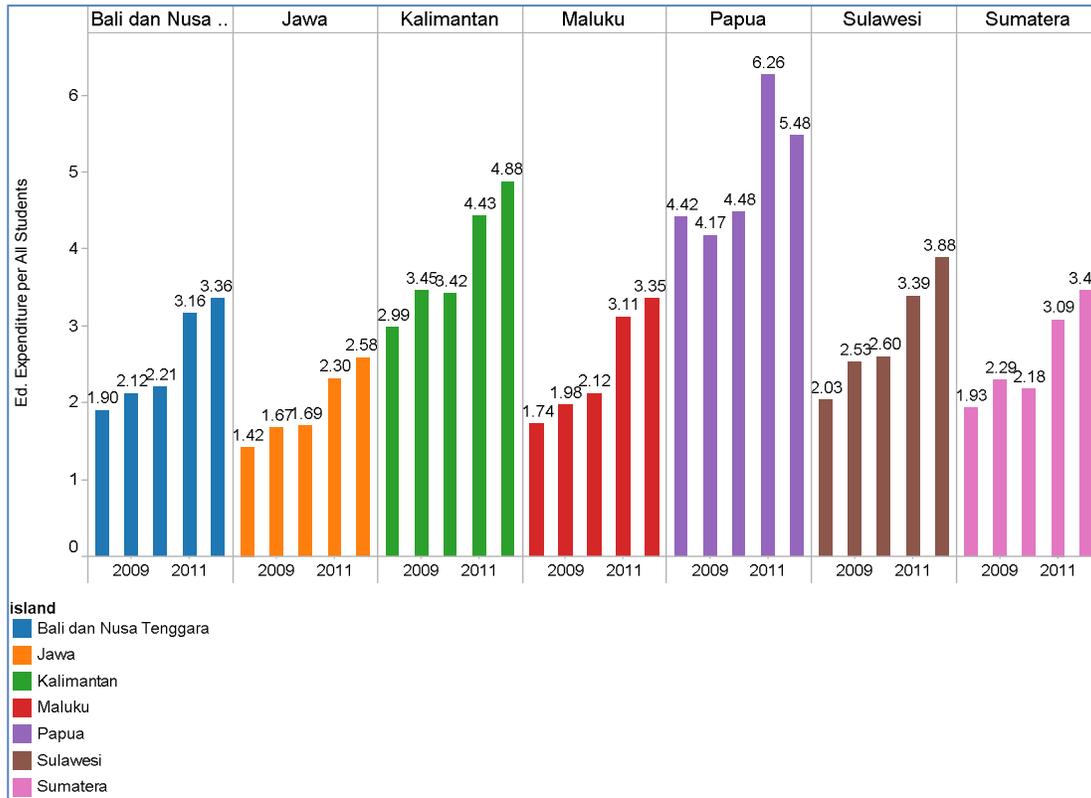
This analysis could not be undertaken for 2012 because student enrolment data for this year has been able to be disaggregated into public and private enrolments.

Figure 34: Comparison - Expenditure per All Students vs. Expenditure per Public Students, (Rp. millions)



Districts in the far eastern region of the country tend to have significantly higher costs per student than districts in the western region because of the lower density of populations. Average expenditure per student in 2012 was again highest in the island groups of Papua (Rp. 5.5 million) and Kalimantan (Rp. 4.9 million). Lowest expenditure by a considerable margin is found on Java with Rp. 2.6 million per student. To some extent the lower unit costs in java reflect the population density which makes it easier to run schools at maximum capacity and consistently high student: teacher ratios.

Figure 35: Average APBD Education Expenditure per Student (Rp. millions), 2008-12 by Island

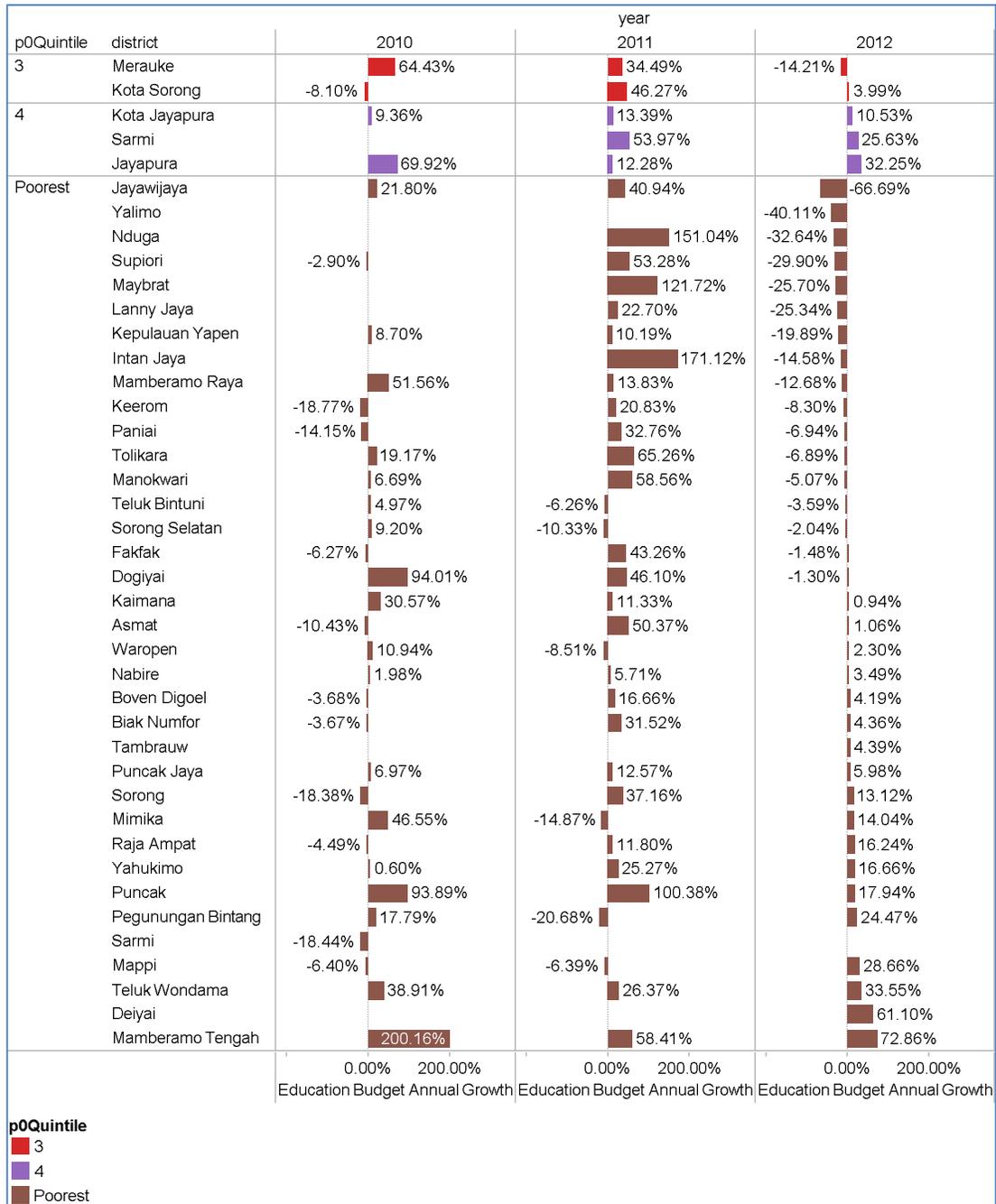


The most striking aspect of the breakdown of the 2012 per student expenditure is that the Papua island group declines in the annual per student allocation. In Papua, per student allocations for education drop 12% from Rp. 6.26 million in 2011 to Rp. 5.48 million in 2012.

The table below presents a breakdown of the average annual growth in district education budgets within the Papua island group. It shows that with the exception of Kota Sorong in one year (2010) the annual decline in district education budgets has only occurred in the poorest quintile districts. In 2012, seventeen (17) of the poorest districts in Papua (from a total 41 districts) showed an annual decline in their allocations for education.

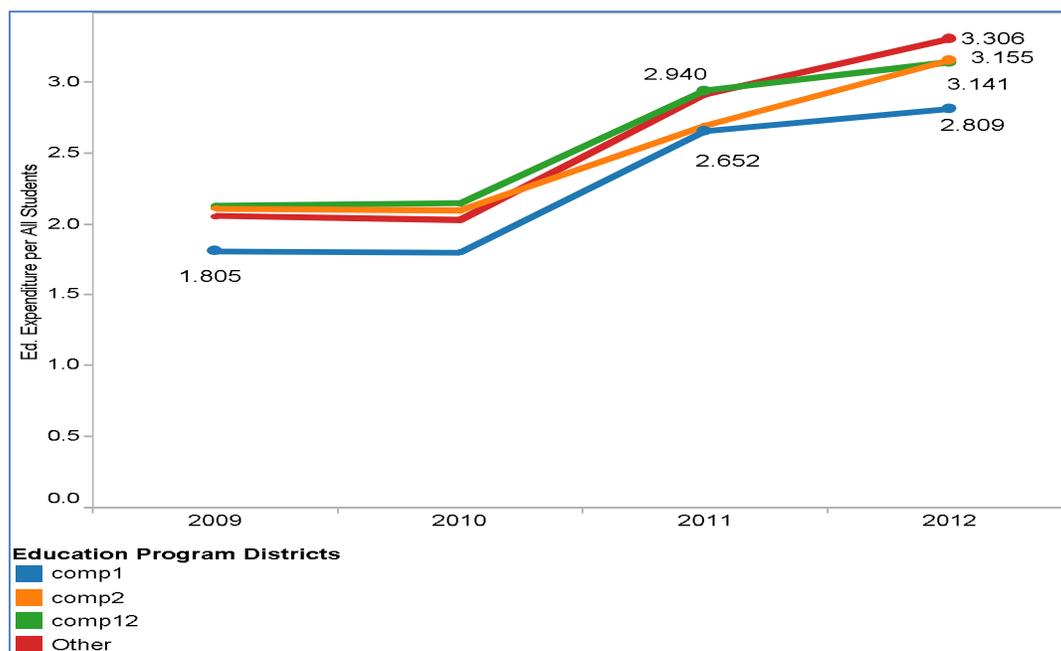
Some districts showing negative growth in 2012 had recorded very strong annual growth in the previous year. This might be an explanation why expenditures leveled off in 2012. Many other districts did not have such strong growth and it is unclear why so many districts in Papua had an annual drop in their 2012 education allocations.

Figure 36: Papua: Average Annual Growth in District Education Budget, (Rp. millions) 2010-12



District expenditure per student has been increasing across EP districts. By 2012, the non-participating districts had a higher average allocation for education (Rp. 3.3 mill.) compared to participating districts (Rp. 2.8 – 3.2 mill.).

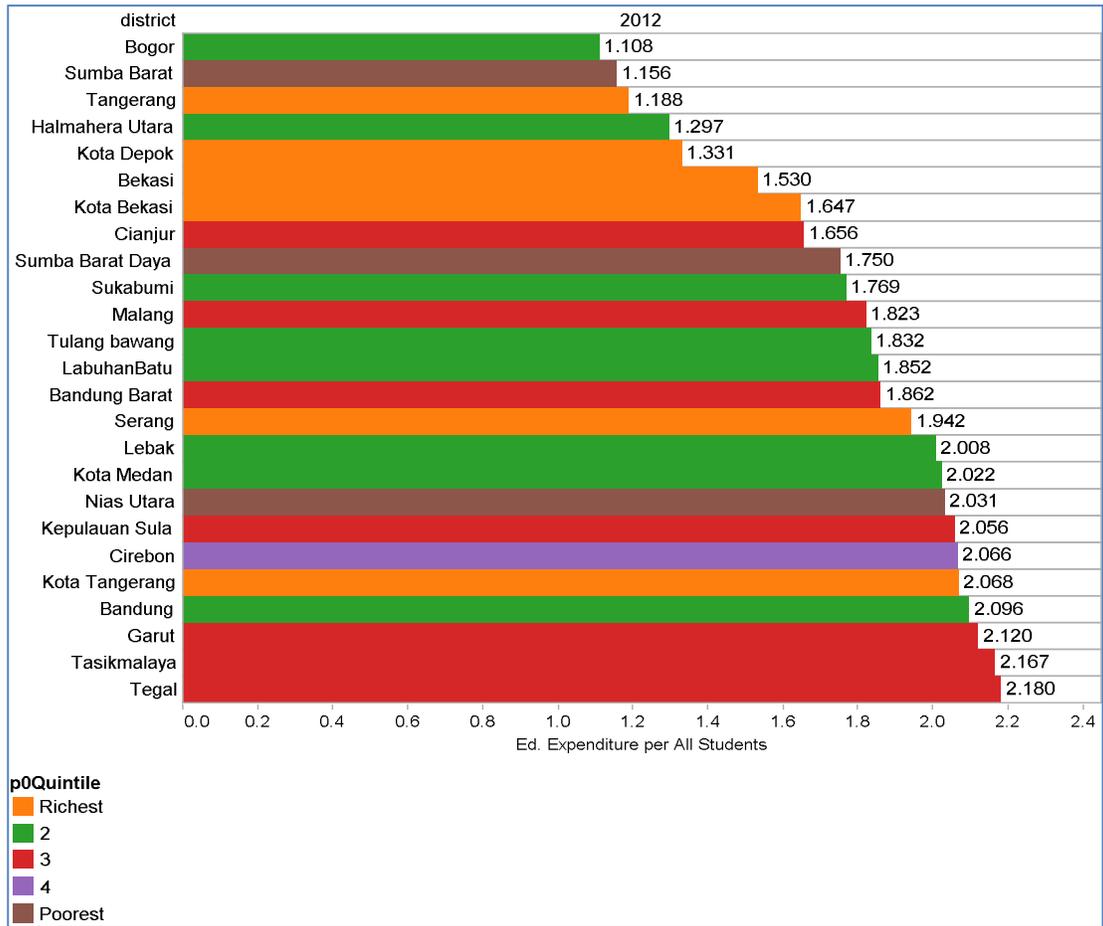
Figure 37: Average District Expenditure per Student, EP Districts and Others 2012 (Rp. millions)



These averages disguise great internal variation district allocations. For operational purposes it may be useful to identify the low and high end outliers in terms of per student allocations. Compared to the national average Rp. 3.1 million allocation per student, there are 25 EP districts allocating less than Rp. 2.2 million per student.

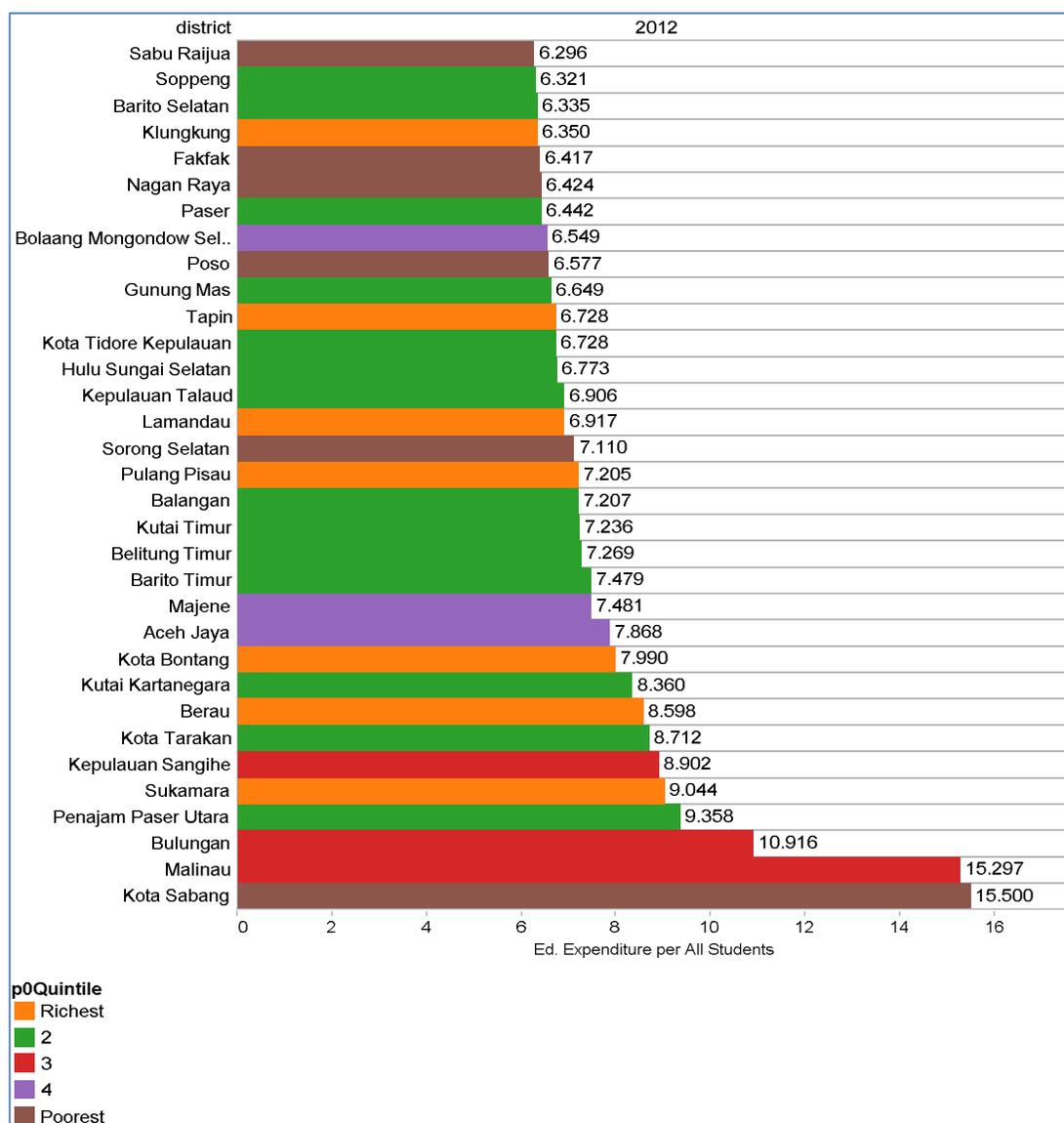
Some caution needs to be exercised in interpreting these figures. A high percentage of student enrolments in the private school sector will provide a misleadingly low estimate the actual financing for schools. The private school enrolments are likely to have the biggest impact in the richest urban districts with a likely higher share of well resourced private schools. The table below shows there are six districts (out of 25) which are in the richest quintile and committing less than Rp. 2.2 million per student.

Figure 38: EP Districts with Low Expenditure per Student, 2012 (Rp. millions)



Conversely, there are 33 EP districts that are allocating more than double (Rp. 6.2 million) the national average per student allocation for education.

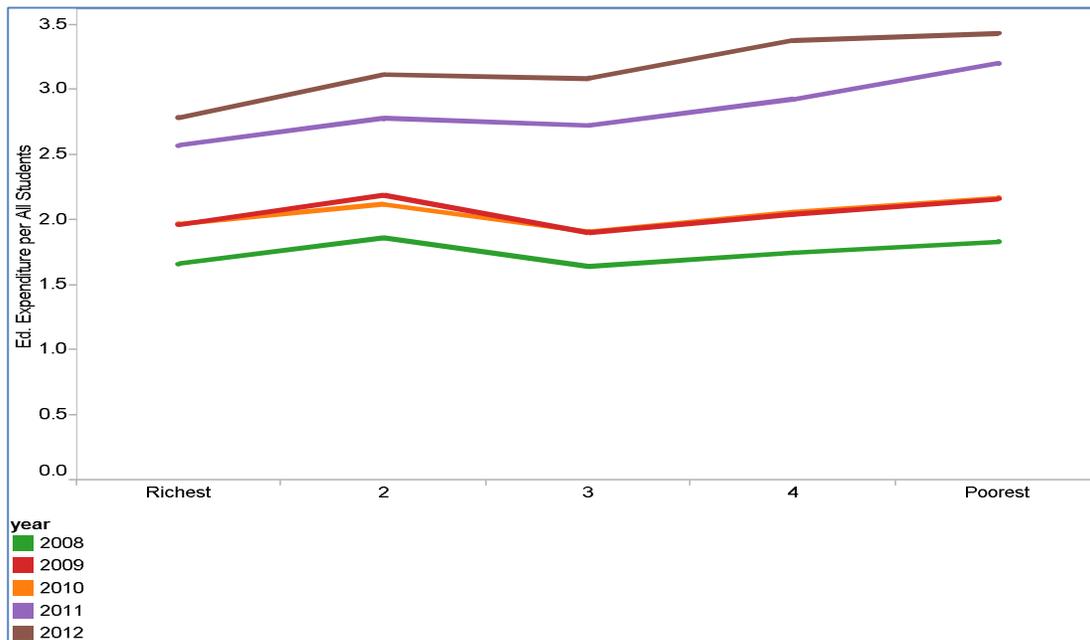
Figure 39: EP Districts with very high per student expenditure, 2012 (Rp. millions)



Unit cost calculations are greatly affected by the sparseness of populations and care needs to be taken when comparing districts. Care should be taken to compare like with like districts in order to get a true feel for the district government commitment and possible impact on quality.

Reasonable distribution of public education funds should generally provide greater funding per student to the poorest areas. This weighted distribution of government funds can enable the poorest communities to overcome a financial inability to pay for services. It also helps to cover the higher cost of servicing poor communities that are also in remote or difficult to reach areas.

Figure 40: Equity Slope of Funding - Average APBD Education Expenditure per Student (Rp millions), by Poverty Quintile, 2008-12



The chart above illustrates the ‘equity slope’ of district school funding. The ideal equity slope would begin low at the left hand corner (least public resources per student for the wealthiest districts) and slope upwards indicating that those districts with the lowest socio-economic profile and catering for the most remote communities have the greatest resources per student.

Indonesia has demonstrated a movement over time towards that kind of scenario. By 2011, districts from the two poorest quintiles had grown their allocations at a faster rate than others. This was a significant achievement in beginning to move away from a relatively flat distribution of district education funding per student across poverty quintiles. It showed government policies have been successful in moving towards a greater share of public resources being directed towards education in poorer districts.

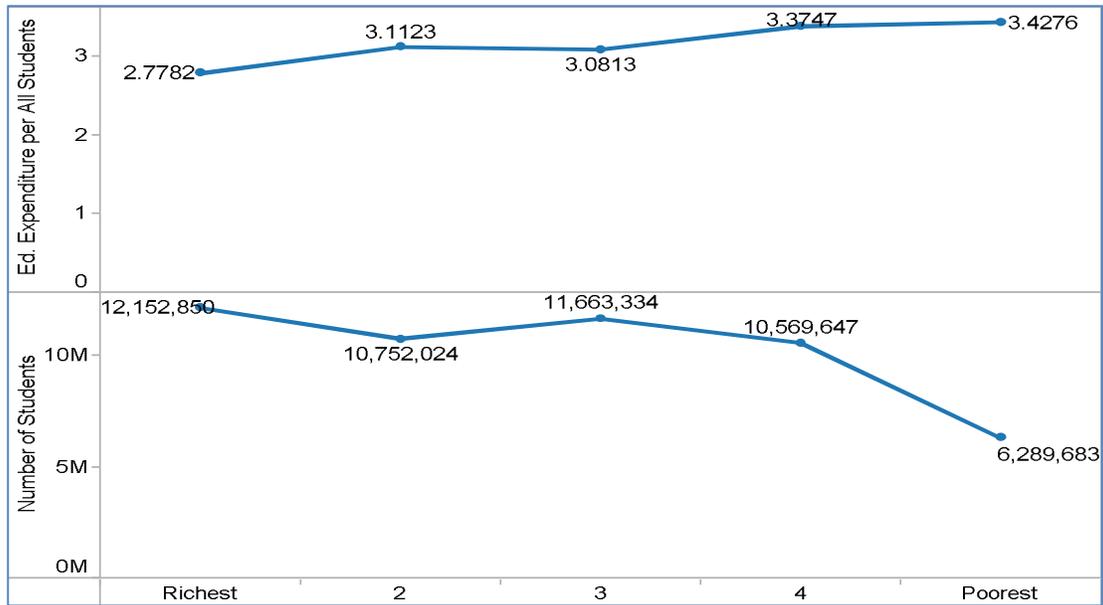
In 2012, because annual growth in district education allocations in the poorest districts was less than for districts in other quintiles, there was a stalling in the move towards greater equity. The line for 2012 (the brown line in chart above) begins to flatten as it moves towards the poorest quintiles instead of preserving a linear increase in the allocations

To achieve better learning outcomes across the poorest districts, the district governments in poorest districts will need to grow their education spending more quickly and drive a stronger ‘equity slope’ in education funding distribution.

There is good news for the government regarding the affordability of this approach. Analysis of the distribution of students across district poverty quintiles shows that there far fewer students in the poorest quintile than any other. In 2012, there were 6.3 million students in poverty quintile 5 compared to more than 12 million in the richest quintile. These reduced numbers will reflect both the lower net enrolment rate (NER) in these districts, but also the sparsity of the population. On the positive side, the cost of serving these districts is mitigated by reduced population density of these

districts. Although of course, successful policies will solve access problems and push up enrolments, however the reduced population density means there will still be fewer students to service.

Figure 41: Cost and Student Load Comparison - Average APBD Education Expenditure per Student (Rp millions) and Numbers of Students, by Poverty Quintile, 2012



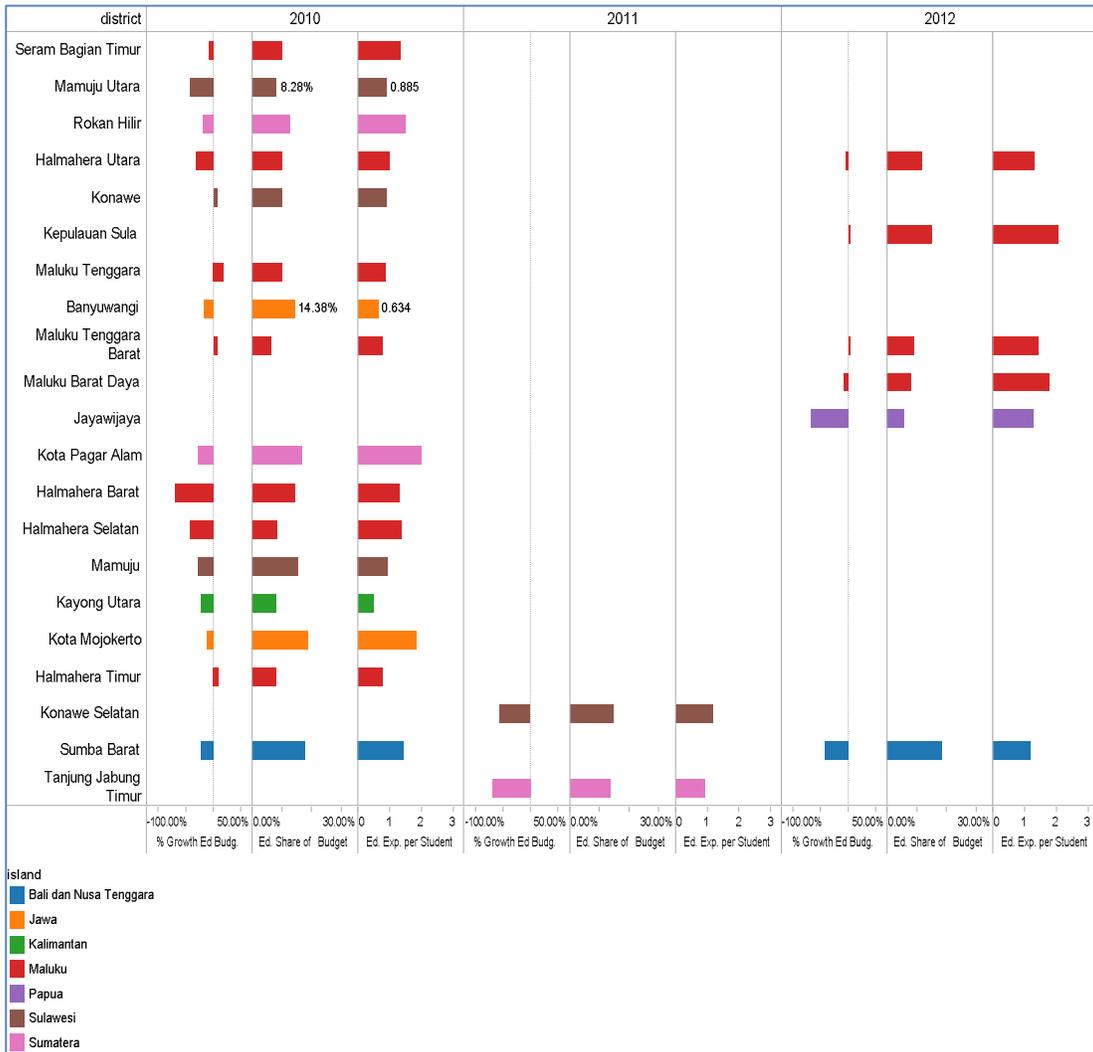
A **Critical Education Funding Status (CEFS)** diagnostic tool is based on three Key Performance Indicators from this District level analysis (KPI's 6, 7, and 8). The CEFS diagnostic tool identifies critical districts that have:

- low expenditure per student (less than Rp. 2.1 million)
- small education share of the district budget (less than 20%)
- weak annual growth in their education budget (less than 20%).

The figure below shows 6 districts that are meeting these criteria in 2012 (compared to only two in 2011). Overall, 2012 is an improvement on 2010 when there sixteen (16) meeting the CEFS criteria and another 12 districts in 2010. None of the 2012 CEFS districts had the same status in 2011.

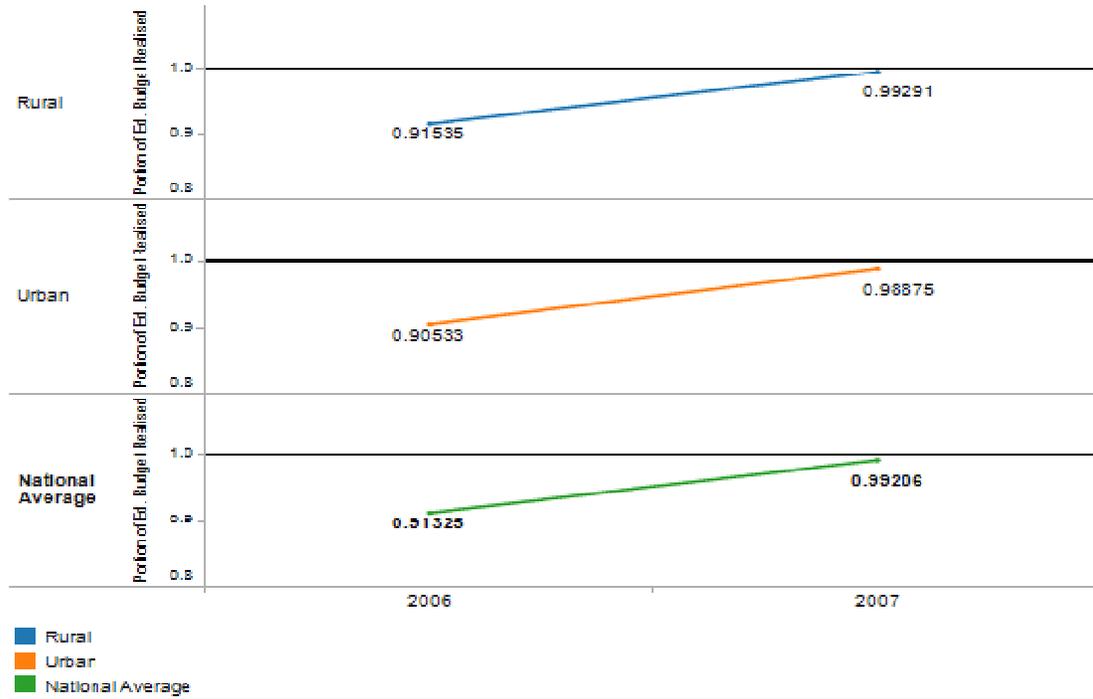
It is a good sign that districts do not remain in the CEFS category for more than one year. It suggests there is some corrective re-balancing occurring within districts to prevent those already spending substantially less than average from declining their commitments even further. It is suggestive however, of the need to retain a focus on the 2012 CEFS districts so they do not decrease per student funding in 2013 and beyond.

Figure 42: Critical Education Funding Status (CEFS) Districts – Districts with low growth in education budget, low share of district budget and low expenditure per student, 2010-2012



KPI 9: Actual district education expenditure as % of planned education expenditure

Figure 43: Realised Education Expenditure as % of Planned Expenditure 2006 -2009



KPI 9		ACTUAL DISTRICT EDUCATION EXPENDITURE AS % OF PLANNED EDUCATION EXPENDITURE	
STATUS AND TRENDS			
Result	Negative	Data availability	Financial data were limited up to the year 2007.
Observations	<ul style="list-style-type: none"> Budget data for 2006 are from the 'final revised budget' documents and reflect the final allocation. Revised budget data for 2007 were not available. Data collected are from the 'planned budget' documents which reflect a bid by the district education office for funds. This budget may then be revised downwards in the 'revised final budget'. The 2007 financial data are therefore not from identical planning documents and may be responsible for an upwards shift in percentage of budget realized as actual expenditure. Data for 2008 and 2009 have been collected but are not robust to update this analysis from the previous report. Districts in 2007 managed to spend nearly 100% of their planned budget. This was a significant improvement on 2006 where only 91% of funds were spent nationally. Poverty quintile analysis shows that the top two poverty quintile districts on average overspent their planned education budget in 2007. The lowest average rate of realisation was with the poorest quintile districts that only spent 91% of their planned budget. 		
Observations about EP districts	<ul style="list-style-type: none"> In 2007 EP districts were largely spending around the national average of 100% of budget funds, with the exception of Component 2 districts which were spending 90%. 		
Observations about AIBEP districts	<ul style="list-style-type: none"> The average BEP district increased its actual expenditure to 100% of budgeted allocations in 2007. This was up from 92% expenditure in 2006. 		

KPI 9	ACTUAL DISTRICT EDUCATION EXPENDITURE AS % OF PLANNED EDUCATION EXPENDITURE
STATUS AND TRENDS	
IMPLICATIONS AND MATTERS ARISING	
For the performance of the education sector	<ul style="list-style-type: none"> • More recent actual expenditure data are required to make any comment on implications for the education sector
For the performance of the Education Partnership	<ul style="list-style-type: none"> • More recent actual expenditure data are required to make any comment on implications for the Education Partnership

Figure 44: Realised Education Expenditure as % of Planned Expenditure 2006-09, EP and Non-EP districts

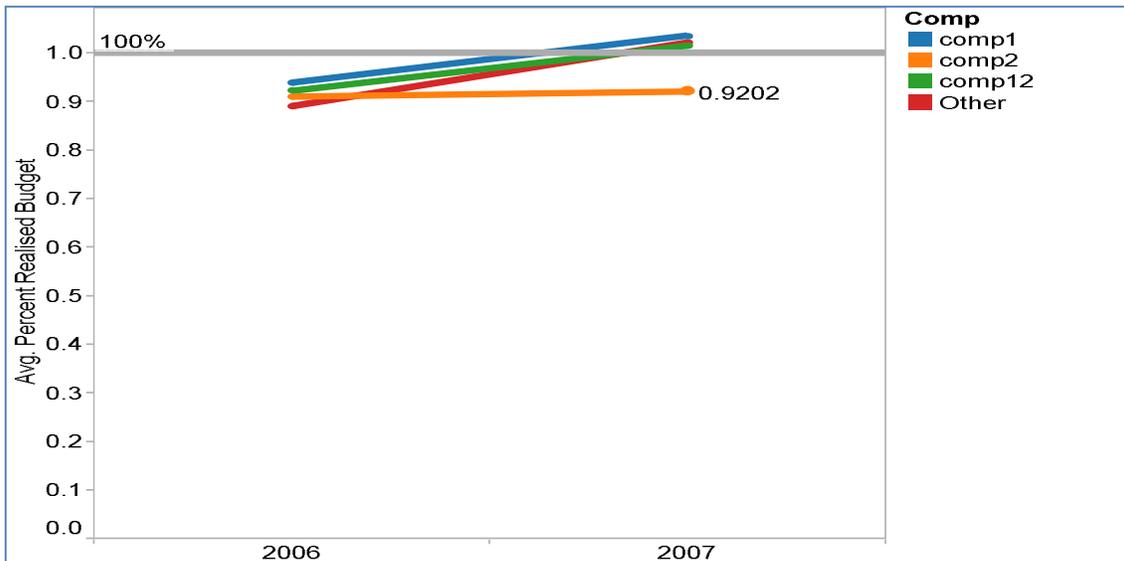
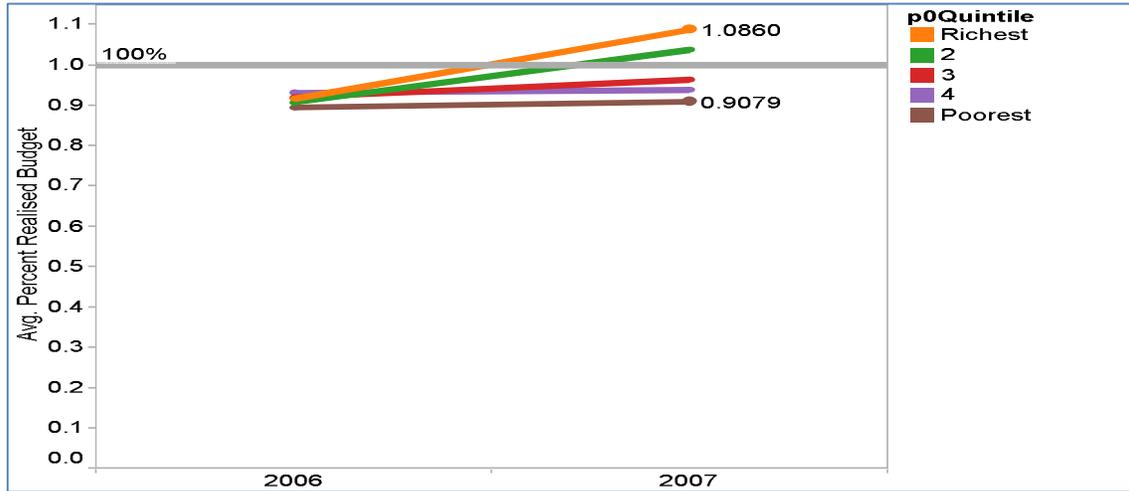


Figure 45: Realised Education Expenditure as % of Planned Expenditure 2006 - 2009, by Poverty Quintile

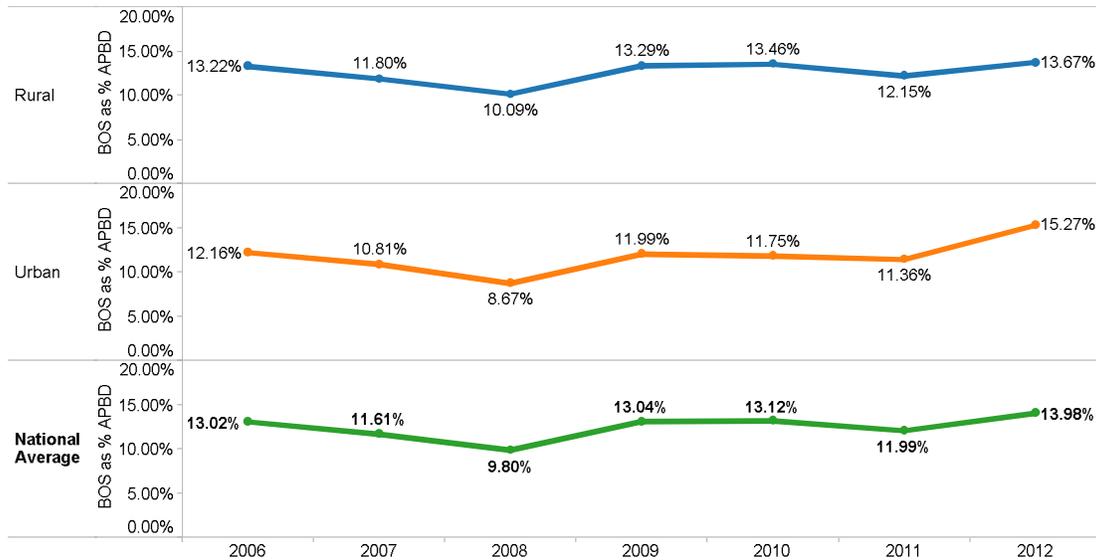


Policy Implications: Too many districts may be failing to expend their allocated annual education budgets. The difficulty of the poorest districts in expending their budgets is of a particular concern given the access and quality problems in these districts. The quantum of funds may not be the greatest problem facing some districts, and/or there may be other problems related to disbursement restrictions and reporting or planning requirements.

However, more recent data is required to confirm that these findings still apply or if there have been any significant changes.

SPI: Discretionary School Expenditure as Percentage of Total Education Expenditure

Figure 46: BOS Grants as % of Education & Culture Budget 2006-2010 (public schools only)



SPI		DISCRETIONARY SCHOOL EXPENDITURE AS PERCENTAGE OF TOTAL EDUCATION EXPENDITURE	
STATUS AND TRENDS			
Result	Positive	Data availability	BOS grants are used as a proxy variable for discretionary expenditure.
Observations	<ul style="list-style-type: none"> The BOS grants distributed by districts provide a key source of discretionary funds available to schools under their own management. They have injected a dramatic new dimension to school resourcing. Direct payment to schools minimizes the opportunities for leakage before the funds reach the school. BOS grants offer great potential for funding innovative and securely resourced interventions at schools that have an ongoing recurrent funding base. This allows school principals to plan around these allocations instead of pursuing submission based grant models. In 2012, the BOS grants have increased as a proportion of the district education budget as a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves (see Figure 46, above). The per-pupil BOS allocation has increased from Rp 397,000 to Rp 580,000 per primary student and from Rp. 570,000 to Rp. 710,000 per junior secondary student per year in 2012. 		
IMPLICATIONS AND MATTERS ARISING			
For the performance of the education sector	<ul style="list-style-type: none"> BOS grants provide a critical injection of funds at the school level. It is important that these funds are utilised as effectively as possible. The injection of such a large scale of funds to schools poses an obvious fiduciary risk. This risk appears at the school level where there have been wide spread reports of funds not being used appropriately or not being accounted for as required. The challenge for government will be to put in place the appropriate training, monitoring and support to enable the effective use of these funds as well as identifying the inevitable instances where these funds are not properly expended or 		

SPI	DISCRETIONARY SCHOOL EXPENDITURE AS PERCENTAGE OF TOTAL EDUCATION EXPENDITURE
STATUS AND TRENDS	
	adequately reported.
For the performance of the Education Partnership	<ul style="list-style-type: none"> DFAT may wish to help clarify and strengthen the role of the school committees in the management of BOS funds as part of its current and/or upcoming programing.

Background: In 2011, the BOS grants were distributed to the district level of government which will then made payments to schools. This changed flow of funding was designed to reflect the function and responsibilities of local government towards education under the decentralization policy. It provided districts with significantly greater non-salary related resources to distribute amongst their schools. This was to help strengthen the relevance and importance of district monitoring and support teams for schools within their jurisdiction. However, the policy increased the pressure and expectations of schools that were relying upon the efficiency and effectiveness of the district offices.

The district management of the BOS distribution by district governments became a matter of national controversy during 2011. The widespread failure of many districts to manage these funds properly meant that delays and errors in the distribution of BOS funding were seen as a failure at the local rather than central level. By late 2011, the disbursement and general management of BOS funds by the district level was considered a gross failure. The program was subsequently brought back under the control of MoEC for the 2012 school year. BOS funds in 2012 were distributed by the province (acting as the representative of the central government) directly to the schools.

BOS grants, as a percentage of total education expenditure, are affected by the share of students progressing to secondary education. The per capita BOS grants for junior secondary students are 35% higher in value than grants for primary students. Districts with higher proportionate enrolment at secondary level have an increased proportionate weight in their BOS grants. As a consequence, inter-poverty quintile comparisons are distorted by differences in secondary level enrolment rates.

The significance of the BOS expenditures in comparison with total district expenditures declined for districts across all poverty quintiles between 2007 and 2008. This reflected the expanding outlays for education being made by the district levels of government during this period. However by 2009 and with the impact of the increase in the size of the per capita grants, the BOS had again risen in significance to 2006 levels.

In 2011, the BOS funds represented a smaller share of total expenditure as teacher salaries and allowances increased sharply. These salary and emolument increases are a flow on effect of the teacher certification process and will continue for a few more years (at least until 2015). In addition to salary increases, 2011 saw increases in district allocations for capital expenditures and other operational expenses.

In 2012, the BOS grants have increased as a proportion of the district education budget as a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves. The per-pupil BOS allocation has increased from Rp 397,000 to Rp 580,000 per primary student and from Rp. 570,000 to Rp. 710,000 per junior secondary student per year in 2012. The BOS program covers around 44 million students in 228,000 primary and secondary schools.

It is estimated that in 2012 the BOS program spent US\$3.07 billion (Rp 27.67 trillion), which represents about 8 percent of total education spending in Indonesia. The BOS allocation has increased five-fold from US\$560 million in 2005 to US\$3.07 billion in 2012. By increasing the amount of discretionary funds available to schools, the BOS program can help pave the way for more effective expenditures at the school level.

The BOS grants represent a smaller proportion of total expenditures for schooling in the poorest districts. This is because of the higher teacher costs (such as remote area allowances) and the lower student: teacher ratios which increase the per student teacher cost in these districts. As a consequence, the BOS funds represent a smaller contribution to the overall cost of delivering services to these districts. All other poverty quintile districts are more closely bunched together.

Figure 47: BOS Grants as % of Education & Culture Budget 2006-2011, by Poverty Quintile



The Bottom-Line



4.1 What do the trends in sector financing mean for the education sector?

- 1. Strong real growth in national public expenditure for education in 2012.**
The GoI had particularly impressive growth in real and nominal terms in 2006 and 2009. Since 2009, growth in education expenditures had marginally outpaced inflation, but there was a plateau in the real increase of national funding for education. In 2012 we see the first significant increase in real terms for education funding.
- 2. Government commitment to meet a 20% target for education expenditure share of national budget has been met for the fourth year in a row.**
The national expenditures for education in 2012 met the 20% target. Unlike the previous three budget years, this has generated a large year-on-year increase in real funds available for education. Education has benefited from total national public revenues and expenditures which have grown at a significantly faster rate than inflation.
- 3. Average district level education expenditures across Indonesia have increased from 27% of the total district budget (APBD) in 2006 to nearly 35% share in 2012.**
- 4. Education expenditures at the district level rose from 31% in 2009 to 35% in 2012**
This demonstrates that districts have, on average, strengthened their commitment toward education spending during the period 2009-2012.
- 5. The lowest average share of budget allocation for education was found in Papua (16%) and Maluku island group (25%).**
While Maluku has shown growth since 2010, Papua has dropped again from an 18% education share of district budgets in 2010 to 16% in 2012. The island groups of Sulawesi, Kalimantan and Maluku went in the opposite direction and posted annual increases in the education share of district expenditures in 2012.
- 6. Nationally, there are 30 districts which allocated less than 15% of their total district budget (APBD) on education in 2012.**
Of the 30 districts spending less than 15% of their budget on education, 22 are in the poorest quintile, and 17 of these are found in Papua.
- 7. The poorest districts have consistently committed the lowest proportion of their budget towards education during the period 2006-2012 (average 31% in 2012).**
- 8. In 2012 nearly 100 districts (nearly 20%) posted a decline in their education budget.**
This is a marked deterioration from 2011, when only 22 districts posted a decline in their annual education budget allocation.
- 9. The problem of contracting education budgets is focused on Papua.**

Twenty of the 31 districts recording a decline in nominal annual district education expenditure are located in Papua.

10. ***Average district expenditure per student across the country grew but not as strongly as for 2011.***

Average education expenditure per student has grown to Rp. 3.1 million in 2012, from an average Rp. 2.8 million in 2011. Highest allocations per student are found in the poorest districts (quintile 5) at an average Rp. 3.4 million per student.

11. ***The most striking aspect of the breakdown of per student expenditure is that the Papua island group declines in the annual per student allocation for education in 2012.***

In Papua, per student allocations for education drop 12% from Rp. 6.26 million in 2011 to Rp. 5.48 million in 2012.

12. ***To achieve better learning outcomes across the poorest districts, the district governments in poorest districts will need to grow their education spending more quickly and drive a stronger 'equity slope' in education funding distribution.***

During the four year period 2008-2011, Indonesia displayed overall growth in per student expenditures, with a linear trend for greater expenditures in the poorest districts. In 2012 the slope of this equity spending was halted, with slower growth in the poorest districts.

13. ***In 2012, the BOS grants have increased as a proportion of the district education budget (up to 14%).***

This outcome is a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves. The per-pupil BOS allocation has increased from Rp 397,000 to Rp 580,000 per primary student and from Rp. 570,000 to Rp. 710,000 per junior secondary student per year in 2012.

14. ***There were six districts in 2012 that meet Critical Education Funding Status (CEFS) criteria compared to 2011 (2 districts), 2010(12 districts) and 2009 (16 districts).***

The CEFS diagnostic tool developed by the ASFR identifies districts that have (i) low expenditure per student, (ii) small education share of the district budget, and (iii) weak annual growth in their education budget.

Table 2: Progress against Key Indicators

INDICATOR	DESCRIPTION	LEVEL	RELATED GOAL	RESULT	COMMENT AND IMPLICATIONS
KPI 1 Share of public expenditure	Public expenditure on education as percentage of total public expenditure (covers MoEC and MoRA expenditure)	National	Government commitment	Positive	Comment: Significant growth in allocations as proportion of national expenditure, from 12% 2001 (12%) to 20% by 2012. Implications: Stable growth in education financing is positive for further investment.
KPI 2 Share of GDP	Public expenditure on education as percentage of GDP	National	Government commitment	Positive	Comment: Education expenditure, as a proportion of GDP, increased from 3.3% in 2011 to 3.5% in 2012.
KPI 3 Share of non-salary resources	% share of education budget spending on non-salary costs.	National	Quality	Positive	Comment: Non-salary share of expenditures in 2011 increased to 25% of total district level expenditures (up from 13% in 2010). Implications: Growth in budget is not being solely consumed by salaries. New budget allocations were especially strong for capital items.
KPI 4 National commitment to non-formal learning	Public expenditure on literacy and non-formal education (NFE) as percentage of public expenditure on education	National	Equity/access	Negative	Comment: NFE expenditure is approximately 1% of total expenditure for education. Implications: Key advantage of NFE is its cost-effectiveness; increased levels of investment are needed to maximise possible economic and social returns.
KPI 5 Commitment to basic education relative to national wealth	Public recurrent expenditure on basic education as percentage of all public education expenditure	National	Equity/access	Positive	Comment: In 2009 basic education accounted for approximately 56% of education expenditure. By contrast, less than 20% of MORA education expenditure was on basic education. Implications: It is unclear what has been driving the fluctuations in the basic education share of MoRA expenditures.
KPI 6 District commitment to education	Education as % of total public expenditures	District	Government commitment Equity/access	Neutral	Comment: The strong increase in the education share of district budgets in 2011 was reversed in 2012, with the education share dropping just over 1% from 36.7%. Implications: Some districts showing negative growth

INDICATOR	DESCRIPTION	LEVEL	RELATED GOAL	RESULT	COMMENT AND IMPLICATIONS
					should be monitored
KPI 7 Annual growth in spending in the poorest districts	Annual % change in public expenditures for education in lowest quintile districts compared to national % change in public expenditure for education	District	Equity/access	Negative	Comment: In 2012, 31 of the poorest districts experienced a contraction in their nominal education expenditure (before accounting for inflation). Implications: Nearly one third of poorest quintile districts (100) reduced their annual budget allocation for education in 2012
KPI 8 Average district expenditure per student	Public expenditure from APBD divided by total number of school students	District	Government commitment Quality	Positive	Comment: Average expenditure per student across the country grew in 2012 but not as strongly as for 2011. Implications: Some districts showing negative growth should be monitored
KPI 9 Actual education expenditure as % of planned expenditure	Realised APBD for education as % of planned APBD for education	District	Government commitment	Positive	Comment: Districts in 2007 (the last year for which verified data are available) managed to spend nearly 100% of their planned budget. This was a significant improvement on 2006 where only 91% of funds were spent nationally. Implications: Updated data are required to reach conclusions about possible changes in expenditure patterns
SPI 1 Discretionary school funds as % of total district school expenditure	Estimated BOS expenditure as % of total school expenditure	District	Quality	Positive	Comment: In 2012, the BOS grants increased as a proportion of the district education budget as a result of slower growth in the district education budget, and an increase in the value of the BOS grants themselves. Implications: Principals and school committees have greater than ever funds for discretionary spending at school level

4.2 What do the trends in sector financing mean for the Education Partnership?

Possible Impacts on the Sustainability of Benefits Stemming from EP Investments

1. At a macro level, there is solid evidence to suggest that the GoI will continue to invest heavily in education. This should flow through in its support for district budgets. National funding for the education sector is expected to remain strong. Adherence to a proportional budget allocation for education enhances the ability of the education sector to anticipate future allocations and plan accordingly by creating a more stable financing framework. The proportional allocation approach toward education financing enhances predictability and steady growth of the education budget in a growing economy.
2. School systems require a substantial share of non-salary related expenditures to (i) provide a full range of resources (apart from teachers) to schools, and (ii) maintain buildings and provide for additional capital and equipment needs. Most recent data show the average salary share of expenditures in districts had come down to 75% of total district level expenditures. In the context of the additional salary costs associated with the teacher certification process, this is a very positive achievement. However, some districts spend well in excess of this on salaries, leaving these districts with very little to spend on PD or maintenance of school buildings.
3. There are 18 EP districts that contributed less than the 20% national target for education, which is considerably lower than the national average of 35% for education in 2012. This low share of funding for education in specific districts may threaten the sustainability of EP investments in the future.
4. One recurring concern is that some districts with the highest poverty rates are persistently allocating a significantly smaller share (less than 15%) of resources for education than the national average (35%). This low commitment from some of the poorest districts makes it harder for them to catch up on educational development. It also indicates which districts may have further scope to grow their education budget and cover the cost associated with PD and the maintenance of new school buildings as might be funded under the EP.
5. Papua and Maluku stand out as two provinces that spend the least for education as a proportion of total district funds. Papua in particular stands out because on average it experienced a decline in expenditure per student in 2012 compared to 2011. There is scope to increase education funding in these areas to cover the additional but modest recurrent costs associated with the EP investments.
6. Most EP districts are showing growth in per student allocations for education. This provides a good financial base for further improvements. However in 2012, nearly 100 districts (of which 59 were EP districts) contracted their education budget compared to the previous year. There will be good and sound reasons for this in many cases, but where it reflects a shifting priority away from education it may jeopardize the ability of districts to meet future financial commitments to PD and building maintenance.

7. Growing BOS funds provide much needed discretionary funds to schools. The challenge for government will be to put in place the appropriate training, monitoring and support to enable the effective use of these funds as well as identifying the inevitable instances where these funds are not properly expended or adequately reported.

Implications for the EP Management: Risks and Opportunities

As the previous section would suggest, the evolving context poses several risks to the aspirations of the EP. The four most significant and realistic risks are captured in Table xx, below.

Table 3: Possible Risks Affecting the EP

#	FINDING	POSSIBLE CONSEQUENCES FOR THE EP
RA1	Some EP districts (including some with the highest poverty rates) are persistently allocating a very low share of their resources to education.	This low commitment may threaten districts’ ability to sustain recurrent expenditures associated with EP investments.
RA2	Papua (and to a lesser extent Maluku) have many districts performing badly on numerous financing indicators.	EP investments in these two provinces run the risk of losing effectiveness if they are not supported by district financial commitment.
RA3	In 2012, 59 EP districts contracted their education budget compared to the previous year. This may continue into the future.	Where this reflects a shifting priority away from education it may jeopardise the ability of districts to meet future financial commitments to professional development and building maintenance.

Next steps

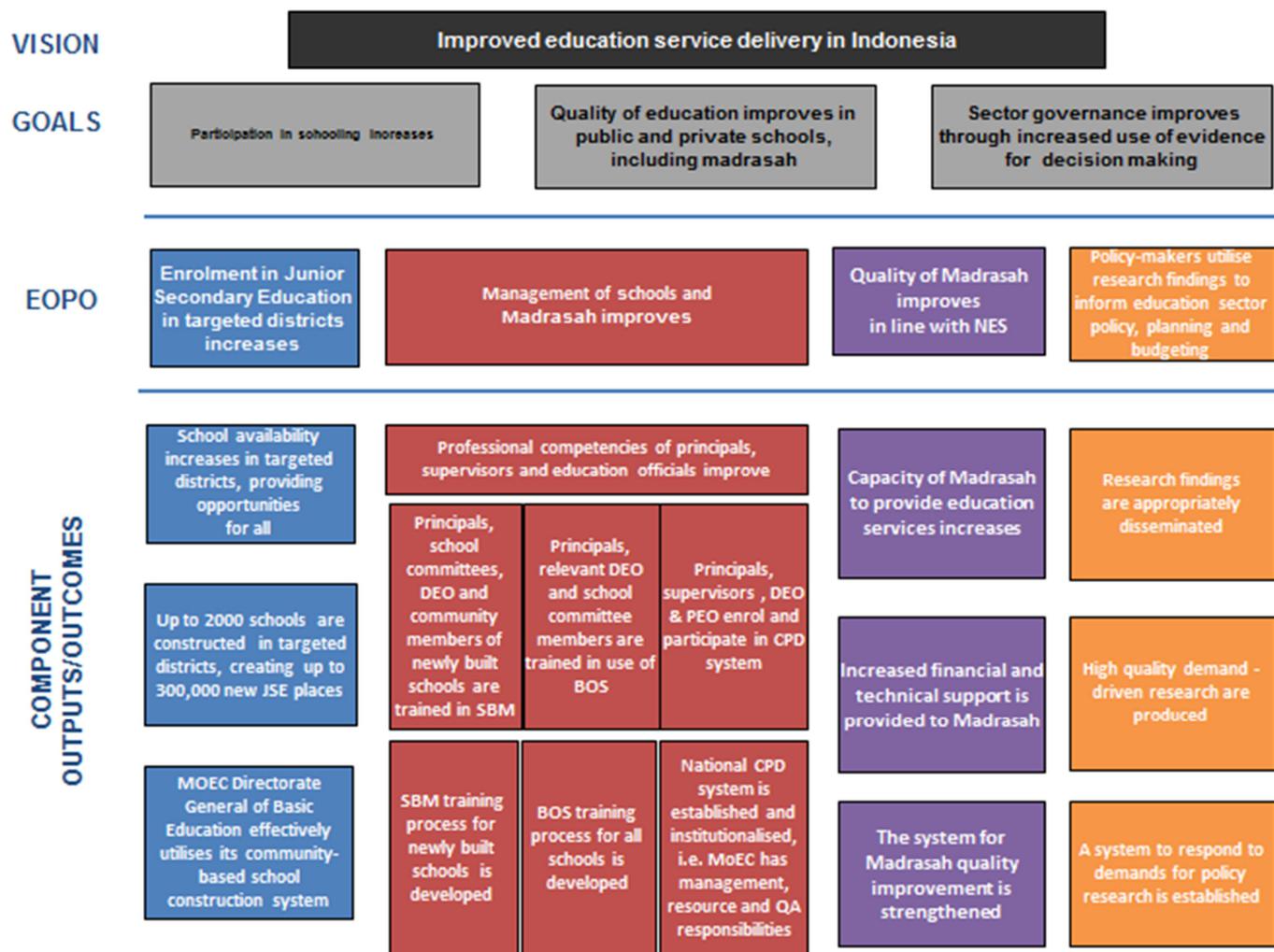


5 NEXT STEPS

SUGGESTED NEXT STEPS (AND LEVEL OF URGENCY)	PRIME RESPONSIBILITY
NS1: EP districts which have very small share of total district budget allocated for education should be monitored and engaged in a dialogue to understand current allocations and future plans (**).	POM, with DFAT's approval
NS2: Focus diagnostic and policy response efforts on the Papua and Maluku island groups to understand the factors driving (i) low education share of district budgets, (ii) the average decline in budget allocations in 2012 compared to 2011 (**).	DFAT (with POM, where appropriate)
NS3: Engage in dialogue with a sample of EP districts that reduced their 2012 education budget allocations compared to 2011. Detailed diagnostics on (i) poorest EP districts that had an annual reduction in their 2012 Budget, and (ii) districts with annual drop greater than 10%. Diagnoses to understand reasons for drop and monitor change in allocations in 2013 and 2014 district budgets (**).	MOEC and POM (with DFAT's approval)
NS4: Liaise with MoEC and other central agencies so as promote the introduction of district report cards on education. These report cards should be produced on annual basis and include key educational development and financial indicators (*).	DFAT

*NB: Red - high urgency; orange - medium urgency (**); green – low urgency (*)*

Annex A - EP LOGIC ARCHITECTURE



Annex B – Statistical Table Related to EP Districts

COMPONENT 1: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
Bali dan Nusa Tenggara	Belu	3.06	45%	37%	316,685
	Flores Timur	4.55	44%	24%	277,521
	Kupang	4.00	37%	11%	286,757
	Lombok Tengah	2.66	51%	0%	505,807
	Sabu Raijua	6.30	37%	35%	126,207
	Sumba Barat	1.16	19%	-43%	43,353
	Sumba Barat Daya	1.75	37%	18%	159,586
	Sumba Timur	3.00	36%	8%	218,650
	Sumbawa	3.40	39%	1%	314,925
Jawa	Bandung	2.10	50%	-2%	1,313,527
	Bandung Barat	1.86	45%	4%	604,077
	Bangkalan	2.39	42%	-7%	508,449
	Batang	3.64	51%	27%	470,784
	Bekasi	1.53	33%	28%	805,877
	Cianjur	1.66	47%	-10%	795,934
	Garut	2.12	53%	7%	1,221,553
	Grobogan	2.40	50%	-1%	635,214
	Indramayu	2.53	51%	9%	877,127
	Kebumen	2.80	52%	2%	723,605
	Kediri	3.08	49%	19%	755,409
	Lebak	2.01	49%	-4%	595,738
	Pasuruan	2.60	44%	4%	701,494
	Ponorogo	4.18	50%	-3%	620,269
	Probolinggo	2.70	43%	13%	550,374
	Purwakarta	2.26	39%	-8%	426,055
	Situbondo	3.82	45%	15%	440,419
	Tangerang	1.19	30%	-6%	732,582
	Tuban	3.17	45%	4%	602,511
Kalimantan	Balangan	7.21	29%	12%	181,665
	Barito Kuala				
	Barito Timur	7.48	29%	22%	160,630
	Bengkayang	3.15	32%	-7%	176,345
	Bulungan	10.92	20%	16%	308,660
	Kapuas Hulu	4.78	28%	16%	250,022
	Ketapang	2.91	28%	-8%	287,101
	Landak	2.95	38%	13%	271,312
	Malinau	15.30	14%	42%	269,389
	Sekadau	4.22	37%	25%	183,515
Sukamara	9.04	21%	22%	94,661	

COMPONENT 1: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
Maluku	Buru	4.21	31%	-5%	135,219
	Buru Selatan	3.90	20%	8%	66,940
	Maluku Tengah	4.38	52%	5%	466,427
Sulawesi	Banggai	3.60	38%	17%	287,854
	Banggai Kepulauan	4.08	35%	34%	192,422
	Bolaang Mongondow	3.81	34%	13%	184,391
	Bolaang Mongondow Selatan	6.55	26%	33%	84,224
	Bolaang Mongondow Timur	5.65	23%	-24%	68,301
	Bulukumba	4.02	50%	5%	361,992
	Buton	2.49	38%	0%	203,226
	Kepulauan Sangihe	8.90	40%	31%	224,250
	Kota Bitung	3.65	30%	13%	156,191
	Luwu	2.68	40%	13%	250,366
	Luwu Utara	3.34	37%	36%	259,703
	Mamasa	5.85	35%	17%	159,008
	Mamuju Utara	3.12	16%	8%	71,030
	Muna	3.66	41%	-12%	300,546
	Pinrang	3.52	43%	19%	298,655
Poso	6.58	43%	52%	309,403	
Sumatera	Batubara	2.60	38%	10%	249,587
	Bintan	5.73	21%	15%	171,999
	Dairi	3.01	42%	19%	250,172
	Empat Lawang	2.28	22%	-7%	119,268
	Humbang Hasundutan	4.00	42%	14%	222,765
	Indragiri Hulu	3.62	33%	7%	325,311
	Karo	4.37	45%	4%	369,862
	Kepahiang	4.29	29%	6%	122,821
	Kota Payakumbuh	4.69	35%	28%	169,677
	Labuhanbatu	1.85	40%	14%	282,371
	Lampung Selatan	2.56	49%	20%	517,572
	Lampung Tengah	3.25	66%	9%	778,763
	Lampung Utara	2.57	61%	-8%	358,805
	Mandailing Natal	2.61	45%	2%	305,352
	Merangin	3.33	34%	14%	266,775
	Muara Enim	2.92	36%	7%	491,545
	Muaro Jambi	3.77	34%	1%	261,520
Musi Banyuasin	4.36	23%	6%	565,038	

COMPONENT 1: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Nias Selatan	2.35	39%	9%	237,942
	Nias Utara	2.03	25%	-32%	81,266
	Ogan Komering Ilir	2.97	37%	11%	462,206
	OKU Selatan	2.50	28%	-3%	175,903
	Pasaman Barat	3.18	43%	18%	295,775
	Sarolangun	4.62	32%	23%	282,089
	Seluma	4.43	37%	8%	179,084
	Simalungun	3.65	51%	23%	714,191
	Tanggamus	3.03	43%	13%	368,257
	Tanjung Jabung Barat	3.67	26%	9%	230,571
	Tapanuli Selatan	3.37	34%	2%	241,005
	Tapanuli Tengah	2.85	38%	-9%	240,214
	Toba Samosir	4.63	43%	35%	248,701
Tulang Bawang	1.83	25%	11%	167,358	

COMPONENT 2: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
Bali dan Nusa Tenggara	Badung	4.19	22%	28%	449,683
	Bangli	4.83	34%	-4%	200,862
	Gianyar	4.62	43%	10%	428,140
	Jembrana				
	Klungkung	6.35	40%	13%	234,932
	Kota Bima	5.07	42%	18%	199,968
	Kota Denpasar	2.30	30%	3%	367,497
	Lombok Barat	2.23	8%	10%	324,303
	Sumba Tengah	4.40	24%	13%	86,333
Jawa	Bantul	4.57	53%	47%	634,363
	Banyumas	3.13	51%	8%	909,646
	Banyuwangi	2.77	47%	137%	816,842
	Bojonegoro	3.43	44%	8%	735,958
	Cilacap	2.26	47%	29%	796,468
	Demak	2.54	47%	12%	556,295
	Gresik	2.29	35%	11%	516,099
	GunungKidul	5.41	57%	10%	618,102
	Jombang	2.23	46%	10%	587,419

COMPONENT 2: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Karanganyar	4.27	51%	20%	601,620
	Kendal	3.08	48%	11%	561,553
	Kota Banjar	3.16	30%	10%	128,119
	Kota Batu	4.12	31%	12%	149,539
	Kota Bekasi	1.65	31%	0%	738,032
	Kota Cimahi	3.12	37%	26%	338,419
	Kota Depok	1.33	26%	6%	403,762
	Kota Jakarta Barat				
	Kota Jakarta Selatan				
	Kota Jakarta Timur				
	Kota Jakarta Utara				
	Kota Madiun	4.85	42%	18%	254,106
	Kota Magelang	5.05	37%	508%	207,933
	Kota Sukabumi	2.86	32%	335%	215,661
	Kota Surakarta	3.55	45%	10%	535,444
	Kota Tangerang	2.07	35%	9%	732,334
	Kota Tasikmalaya	2.25	39%	8%	327,739
	Kota Tegal	3.61	37%	38%	224,961
	Kota Yogyakarta	3.12	37%	10%	342,630
	Kulon Progo	5.42	51%	13%	422,278
	Lumajang	3.09	47%	-3%	544,505
	Madiun	4.82	49%	6%	504,110
	Magelang	3.86	58%	22%	791,133
	Malang	1.82	35%	-7%	752,250
	Ngawi	3.94	51%	562%	562,406
	Pati	3.14	47%	22%	705,089
	Pekalongan	3.04	51%	17%	535,831
	Purbalingga	3.51	54%	21%	597,521
	Purworejo	4.27	55%	11%	610,358
	Semarang	2.81	42%	5%	460,943
	Serang	1.94	41%	24%	615,141
	Sidoarjo	2.28	36%	11%	787,519
	Sleman	4.00	47%	43%	676,502
	Sragen	3.96	55%	15%	672,156
	Sukoharjo	3.95	50%	7%	552,034
	Sumedang	3.26	48%	10%	680,327
	Tegal	2.18	49%	3%	642,077
Kalimantan	Barito Selatan	6.33	31%	35%	199,065
	Berau	8.60	22%	26%	365,155

COMPONENT 2: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Gunung Mas	6.65	30%	-2%	170,678
	Hulu Sungai Selatan	6.77	44%	16%	284,572
	Hulu Sungai Utara	5.57	35%	0%	255,689
	Kota Balikpapan	3.55	23%	3%	427,360
	Kota Banjarbaru	4.12	33%	16%	179,475
	Kota Banjarmasin	3.30	40%	11%	430,336
	Kota Bontang	7.99	22%	-27%	288,848
	Kota PalangkaRaya	5.66	45%	7%	297,085
	Kota Pontianak	2.74	37%	10%	378,726
	Kota Samarinda	3.47	28%	-12%	550,786
	Kota Tarakan	8.71	23%	135%	350,937
	Kotabaru	4.52	26%	19%	280,564
	Kotawaringin Timur	3.42	34%	26%	297,149
	Kutai Barat	4.15	11%	3%	176,103
	Kutai Kartanegara	8.36	24%	19%	1,204,014
	Penajam Paser Utara	9.36	20%	29%	306,305
	Pulang Pisau	7.20	37%	21%	201,049
	Tabalong	4.56	24%	-14%	224,523
	Tanah Laut	5.25	35%	33%	314,047
	Tapin	6.73	30%	21%	235,181
Maluku	Halmahera Barat	3.60	24%	61%	111,256
	Halmahera Utara	1.30	12%	-3%	67,148
	Kepulauan Aru	4.40	25%	41%	114,855
	Kepulauan Sula	2.06	15%	4%	96,858
	Kota Ambon	5.00	55%	15%	391,943
	Kota Ternate	4.70	34%	7%	202,286
	Kota Tidore Kepulauan	6.73	34%	31%	167,747
	Kota Tual	3.00	14%	-30%	49,489
	Maluku Tenggara	2.46	16%	-3%	75,344
	Seram Bagian Barat	3.26	37%	11%	181,257
Papua	Fakfak	6.42	18%	-1%	126,136
	Kota Jayapura	3.89	33%	11%	252,246
	Manokwari	4.13	26%	-5%	227,788
	Sorong	5.69	20%	13%	151,971
	Sorong Selatan	7.11	16%	-2%	91,023
Sulawesi	Barru	5.77	47%	8%	233,105
	Bone Bolango	6.17	42%	32%	194,191
	Gowa	2.64	47%	18%	394,090
	Kepulauan Selayar	4.83	29%	7%	135,390

COMPONENT 2: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Kepulauan Talaud	6.91	29%	1%	134,180
	Kota Gorontalo	5.13	40%	13%	228,613
	Kota Kendari	4.56	37%	32%	326,828
	Kota Palu	4.56	46%	18%	348,282
	Kota Tomohon	4.61	26%	8%	99,158
	Minahasa Utara	5.41	40%	69%	211,621
	Sidenreng Rappang	4.81	44%	8%	286,163
	Soppeng	6.32	48%	28%	307,144
	Wakatobi	4.96	33%	14%	142,923
Sumatera	Aceh Barat Daya	4.43	28%	17%	145,815
	Aceh Jaya	7.87	30%	6%	134,124
	Aceh Selatan	3.65	30%	-4%	188,944
	Aceh Singkil	3.30	25%	7%	100,066
	Aceh Tenggara	3.12	30%	8%	168,960
	Belitung	5.14	27%	11%	168,020
	Bengkalis	3.50	13%	-39%	489,789
	Bengkulu Selatan	5.50	37%	2%	206,078
	Kota Banda Aceh	5.99	42%	39%	332,980
	Kota Bengkulu	3.42	42%	5%	265,456
	Kota Binjai	3.41	37%	25%	243,864
	Kota Dumai	3.82	26%	9%	234,915
	Kota Langsa	3.72	39%	9%	156,589
	Kota Lhokseumawe	3.74	30%	15%	171,635
	Kota Lubuk linggau	3.45	32%	17%	180,469
	Kota Medan	2.02	29%	25%	1,101,600
	Kota Metro	4.70	39%	19%	208,597
	Kota Padang	3.52	45%	13%	662,785
	Kota Palembang	3.15	53%	31%	1,058,144
	Kota PangkalPinang	3.88	29%	6%	158,443
	Kota Pariaman	6.02	38%	2%	161,027
	Kota Sabang	15.50	27%	10%	110,626
	Kota Subulussalam	3.46	27%	8%	84,088
	Kota Tanjung Pinang	4.31	24%	10%	184,661
	Lima Puluh Kota	5.12	48%	5%	374,457
	Nagan Raya	6.42	37%	8%	199,983
	Ogan Ilir	3.34	34%	2%	286,299
Pesisir Selatan	3.91	52%	19%	443,278	
Samosir	4.69	38%	1%	167,907	
Sijunjung	4.94	38%	4%	238,223	

COMPONENT 2: 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Simeulue	5.41	32%	26%	129,278
	Tanah Datar	4.53	48%	11%	342,207
	Tapanuli Utara	3.64	45%	0%	313,278

COMPONENT 1 AND 2 (DISTRICTS WITH BOTH) : 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
Bali dan Nusa Tenggara	Alor	4.17	36%	15%	216,410
	Bima	3.22	46%	10%	402,789
	Buleleng	4.42	50%	2%	581,071
	Ende	4.56	47%	42%	319,529
	KarangAsem	4.79	42%	2%	411,667
	Kota Kupang	2.90	38%	7%	234,327
	Lembata	4.03	29%	-4%	122,098
	Lombok Timur	2.45	49%	13%	625,105
	Lombok Utara	2.77	26%	-8%	106,684
	Manggarai	2.54	40%	22%	225,815
	Manggarai Timur	2.34	38%	43%	191,965
	Nagekeo	4.06	35%	38%	144,312
	Ngada	2.94	26%	-11%	109,930
	Rote Ndao	4.08	32%	1%	124,297
	Sikka	2.93	34%	9%	213,090
	Sumbawa Barat	5.59	24%	-5%	144,755
	Tabanan	5.83	42%	10%	423,184
	Timor Tengah Selatan	2.62	43%	4%	320,882
	Timor Tengah Utara	2.92	34%	10%	201,825
Jawa	Blitar	4.27	56%	15%	771,255
	Bogor	1.11	34%	-12%	1,132,804
	Bondowoso	3.50	45%	28%	443,122
	Brebes	2.27	50%	4%	783,166
	Ciamis	2.89	58%	1%	845,289
	Cirebon	2.07	44%	-1%	886,234
	Kota Malang	2.86	41%	19%	512,812
	Nganjuk	2.80	45%	-2%	549,303
	Pacitan	5.09	52%	12%	466,943
	Pandeglang	2.31	54%	19%	673,846

COMPONENT 1 AND 2 (DISTRICTS WITH BOTH) : 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Sukabumi	1.77	48%	10%	897,862
	Tasikmalaya	2.17	53%	-2%	756,466
	Wonogiri	4.73	57%	12%	761,471
Kalimantan	Banjar	4.35	41%	27%	397,411
	Kapuas	4.63	38%	18%	372,570
	Katingan	5.22	23%	3%	178,431
	Kayong Utara	5.07	26%	7%	117,324
	Kota Singkawang	3.77	34%	3%	185,154
	Kotawaringin Barat	3.51	26%	16%	183,317
	Kubu Raya	3.09	42%	4%	350,530
	Kutai Timur	7.24	16%	14%	441,151
	Lamandau	6.92	20%	22%	105,383
	Melawi	3.63	29%	9%	165,689
	Murung Raya	5.70	22%	-4%	160,248
	Paser	6.44	23%	11%	338,351
	Pontianak	4.01	40%	16%	216,721
	Sambas	3.37	43%	0%	390,117
	Sanggau	3.99	40%	6%	357,047
	Seruyan	3.87	16%	-2%	114,662
	Sintang	3.37	33%	4%	308,447
	Tanah Bumbu	3.68	25%	-2%	214,034
Sulawesi	Bantaeng	3.73	34%	-6%	155,714
	Boalemo	4.41	34%	5%	142,780
	Bombana	4.12	30%	48%	154,926
	Bone	3.11	41%	81%	493,643
	Buton Utara	4.82	24%	27%	95,722
	Donggala	3.65	42%	11%	281,470
	Enrekang	3.78	36%	-9%	198,598
	Gorontalo	3.64	47%	5%	303,803
	Jeneponto	2.78	36%	-2%	237,760
	Konawe Utara	5.42	21%	-4%	96,532
	Luwu Timur	3.19	27%	23%	193,839
	Majene	7.48	39%	11%	186,229
	Mamuju	3.13	39%	11%	186,586
	Maros	3.07	35%	-2%	226,796
	Minahasa Selatan	4.04	39%	15%	184,201
	Morowali	4.52	30%	26%	229,170
	Pangkajene Kepulauan	4.65	46%	13%	337,959
	Parigi Moutong	2.36	34%	23%	232,396

COMPONENT 1 AND 2 (DISTRICTS WITH BOTH) : 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Pohuwato	4.90	33%	32%	153,330
	Polewali Mandar	5.47	50%	15%	326,636
	Sigi	5.24	40%	34%	230,435
	Sinjai	4.67	50%	17%	281,268
	Tana Toraja	2.99	33%	35%	203,550
	Tolitoli	3.43	33%	11%	184,851
	Wajo	4.06	34%	25%	298,791
Sumatera	Aceh Barat	5.83	46%	26%	251,263
	Aceh Besar	4.74	41%	12%	316,403
	Aceh Tamiang	3.59	38%	11%	225,338
	Aceh Tengah	5.33	39%	23%	240,132
	Aceh Timur	2.56	32%	2%	239,209
	Aceh Utara	2.58	32%	-9%	352,908
	Bangka	3.79	32%	12%	226,523
	Bangka Barat	4.17	30%	17%	152,231
	Bangka Selatan	4.04	26%	12%	141,091
	Bangka Tengah	4.33	27%	55%	135,324
	BanyuAsin	3.24	42%	17%	473,570
	Belitung Timur	7.27	25%	6%	151,749
	Bener Meriah	4.60	33%	0%	155,391
	Bengkulu Utara	3.25	33%	9%	200,918
	Bireuen	3.90	44%	7%	369,076
	Deli Serdang	2.44	45%	22%	913,822
	DharmasRaya	4.14	35%	2%	174,371
	Gayo Lues	5.14	23%	32%	114,061
	Kampar	4.16	39%	9%	663,704
	Kaur	4.86	30%	18%	126,676
	Kerinci	4.42	33%	-1%	234,105
	Kota Batam	2.62	29%	2%	404,749
	Kuantan Singingi	4.28	30%	-2%	296,275
	Mukomuko	3.65	24%	7%	144,264
	Ogan Komering Ulu	3.18	29%	21%	245,003
	Padang Pariaman	4.52	55%	4%	445,973
	Pelalawan	4.10	20%	22%	271,561
	Pidie	2.55	59%	-26%	254,262
	Pidie Jaya	3.90	34%	9%	137,336
	Pringsewu	5.15	56%	42%	418,422
Rejang Lebong	3.71	36%	36%	222,888	
Rokan Hulu	2.68	25%	13%	296,904	

COMPONENT 1 AND 2 (DISTRICTS WITH BOTH) : 2012					
Island	District	Education Expenditure per All Students (Rp. Million)	Education Share of District Budget	Education Budget Annual Growth	District Education Budget (APBD) (Rp. Million)
	Serdang Bedagai	2.81	46%	10%	386,287
	Solok	4.24	47%	4%	349,535
	Tebo	3.36	37%	20%	237,203

Australia's Education Partnership with Indonesia
Education Partnership Performance Oversight and Monitoring

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