

Decentralization in Indonesia: The Possible Impact on Education (Schooling) and Human Resource Development for Local Regions

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Decentralization in Indonesia that started in 1999 through fiscal decentralization has brought about various impact to the local and central government relationship. In terms of financing, the local government with rich natural-resources seem to have little objection for the fiscal decentralization arrangement, since their budget allocation would increase in absolute or relative term.

However for local government with limited tax base (usually in the rural areas) and only small amount of natural resource available, seems to face difficulties in coping with decentralization.

In the field of education, since decentralization, education will be under the responsible of Local Government, the burden of local government now is being add by the obligation to finance educational expenditures. For example, teacher's salary would be included into the local government budget, previously handled by the central government.

This paper will try to explore the impact of decentralization on the education sector in local regions and to further explore the likely impact on human resource development in the local level.

Introduction

The regional decentralization started in 1999 in Indonesia occurred in the background of political and economical instability. The background of the released of Law no 22 and 25/1999 is important in understanding the context of the decentralization process.

In theory, it is stated that 'good' decentralization process should be timely and sequenced properly¹, the policy sequencing is important to make decentralization 'work' or effective. The tern 'good' and 'workable' decentralization refers to the ideas and goals of decentralization and the respective laws or policies to implement them.

Many literatures have stated the ideal goals or objectives of decentralization. To quote one of them, the main goal of decentralization is to make government performs better, especially in the level of regional government. The main goal is to make government that is more honest, efficient, and responsive at providing basic public services to their citizens². It assumes that the structure of government would determine the quality of governance.³

¹ Bahl (2003) mention that an ideal procedure would begin with (1) a more or less clear statement of goals and objectives, (2) a substantial analytic work to evaluate how and why the present system doesn't adequately meet the goals and objectives, (3) a written document (sometimes called a "white paper") setting out a plan or strategy for decentralization, (4) the legislation to restructure government relationships, and (5) the implementing regulations. These steps are merely a text-book framework of standard policy making framework.

² It is argued that decentralization can increase the efficiency and responsiveness of government (Oates 1972). According to this argument, devolving resource allocation decisions to locally elected leaders can improve the match between the mix of services produced by the public sector and the preferences of the local population.

³ Treisman (2000).

Bahl (2003) mention several key characteristics can be used to identify countries that are likely to decentralize, which are⁴:

1. Geographically, they tend to be large in population as well as in land area; and they tend to be diverse in terms of culture and religion.
2. Countries that decentralize also tend to be relatively wealthy: the higher the income, the more likely a country is to decentralize.
3. A country that faces a substantial risk of civil unrest (or, alternatively, risk of war with its neighbors) will not decentralize so readily.

It must be remembered though, that as we speak of ‘government’, it refers to three tiers of government in the Indonesian context, the central, the provincial and the local (kabupaten) government. As such, decentralization actually could bring different impacts to different tiers of government and society.

Decentralization, on the other hand, could also be referred to many concepts. Bird (1993: 208) described decentralization as “whatever the person using the term wants to mean”⁵. The Law No 22/1999 and 25/1999 in Indonesia, divide decentralization into two categories, Law 22 concerns administrative decentralization, while Law 25 concerns financial administration.

In terms of financing, the local government with rich natural-resources seem to have little objection for the fiscal decentralization arrangement, since their budget allocation would increase in absolute or relative term. However for local government with limited tax base (usually in the rural areas) and only small amount of natural resource available, seems to face difficulties in coping with decentralization.

In the field of education or schooling, since decentralization, education will be under the responsible of Local Government, the burden of local government now is being add by the obligation to finance educational expenditures. For example, teacher’s salary would be included into the local government budget, previously handled by the central government.

This paper will try to explore the impact of decentralization on the education sector in local regions and to further explore the likely impact on human resource development in the local level.

2. Decentralization in Indonesia: Good or Bad?

There are many evidences that are contradictory in assessing the effect of decentralization. In theory, decentralization should bring good for the people, and also to the government.

By bringing the government closer to the people, the government could be ‘forced’ to be more responsive, accountable, competitive in meetings people demand and in utilizing the people’s fund collected through taxes.⁶

⁴ Bahl (2001).

⁵ In Osoro (2003).

⁶ Because local officials have better knowledge of local conditions and are more accessible to their constituents, they have the means and the incentive to be responsive. Decentralization, according to this argument, may also improve the management of public services since, through sheer proximity, local officials can be held more accountable for their performance (Ostrom, Schroeder, and Wynne 1993).

On the other hand, decentralization could bring coordination, disintegration, and equity failures and problems.⁷ Decentralization even could lead to more corruption as additional rules and regulations set at the local government could increase the costs of doing business and also as the elusiveness of responsibilities among different levels of government could reduced accountability.⁸

It is obvious that the final result of decentralization would be highly dependant on the way decentralization was structured and planned⁹, and the way it was implemented by the government and the way it is perceived by the people.

The outcome of decentralization is highly dependent on the political settings in which it is implemented. Successful implementation of decentralization is mostly a function of the existing institutions. Institutional development aimed at better governance, better implementation for fiscal decentralization and other policies, will take years if not decades, to complete.¹⁰ To add more complexity to the matter, such institutions cannot be imported and must be built domestically.¹¹

To partially conclude, what are crucial in decentralization are two things. It is the importance of accountability: the need to clearly differentiate who is responsible for what. But accountability is not enough. Those who are accountable must also have the needed authority to deliver results. This means not only the legal authority to make decisions, but also the financial and human resources to carry them out.

Indonesia has a wide variety of religions, ethnic groups and languages. Decentralization had often been considered as a means of governing this diversity in Indonesia.

The next section will try to describe the nature of policy environment in Indonesia and the role of the state in Indonesia's development experience.

2.1. The Policy Actors and Environment

Public Policies are not made in a vacuum, it is made in some sort of policy subsystems consisting of actors dealing with a public problems. How some policy is actually chosen and implemented is a complicated process involving many actors, in which some of them have more roles to play while others are only marginally involved. The

⁷ There are downside risks to decentralization. First, of course, is the risk that service delivery could decline. Granting political autonomy to local governments does not guarantee an improvement in public services. There is, to start with, a risk of capture by local political elites. Transferring decision-making power from central government administrators to local elites may worsen the quality of services, at least for the majority of constituents. Questions have also been raised about the technical capabilities of local government staff.

⁸ While the evidence to date does not point definitively in either direction, it is clear that there has been an increase in the variance of public service performance. Centralized ministries were capable of delivering a fairly standardized level of services nationwide. Decentralization has improved services in some jurisdictions and worsened it in others.

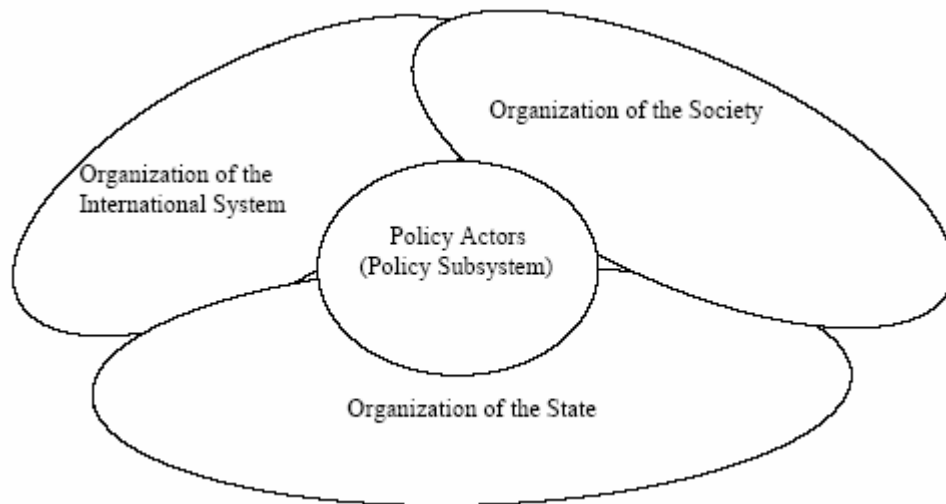
⁹ Concern with these risks has prompted some Latin American and Caribbean countries to favor slow, incremental, or partial decentralization. This has taken the form of micromonitored earmarking (as for example, in the Mexican approach to sector decentralization or the Colombian government's requirement that provincial and local governments be "certified" before assuming responsibility for education or health).

¹⁰ Ginting and Ananda (...).

¹¹ Osoro (2003).

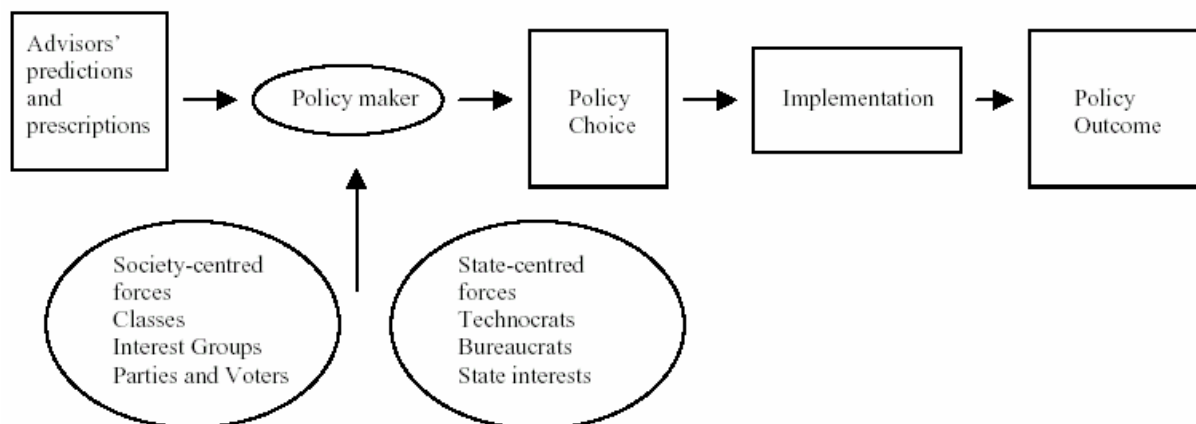
relationships between these actors in policy making arena largely depend on their institutional basis and setting, their interests and efforts. This policy arena, or sometimes refer to as 'policy subsystems' are forums where actors discuss policy issues, persuade and bargain in pursuit of their interests; and during the course of their interaction with the other actors, they often give up or modify their objectives in return for concessions from other members of the subsystem. Howlett describes the actors and institutions in the policy process as follows. As figure 1 suggest, the policy process is a complicated and non-linear in nature. Many actors and various issues are involved in the policy making process. Sutton (1999) provides a more detailed description of the policy process in Figure 2.

Figure 1
Actors and Institutions in the Policy Process



Source: Howlett, M. (1995).

Figure 2.
Interests in the policy formation process



Source: Sutton (1999) from Keeley (1997) adapted from Meier (1991).

In Indonesian context, we could spell out the three most important policy actors that have a large say in how the policies were shaped. Firstly of course, is the President. The Presidential system in Indonesia has provided the President with a large political resources that determine the final outcome of the policy process. The executive branch in Indonesia, especially the president, monopolized power, leading to arbitrary conduct of politics. The second is the policy elites. By policy elites we refer to the ministers or technocrats that were involved in designing the policy structures and alternatives.

The third actor is the so-called indigenous, or the public at large. However, since it would be difficult to capture and to determine the cohesive position of the general public, we would instead use the middle-class to represent the general public. In effect we actually have imposed a strong assumption that the views and opinions of the middle-class will always resemble those in the public sphere. This limitation is acknowledged, but to the extent that the middle class is 'partially' autonomous, the public opinion is more likely to be represented by this group instead of the two other actors (the president and the policy elites).

Actually there are two other main actors that have significant role to play in the policy process. One is the international actors, such as the World Bank, IMF, etc. The other one is Business Interest Group, either the indigenous business group (usually represented by The Indonesian Chambers of Commerce-KADIN) or the Chinese faction (represented by Liem Sioe Liong in the 1990s). But the interests of these groups actually have been embedded in the domestic policy actors, either represented by the technocrats or by the bureaucrats.

2.2. Policy Making Ideology in Indonesia

As a relatively young country that gain independence in 1945 (most European or western countries would say that Indonesian gain independence only in 1950), the national government is faced by the high poverty level that is being felt mostly by indigenous people of Indonesia. In its preamble of the 1945 constitution indeed the goals of the Indonesian Nation is stated as:

...to form a government of the state of Indonesia which shall protect all the people of Indonesia and their entire native land, and in order to improve the public welfare, to advance the intellectual life of the people and to contribute to the establishment of a world order...¹²

So the goal of 'public welfare' has been embedded in the nation's ideology and the government should have pursued this goal accordingly. The goal of public welfare is stated more specifically in Article 33 (under Chapter XIV: Social Welfare) item 2 and 3 that stated:

2. Sectors of production which are important for the country and affect the life of the people shall be controlled by the state.
3. The land, the waters and the natural riches contained therein shall be controlled by the State and exploited to the greatest benefit of the people.

¹² Department of Asian Studies, University of Texas, <http://inic.utexas.edu/asnic/countries/indonesia/ConstIndonesia.html>

In addition, Article 34 stated that the poor and destitute children shall be cared for by the State. The article 33 clearly mention that any sectors of production that are important for the country and affecting the lives of the general public should be controlled by the state and to be exploited to the greatest benefit of the people. This is actually the legal foundation for establishing PERTAMINA¹³, the Indonesian State Oil Company that manage the oil resources of Indonesia. With a vast oil resources and a supported by the increase of oil prices, PERTAMINA actually provided Soeharto with vast amount of capital that cold have been invested to further accelerate economic growth.¹⁴

The basic ideology of the Indonesian economy is supposedly ‘family system’ as it mention in the 1945 constitution¹⁵ in Article 33 item 1:

The economy shall be organized as a common endeavor based upon the principles of the family system¹⁶.

The capitalist development path that is being taken by Indonesia is actually not even mentioned in the Indonesian constitution. On the contrary, the 1945 Indonesian constitution actually opposes the notion of capitalism (by proposing a system called “Economic Democracy”) as Swasono (1995) states “The welfare of the society should be emphasized, and not individual welfare. As such the economy should be built as a joint effort based on ‘azas kekeluargaan’(family system). The structure of company that suitable then is cooperative (koperasi).”¹⁷

The reason why capitalism was chosen is probably because it could satisfy the state interest more. The ideology of policy making in Indonesia is basically state-driven, providing the state with a massive control over the country’s resources and over its society. As such there is a tendency that some kind of a ‘centralized’ system is likely to occur, pushed by the need to maintain independence and integration or national unity, and also by some ‘predatory’ instinct of the state (political elites) to gain individual benefits over the country’s resources. This tendency also happened in other Southeast Asian countries. In the next section we will provide a broad overview on the paradigm of developmental state in Asia and the benefits and shortcomings that comes with it.

¹³ Pertamina was established in 1968 as a merger of Permina and two other firms. Its director, General Ibnu Sutowo, a hardy survivor of the transition from Guided Democracy to New Order who had been director of Permina, embarked on an ambitious investment program that included purchase of oil tankers and construction of P.T. Krakatau, a steel complex. In the mid-1970s, however, it was discovered that he had brought the firm to the brink of bankruptcy and accrued a debt totaling US\$10 billion. In 1976 he was forced to resign, but his activities had severely damaged the credibility of Indonesian economic policy in the eyes of foreign creditors. (The Library of Congress, Country Studies Data as of November 1992) <<http://www.indonesiaphoto.com/article237.html> >

¹⁴ Sangkoyo (2003).

¹⁵ The 1945 Constitution was a product of nationalist who had hard fought for independence from the Dutch colonization. This historical background made it the symbol of independence of the Indonesian nation (Kawamura, 2003).

¹⁶ After rejecting individualism and liberal democracy as a basis of Western democratic regime, founding fathers adopted family principle (kekeluargaan) as a philosophical base for constructing original political institutions in Indonesia.

¹⁷ Swasono (1995) p.84.

‘The Developmental State’

The dramatic (and not-so-dramatic) growth experiences of East Asian countries after the World War II have received much attention. Basically the ‘successful’ experience of Japan, Taiwan and South Korea has contributed to the term “Asian Model” of economic development. Noland and Pack¹⁸ noted that for a period of roughly thirty-five years, Japan, the Republic of Korea, and Taiwan have implemented industrial policies aimed at altering the sectoral structure of production toward sectors believed to offer greater prospects for accelerated growth than a typical process of industrial evolution would generate. This ‘typical process of industrial evolution’ could be assumed refers to the type of industrial evolution that comes under the free-market or capitalistic system from the developed countries experience in the west.

Powell (2003) describes the model, as a model that “maintains some international market forces, but also involves heavy direction of the economy by state industrial development planning agencies”.¹⁹ The term “industrial policy”²⁰ evokes the image of Japanese bureaucrats of the 1960s or 1970s vintage picking high growth sectors (“winners”) and guiding industrial firms into those sectors through financial incentives and an appeal to their sense of obligation to society.²¹ Chalmers Johnson²², also uses the term ‘miracle’ in his book, used the term “effective” to describe the involvement of the Japanese state in the economy. The model seems to be considered a form of ‘best practice’ that other Southeast Asian countries eagerly tries to mimic the model. Singapore for example launched a “learn from Japan” campaign in 1978 while Malaysia began a “Look East” policy in 1982.²³

These attempts of generalization in ‘best-practices’ are not without critics. Haggard (1990) considers country-specific conditions and circumstances to be the main determinants of policy outcomes and any attempts to generalize then would be disappointing and fruitless. Autonomy of the Developmental State means that there is public-private cooperation and relationship in which the state (and the developmental or policy elites) independently (or autonomously) develop national goals and translate these broad national goals into an effective policy action.²⁴ Leftwich (1995) who bases his characterization of seven successful developmental states (South Korea, Taiwan, China, Indonesia, Malaysia, Thailand and Botswana) identifies six key features²⁵:

1. A determined developmental elite, in:

¹⁸ in Loayza and Soto (2002).

¹⁹ Powell (2003).

²⁰ Bora, Llyod and Pangestu contend that at the outset that industrial policy is not a well-defined term. “It is ill-defined in relation to the objectives, the industries which are covered and the instruments that are used. The World Bank (1993) has provided a working definition of industrial policy as “government efforts to alter industrial structure to promote productivity based growth.” This definition is useful as it focuses on the objective of economy-wide factor productivity growth rather than merely changing the structure of industrial outputs.” (Bora, Llyod, Pangestu (1999)).

²¹ Mody (1999), pp.4-5.

²² Johnson (1982), pp. 21.

²³ Lee (2000).

²⁴ Karagiannis (2002).

²⁵ Auty and Gelp (2001).

2. A weak and subordinated civil society, which confers:
3. Relative autonomy, that is deployed by:
4. A powerful, competent, insulated economic bureaucracy, in:
5. The effective management of non-state economic interests, while:
6. Political legitimacy is conferred by repression, and then, performance.

Responding to the miraculous growth performance, the World Bank (1993) has written down a special report about the rapid growth of eight East Asian Economies titled “The East Asian Miracle” (World Bank, 1993). The report (p. 367) listed six lessons that they claimed to be a ‘mantra’ that countries need to follow, namely: keep the macroeconomy stable, focus on early education, do not neglect agriculture, use banks to build a sound financial system, be open to foreign ideas and technology, and let relative prices reflect economic scarcities. This study also found that a successful export push, whether an outcome of open economic policies or of ingenious policy interventions, offers large economic dividends.²⁶

The East Asian financial crisis of the late 1990s have produce mixed effect regarding the effectiveness of the ‘developmental state’ or the so called ‘Asian or East Asian model of growth’. Wade (1998, 2000) attributes much of the blame for the crises to departures from the state directed model. “Had the governments not abandoned some basic principles of the East Asian model – above all, the principle of strategic rather than open-ended integration into world financial markets – the economies would probably not have experienced a serious crisis, although they would have grown more slowly” (2000: 107).²⁷

Nevertheless, East Asia’s corporate structure and governance mechanism that has acted as the engine of growth for the rapid industrialization in the past are under scrutiny in the wake of the 1997’s financial crisis. The close relationships between government and business, heavy reliance on bank debt, and the emerged conglomerate firms are under criticism for “cronyism” and wasteful investments in real estate and currency speculation.²⁸

Peter Evans (1992, 1996) describes the state in East Asia as possessing an “embedded autonomy.” Moody stated that:

“The autonomy permits the government to set national goals and to discipline private sector behavior. However, the state is also embedded in the broader social and economic milieu through personal ties between government officials and leaders of the private sector. This delicate balance between personal relationships, which foster information flows and create trust, and autonomy which allows the government to pursue a broad-based social agenda is, according to Evans, the key to East Asian success. East Asia is thus distinguished not only from predatory states such as Zaire (where the state is rapaciously autonomous) but also from intermediate states, such as India and Brazil, where neither autonomy nor embeddedness prevail.”²⁹

²⁶ Quibria (2002).

²⁷ Quoted in Powell (2003).

²⁸ Mody (1999).

²⁹ Mody (1999), p.18.

The World Bank report actually could not be interpreted without considering the type of political and or government regimes in East Asia. Most, if not all East Asian governments and state could not be classified as ‘democracy’, as it being labeled as “Soft Authoritarianism” (in Malaysia and Singapore)³⁰ or “Authoritarian” in Indonesia.³¹ As such it is sufficient to say that the Government in East Asia, has a massive control over its society and development path, notwithstanding the fact that the dichotomy of ‘strong’ and ‘weak’ state exist. In retrospect, the state-led development model could be seen as a ‘third way’ in a bipolar space between free-market capitalism and socialist state.

2.3. The Beginning of Decentralization in Indonesia

The decision for ‘decentralization’ in Indonesia comes about in the background of an unstable political and economical landscape. The financial crisis that hit Thailand in the beginning of 1997 take its toll in Indonesia on July 1997 when Rupiahs drastically loss its values to US Dollars. President Soeharto then resign on May 1998, being replaced by B.J. Habibie. Decentralization became a national policy only five months after Habibie assumed the presidency.³²

Here, again, we see the dominant role of the President in the decision making process for public policy. Some has argued that the ‘success’ of the enactment of the decentralization laws after President Soeharto resign, was made possible by Habibie’s ambition to show the general public as well as Indonesia’s foreign counterparts that he is in favor of ‘democracy’ and would not take the same path as with his predecessor - President Soeharto (which he often referred to as his ‘political guru’). As such the transition towards decentralization was made possible by the strong political support of the President.

In the first years of independence, Indonesia has chosen to take a centralized form of governance. The rationale was that a centralized system was necessary for national unity and stability. However, in the late 1990s, once again the argument of national unity and stability was used but for favoring a decentralized system instead. The reason is that because of the pressures from the local regions (that could arise because of the growing middle-class) to become more independent of their own fate and to manage their own people and resources.

Despite the agreement to decentralize, the central government seems to be still having considerable control towards the local government. Firstly, the choice of ‘Kabupaten’ (third tier of government, after ‘Province’) though it is correct theoretically (because it represent the government that is ‘closer’ to the people), it is chosen mostly because with more than 300 kabupatens, each kabupaten will have a lower bargaining position compared with the provincial government level. Again, the importance of ‘national unity’ is the main consideration here (the DPR that drafted the decentralization laws was basically ‘centralized’ as well, with low representation from the local government representatives). Secondly, the fact that the decentralization laws is

³⁰ Means (1996).

³¹ Liddle (1996).

³² JICA (2001).

ambiguous, would require additional regulation infrastructure, either in the form of Government Regulation or Presidential Decree. As such, the central government and the President would still be able to control the decentralization process considerably.

The drafting for the bills regarding decentralization was initiated by the Ministry of Home Affairs (MOHA) in December 1998 and January 1999, and took around five months before it was approved in May 1999. These two Laws, Law No. 22/1999 on the framework of local government and Law No. 25/1999 on the framework for a fiscal balance between central and local governments, were basic acts concerning regional autonomy, including the fiscal framework in the post-Suharto era.³³ As of January 2001, based on Law No 22/1999 and Law No 25/1999, the Indonesia's government must have already implemented the new policy of regional autonomy, the Laws provided the framework for decentralizing authorities once held by central government and gave local governments new responsibilities to manage their own regions³⁴. These Decentralization and Special Autonomy Laws also devolved from Central Government to Local Governments the authority and corresponding responsibility for the delivery of most basic services³⁵, including education³⁶.

2.4. Prospects and Problems with decentralization³⁷

The policy reform on decentralization in Indonesia in 1999 is often said to follow some sort of 'big bang' theory, in a sense that it is ambitious³⁸ (directly decentralised down to the Kabupaten level), shortly prepared (only 2 years transition period) and it is enacted during a period of a larger political reform in 1998.

Kimura (1999)³⁹ stated that many had the impression that the law was formulated hastily as a part of making Habibie administration appear reformist before the general election on 7 June; because even though two years were set for preparation before its implementation, no concrete devolution is determined by the central government departments to local governments and from provincial government to district (Kabupaten)/city (Kotamadya) governments.

³³ JICA (2001).

³⁴ Abidin (2002).

³⁵ Introducing Good Local Governance, The Indonesian Experience UNDP, in http://www.undp.or.id/programme/governance/intro_glg.pdf

³⁶ It is literally represent an autonomous system of local government, and leaving central government only limited powers like foreign policy, defense, peace and order, judicature, monetary and fiscal policies, religion and others (Article 7). Included in "others" are national planning, national administration, human resources development, usage of natural resources and high technology, conservation of nature and making national standard. (Kimura, 1999)

³⁷ Becker (2001).

³⁸ The first of the two decentralization laws (UU 22) decentralized all functions of government except defense, religion, justice, foreign affairs, debt and financial management. This is very different from the usual approach. Most countries have specified the assignment to the subnational governments, reserving the remainder to the center. (Bahl, 2003)

³⁹ Kimura (1999).

Asia Foundation (2002)⁴⁰ in assessing the Indonesia's process of decentralization stated five general themes that describe the current status and directions of decentralization:

- There is an increasing awareness and appreciation of the importance of people's participation in local governance.
- Local government agencies are committed to improving service delivery and are feeling the pressure to do so from citizens.
- Local governments have coped with the immediate problem of integrating large numbers of staff by reorganizing and restructuring agencies and units, without downsizing.
- Though largely dependent on central government transfers, local governments are seeking ways to increase their own sources of income in the form of taxes and retributions. Citizens are also demanding more open dialogue and consultation about budget allocations.
- Local governments are cooperating and sharing information with one another and with provincial governments to solve a variety of shared problems.

One of the main problems of decentralization, from the perspective of the society, is that it could affect public service delivery, like education and health, especially in the local regions that only have limited resources. It is also because the central government has not made clear regulations regarding the Minimum Standard of Service (Standar Pelayanan Minimum-SPM) for public services.

The second problem, from the perspective of business, is that decentralization could increase the cost of doing business. Because the local government (LG) is being pushed to increase their PAD (local owned revenues), the LGs are reacting by increasing their taxes and levies. This reaction could deter investment that could further hindered the development of the LGs in the long run. The reaction is understandable, since LGs (including the Local Parliament) are mostly myopic in their policy preference.

The third problem, from the viewpoint of policy implementation, it is worried that the LGs do not have adequate human resources to implement their policies. LGs are having more preference towards its indigenous staffs (putra daerah), which are valid reason. The solution is then how to increase the capacity of the 'putra daerah' in order to increase the capacity of the LG. In fact, most of the LGs officials are already coming from inside the LGs itself.

⁴⁰ Abidin (2002).

Table 1
LG Officials in selected Provinces

No	PROVINCES	TOTAL	Central Government Officials	Local Government Officials
1	North Sumatera	23,379	524	22855
2	Central Jawa	14,923	572	14351
3	West Kalimantan	8,250	348	7902
4	South Sulawesi	15,053	371	14682
5	East Nusa Tenggara	15,325	140	15185
	All Provinces	480,186	7,878	472,308

Source: LPEM.

Fourthly, as it mentioned before, the central government (CG) is still having vested interests in controlling the LGs. The fact that most LGs are still dependant on the transfer from central government (either in the form of DAU, DAK or Revenue Sharing), during transitional period most LG policies would still be ‘centralized’ to some extent.⁴¹

3.1. Education Sector in Indonesia

Indeed in ASEAN countries, Malaysia constantly has the highest public education expenditures with a share of above 4% followed by Singapore. While on the other hand, the government expenditure for education in Indonesia is low (only slightly above 1%) compared with Malaysia, and even with other countries as shown in table 2. In terms of total government expenditures, Malaysia ranked 3rd, after Singapore and Philippines, with a percentage of 15.4% in 1996. Indonesia probably ranked the lowest among other Southeast Asian countries; with only 8% of total government expenditures spent on education in 1996 (refer to table 3). The Ministry of Education in Indonesia actually does not hold an important role in the new order’s development strategy. Other ministries holds more important role in development planning. Rosser (2002, p.43) noted that:

During the 1980s, it was the State Secretariat and the Ministry for Research and Technology that were to emerge as the most influential politico-bureaucratic players in the policy-making process. The former was to be granted control over the allocation of

⁴¹ Under 1997 law, provincial governments are assigned revenue from the motor vehicles’ transfer tax, motor vehicles’ registration tax, and fuel tax. Districts get most revenue from land and property taxes, but they have no control over rates, and it is administered by and shared with the CG. As of Fiscal Balance Law 25/1999, for onshore (up to 12 miles of the coast) oil, 15% of non tax revenues are shared with subnational governments: 3% to the producing province, 6% to the producing district, and 6% to other non-producing districts in the producing province. Proportionate shares distributed are twice that for gas. This arrangement is hardly ideal – it is complex, fully exposes districts to international price fluctuations, is virtually certain to widen regional disparities, will create local administration problems, since volatile oil prices will lead to divergence between budgeted and realized revenues; and could possibly provide more revenues to non-producing districts in a producing province than to producing districts. (Becker, 2001)

government supply and construction contracts in 1980, a power that it retained until 1988. With two strongly nationalist politicians, Sudarmono and Ginanjar Kartasasmita, in charge of the Secretariat, this power was used to promote the cause of numerous indigenous business groups (Winters 1996:123-139; Pangaribuan 1995:51-73).

Table 2
Government Expenditure: Public education expenditure as a % of GDP

	1960	1965	1970	1975	1980-85	1986-90	1991-95	1996-98
Brunei Darussalam	..	..	..	2.0	1.7	4.7	3.9	4.4
Cambodia	3.4	3.7	5.8	..				4.2
Indonesia	..	..	2.6	2.7	1.8	0.9	1.3	1.4
Lao People's Dem Rep	..	..	..	..	0.4	0.9	2.4	2.3
Malaysia	..	4.1	4.0	5.7	6.2	5.9	4.8	4.8
Myanmar	2.2	2.7	3.1	1.7	1.9	2.0	1.2	
Philippines	2.2	2.4	2.7	2.0	1.7	2.5	2.7	3.4
Singapore	3.1	4.4	3.2	2.9	3.9	3.5	3.3	
Thailand	..	2.4	3.2	3.5	3.7	3.4	3.8	4.7
Viet Nam	..	..	..	..		2.0	2.4	2.9
Asia (excluding Middle East)	..	3.9	3.6	4.9	4.9	4.3	3.4	3.5
Central America & Caribbean	..	2.6	3.1	4.1	4.2	3.4	4.1	
Developed Countries	..	5.0	5.6	6.1	5.7	5.2	4.9	4.8
Developing Countries	..	..	2.8	..	3.5	3.2	3.4	
High Income Countries	..	5.0	5.5	6.0	5.7	5.1	4.8	4.7
Low Income Countries	..	2.6	3.2	2.8	3.2	3.4	3.3	3.2
Middle East & North Africa	..	4.0	3.8	..	4.9	4.8	4.7	
Middle Income Countries	..	..	..	..			3.7	
World	..	3.5	3.7	3.8	4.1	3.9	4.4	4.6

Source: World Development Indicators, World Bank. <http://earthtrends.wri.org/text/ECN/variables/643.htm>

Table 3
Educational expenditures in Southeast Asia

Country	GDP/capita (PPP US\$)	Public expenditures on education as a percent of GNP			Public expenditures on education as a share of total government expenditures		
		1986	1990	1996	1986	1990	1996
Singapore	20,767	3.9	3.0	3.0	11.5	18.2	23.4
Malaysia	8,209	6.9	5.5	5.2	18.8	18.3	15.4
Thailand	6,132	3.4	3.6	4.8	17.9	20.0	na
Philippines	3,805	2.1	2.9	3.2	11.2	10.1	17.6
Indonesia	2,857	0.9	1	1.4	4.3	na	7.9
Vietnam	1,860	na	2.1	2.9	na	7.5	na
Laos	1,471	0.5	2.5	2.5	6.6	na	10.3
Cambodia	1,361	na	na	2.9	na	na	na
Myanmar	1,027	1.9	na	1.2	na	na	14.4
Japan	24,898	na	3.6	3.6	na	10.4	9.9
Hong Kong	22,090	2.5	2.8	2.9	19.8	17.4	17.0
South Korea	15,712	3.8	3.5	3.7	na	na	17.5
China	3,617	2.3	2.3	2.3	11.1	12.8	12.2

Source: UNESCO, in Sjöholm (2002).

The high expenditures on education, however, should be interpreted carefully. The dynamics of the employment supply and demand process in developing countries tends to expand educational spending beyond the socially optimum level. In most developing countries wages in the modern sector are much higher in the traditional sector, which creates a very strong demand for jobs in the former. Entry into the modern sector depends initially on the level of completed education, creating, in turn, an equally strong demand for education. At the same time rapid population growth over a long period produces more workers that can be absorbed by the economy. Under such conditions, employers tend to select by educational level, with, for example, workers who have completed primary education filling jobs that can be performed satisfactorily by those with no primary schooling. Individual workers safeguard their positions by acquiring a higher level of education, which increases the demand for each level of education (Lee, 1996 : pp.149-150).

The goal of 'national unity' or 'nationalism', is also attached to the Indonesian education system. After independence, the education system in Indonesia is govern by the Law no 4/1950 about the School Teaching and Learning, Law no 2/1989 regarding the National Education System that would later on being revised in 2003.⁴² The goals of the education system, as it stated in the Law no 4 and no 2 is surprisingly similar with the Malaysian goal. The only difference with Malaysia is that education is to be considered as one of the rights of Indonesian citizen as it being stated in article 29 of Indonesian 1945 constitution and also in the constitution preamble.⁴³ Also the local

⁴² H.A.R. Tilaar, 2003. *Kekuasaan dan Pendidikan*, Magelang: Indoneasiatera.

⁴³ Tilaar (2003), p.42.

content in Indonesia’s system of national education is low. Not until 1990s that the central government allows some local content in the education system as it being described in table 4.

Table 4
Indonesia: National Curriculum versus Local Content Curriculum in the 1990s

National Curriculum (80%)	Local Content Curriculum (20%)
Pancasila and civic education	Agriculture
Religion (Islam, Christianity, Catholicism Hinduism, Buddhism)	Environmental education
Indonesian language	Computer and information
Reading and writing	Local culture - dance, local language, Traditional games, etc.
Mathematics (Arithmetic)	English (PS)
Introduction to science and technology	
Geography	
National and World history	
Handicraft and arts	
Sports and health education	
Drawing	
English language (JSS)	

Source: Ibrahim (1998) in Yeom, et.al. (2002).

In Indonesia the education policy is also being subverted by the political motives of the Government. To ease some demands in the rural and other regional government, the Central Government has provided some off-budget measures to help local governments in handling the poverty problems in the form of INPRES Grants; it was a funding mechanism system which allowed direct grants to be made by the central government to the local government in two important fields: education (SD INPRES, the expansion of primary school) and health services (PUSKESMAS). The criteria for receiving the grants, however, is arbitrary such that it is being abused for political reasons to encourage endorsement for the ruling party.

Other political motives in the education policy is also apparent when the post of Minister of Education and Culture in Indonesia in 1984 was being headed by Dr Nugroho Notosusanto, a historian and a military general previously headed the Army History Center in 1965⁴⁴. Previously when Notosusanto headed the Army History Center he has written about the G30S/PKI coup (Nugroho Notosusanto, The Coup Attemp of the September in Indonesia. Jakarta: Dept. Defence and Security, 1970). Having received my primary and secondary education in the 1980s I recall how the curriculum is being bombarded by history lessons about the G30S coup (based on the Government version at that time), under different classes title yet similar content of materials. The alternative version of the G30S coup was never being told, not until recently. In 1983, a four hour movie about G30S was made that endorse the intervention of Soeharto in taking over the power from Soekarno, the 1st president of Indonesia. During its premier show, every elementary students –including myself- were required to watch the movie during school time. Since then, every year at the 30th of September, the movie would be aired on all national TV. This tradition has only being halted after Soeharto’s resignation in 1998.

⁴⁴ <http://mkb.kerjabudaya.org/mkb-092002/ed-092002.htm>

Indonesia has provided free education in elementary education. Malaysia provides for 11 years of free schooling (6 primary and 5 secondary) but it is not compulsory. Though it is provided 'free', in terms of no tuition fee is required, parents would still have to spend some money for books, uniforms, transportation and other non-tuition expenditures.⁴⁵ The situation was similar in Indonesia.

Even though primary education in Indonesia has been compulsory and free since 1977/78, Pangestu and Oey-Gardiner (1992) stressed that there are children who still cannot afford to go to school. The reason is that their parents cannot afford to purchase the needed uniforms, school supplies and other contributions. Other reasons for non-attendance are that parents still do not see the necessity for education, the distance to school being too far and that the parents need their children to help out in their work. The rate of school drop-outs by educational level has also increased since 1984. The high percentage of drop-outs has been due to lack of funds. While growth in terms of the number of schools and the wide coverage in is impressive in Indonesia, less priority has been given to the quality of education, especially educational performance and standards. In general, the performance of pupils in the rural areas of Indonesia is poorer than that of urban pupils, indicating the difference in the quality of instruction (Pangestu and Oey-Gardiner, 1992 : p.62). There was also a mismatch between education and work in Indonesia for the period of 1989-94; there appears to be an excess demand at the primary and lower secondary school levels and an oversupply at the secondary and tertiary education levels (Pangestu and Oey-Gardiner, 1992 : p.68).

Indeed, Indonesia had actually experiencing a surplus of labor, with 1.2 million excess of labor in 1995. While some of its neighboring countries such as Malaysia had been able to avoid this problem and even experiencing a 60 thousand shortage of labor (table 5).

⁴⁵ Musa (2003), p.69.

Table 5
Estimated Excess supply of Labor in selected APEC members (thousands)

	1994	1995
Australia	10	30
Brunei	0	0
Canada	-60	-40
Chile	20	30
China	4,870	8,480
Chinese Taipei	-40	-80
Hong Kong	-10	-10
Indonesia	700	1,200
Japan	130	200
Korea	450	890
Malaysia	-20	-60
Mexico	150	420
New Zealand	0	0
Philippines	50	80
Singapore	-20	-40
Thailand	-660	-1,430
USA	390	520
Total	5,960	10,190

Source: [PECC, 1994]

Despite the fact that parents have still to borne some cost of schooling, Indonesia have succeeded in increasing its primary enrollment ratio (please refer to the next table). However in terms of secondary education enrolment, Indonesia is still lagging behind the more industrialized countries of East Asia, such as Singapore and Korea (table 6). This could represent the fact that as students become older, the 'opportunity cost' for them to go to school went up, because during secondary school the students actually could get a job which could help their family for additional income, especially for the poor family. The gross enrollment ratio, however, only mention half of the story. It does not take into account the drop-out rate.

Table 6
School enrollment, (% gross)

Countries	Series Name	1960-1965	1970-1975	1980-1985	1986-1990	1991-1996
Indonesia	Primary	71.5	83.0	113.7	116.0	114.5
	Secondary	9.0	18.0	35.3	46.4	45.3
	Tertiary	1.0	na	5.3	9.2	10.5
Korea	Primary	97.5	105.0	104.3	100.6	99.3
	Secondary	31.0	49.0	84.2	92.0	96.0
	Tertiary	6.0	na	24.3	38.6	48.1
Malaysia	Primary	93.0	89.0	97.2	95.8	100.5
	Secondary	23.5	38.0	50.5	57.2	58.2
	Tertiary	2.0	na	5.0	7.2	10.0
Philippines	Primary	104.0	107.5	109.2	110.4	111.5
	Secondary	33.5	50.0	65.3	70.6	76.8
	Tertiary	19.0	na	24.6	27.4	28.6
Singapore	Primary	108.0	107.5	108.8	104.4	102.7
	Secondary	38.5	49.0	57.5	68.8	67.0
	Tertiary	10.0	na	10.7	18.6	28.7
Thai	Primary	80.5	83.0	97.7	98.0	92.5
	Secondary	13.5	21.5	30.2	28.6	45.0
	Tertiary	2.0	na	16.8	16.2	19.3

Source: WDI CD-ROM, calculated by author.

Despite the relatively comparable GER in Indonesia with its neighbors, looking at other indicator of education, mean years of schooling, the level of education in Indonesia is sadly low. In 2000, Indonesia's mean years of schooling (5 years) constitute only half of Malaysia's figure (table 7).

Table 7
Literacy rates and mean years of schooling in Southeast Asia

Country	Adult literacy rate	Mean years of schooling			
	1999	1970	1980	1990	2000
Singapore	92.1	7.5	8.5	9	9.5
Malaysia	87.0	6.3	8	9.2	9.4
Thailand	95.3	4.1	4.4	5.6	6.5
Philippines	95.1	4.8	6.5	7.3	8.2
Indonesia	86.3	2.9	3.7	4.0	5.0
Vietnam	93.1	na	na	3.8	na
Laos	47.3	na	na	na	na
Cambodia	68.2	na	na	na	na
Myanmar	84.4	1.4	1.6	2.5	2.8

Source: UNESCO, in Sjöholm (2002).

While in Indonesia's local regions, the enrolment rate is actually varied. North Sumatra province for example, has higher education enrollment compared with central java.

Table 8
Selected Education Enrollment figures for Local Government in Indonesia

Province District	Life Expectancy ^{a)} (years)		Adult literacy rate (%)		Mean years of schooling (years)		Adjusted real per capita expenditure (thousand Rupiah)		HDI		HDI Rank	
	1996	1999	1996	1999	1996	1999	1996	1999	1996	1999	1996	1999
1 North Sumatra	65.7	67.1	94.6	95.8	7.5	8.0	576.9	568.7	70.5	66.6	7	8
- Nias	65.0	66.4	73.3	85.7	4.6	5.7	476.8	413.7	55.5	50.4	283	288
- Labuhan Batu	64.1	65.5	96.1	96.5	6.4	7.3	562.6	550.9	68.0	64.0	119	150
- Karo	70.3	70.6	95.8	95.5	7.5	7.9	574.6	576.2	73.2	69.1	29	36
- Medan	67.8	69.2	98.7	98.8	9.6	9.9	579.5	579.8	74.3	70.8	16	19
33 Central Java	64.8	68.3	81.3	84.8	5.5	6.0	594.5	583.8	67.0	64.6	17	14
- Grobogan	64.3	67.8	81.9	85.6	5.1	5.6	584.3	585.0	65.7	64.2	175	146
- Semarang	67.6	70.6	87.3	89.4	6.3	6.6	588.4	591.0	69.9	67.9	70	61
- Brebes	59.8	63.3	72.8	83.0	4.3	4.8	583.1	580.2	60.5	60.2	262	251
- Surakarta	70.3	70.9	92.6	92.9	8.7	8.8	587.2	591.9	74.3	70.5	15	22
53 East Nusa Tenggara	62.2	63.6	78.9	81.2	5.2	5.7	544.3	576.9	60.9	60.4	24	24
- West Sumba	60.3	61.7	68.0	69.0	4.6	5.0	547.1	437.6	57.2	45.4	280	293
- East Sumba	57.6	59.0	73.7	77.2	4.7	5.4	561.1	563.0	58.1	55.7	276	273
- Ngada	63.3	64.7	86.4	92.3	5.7	6.3	552.3	566.5	64.2	63.2	215	177
- Kupang	-	63.4	-	94.6	-	9.6	-	-	-	66.6	-	80
61 West Kalimantan	62.9	64.1	80.4	83.2	5.2	5.6	570.7	571.2	63.6	60.6	23	23
- Sambas	55.7	56.8	79.0	82.0	4.5	5.1	552.9	569.5	57.4	55.8	278	271
- Sanggau	65.3	66.5	77.4	81.8	4.4	5.1	539.9	567.6	61.3	61.0	254	234
- Ketapang	63.8	64.9	82.4	84.0	4.8	5.1	564.8	569.6	63.8	60.8	225	243
- Pontianak	64.6	65.1	87.0	88.9	7.5	7.9	583.0	578.6	68.7	64.7	94	133
73 South Sulawesi	65.0	68.3	79.6	83.2	6.1	6.5	580.6	571.0	66.0	63.6	21	17
- Jeneponto	60.4	63.9	62.9	68.8	4.7	4.9	572.3	573.0	58.1	56.9	276	267
- Sinjai	66.2	69.5	73.3	78.5	5.2	5.4	533.9	571.8	61.0	62.5	258	199
- Luwu	68.1	71.4	87.3	92.0	6.3	7.1	569.5	574.6	68.8	68.0	92	56
- Ujungpandang	67.9	71.4	93.0	95.2	9.5	9.9	582.8	582.3	73.3	71.4	28	13
INDONESIA	64.57	66.21	86.67	89.24	6.4	6.9	582	576.1	67.72	64.4		

Source: UNDP.

The education skills of the population actually represent a valuable input for economic and industrialization development. As a country becomes industrialized, it would need an upgraded skills and education from its workers. Laal (1998) provided the direct linkage between human capital and industrial development patterns in the next table.

Table 9
Human Capital and Industrial Development Patterns

Level/Pattern of Industrial Development	Human Capital Profiles	
	Skills	Technological Capabilities
Low levels, mainly simple assembly and processing activity for domestic market	Literacy simple technical and managerial training practically no in-firm training except informal on job learning.	Ability to master assembly technologies copy simple designs repair machines, but many activities operate well below world best practice levels of technical efficiency.
Intermedite level, with export-oriented activities in light industry, some local linkages in low-tech products	Good secondary & technical schooling and management financial training. Low base of engineering and scientific skills. In-house training mainly by export-oriented enterprises SMEs have low skill levels.	World-class assembly, layout, process engineering and maintenance in export oriented industries. In others, capability to undertake minor adaptations to processes and products. Little or no design/development capabilities. Technology institutions weak.
Deep industrial structure but mainly inward-oriented, technological lags in many activities	Broad but often low quality schooling, vocational and industrial training. Broad engineering base In-house training lapping. Training institute de-linked from industry. Management and marketing skills weak. SMEs have some modern skills.	Process mastery of capital and skill intensive technologies, but with inefficiencies. Considerable backward linkages, significant adaptation of imported technologies. Little innovation, low linkages with universities and technology institutions
Advanced and deep industrial structure, with many world-class activities, own design & technology base	Excellent quality schooling and Industrial Training. High levels of university trained managers, engineers and scientists. Training institutes responsive to industrial needs. Large investments in formal and informal in-firm training SMEs have high skill levels and competence.	Ability to monitor, import and adapt state of art advanced technologies. Good design and development capabilities in sophisticated technologies. Deep local linkages with suppliers, buyers, consultants, universities and technology institutions.

Source: Lall (1998).

The human capital factor becomes much more important as the economic growth in Indonesia is actually foreign-investment driven as it liberalize and perform a massive deregulation effort in the 1980s. As Monge-Naranjo noted that there is a strong, positive relationship between the schooling (general human capital) of the countries with the amount of FDI that the country ends up attracting.⁴⁶

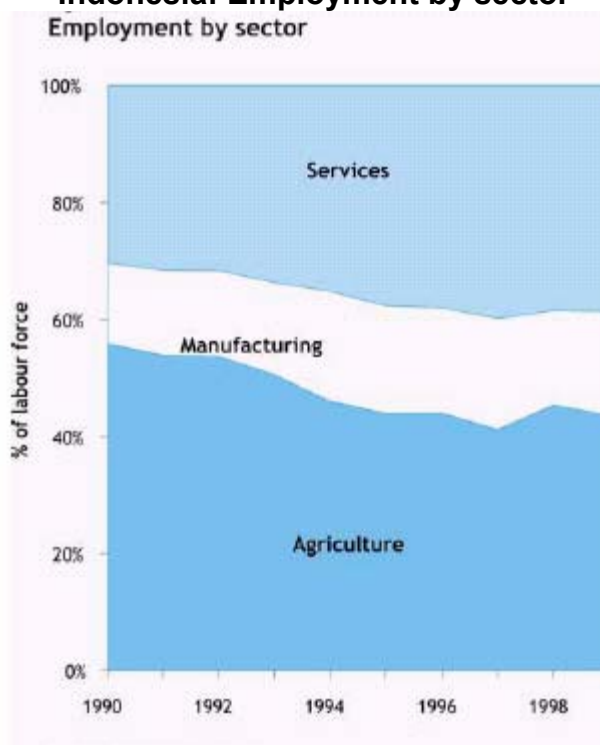
To further assess the impact of education on economic growth in Indonesia, it is necessary to look at the changes in employment structure and poverty. A smoother transition from rural to industrial structure would require a concurrent transformation in the education and skills of labor inputs. Although education increases skills, but the impact on the income of the poor depends on whether their particular skills are valued within the economy⁴⁷. A concurrent transformation both in the industrial and employment structure would ensure a more equitable growth.

⁴⁶ Monge-Naranjo (2002).

⁴⁷ Hunter (1994).

For employment transformation, despite the shift towards manufacturing and labor intensive industries, agriculture still remained a vital source of employment in Indonesia (refer to chart 3). Throughout the 1980s agriculture continued to employ over 50% of the population. Only by the end of the 1980s, that agriculture's share began to fall – from 55% in 1985 to 50% in 1990 and to 44% by the late 1990s – supported with the rise of labor-intensive manufacturing industry.⁴⁸

Figure 3.
Indonesia: Employment by sector



Source: Irawan et al (2000) in UNDP (2001).

3.2. Reform and Decentralization in Education

Reforms in the education sector have, in many cases, decentralized financial responsibility and decision-making from central to local government or school levels. This decentralization has undoubtedly provided possibilities for broadening public participation, by establishing community and other partnerships, as well as greater flexibility and improved access to educational services; however, it has often been accompanied by declining resources at the municipal level, as well as changing working conditions and patterns of social dialogue. In decentralized systems, challenges include the capacity to finance and manage at local levels and to build linkages and effective partnerships between the various institutions concerned and at different governance levels.⁴⁹

⁴⁸ Indonesia Human Development Report 2001, Chapter 3, UNDP.

⁴⁹ International Labour Organization, Sectoral Activities Programme, The Impact of Decentralization

In 2003, a new law on the national education system was passed. The new law, despite one of its mission to ‘empower society participation in the provision of education based on the autonomy principle’⁵⁰ however, remain vague and do not specifically address issues on education decentralization issues. The law does refer to Law no. 22/1999 and 25/1999 with respect to regional autonomy.

The law does not explicitly state the division of rights and responsibilities between the central and local government. In chapter 4, article 11, only refers to ‘shared responsibilities’ between central and local government to provide education services and to guarantee education provisions for citizens aged 7 to 15 years old. While article 10 mention the ‘shared rights’ between central and local government in directing, guiding, assisting, and controlling the education provisions according with the existing regulations. But the law does not point to any particular regulations.

As it commons with any laws (Undang-Undang) in Indonesia, the law is usually only represent a very general policy direction, and need further regulations to be effectively implemented. The implementing regulations usually take the form of Government Regulation (Peraturan Pemerintah) or Presidential Decree (Keputusan Presiden) that is being drafted by the Government without needing any approval from the Parliament (DPR). As such, considerable discretion and policy space is still available for central government for making its maneuver and authority. In article 11 Law 22/1999, the local government is said to be responsible for education policy in its own localities.

With Local Government being subjected to education provisions, the financing of education, especially primary and secondary education, would be dependent on the ability of local government in generating its own revenue besides the revenues their entitled to from the central government.

Looking at the condition before decentralization in year 1996, Provincial Governments’ PAD varied between 6 to 60% with an average of 25%. Almost 70% of revenues were coming from central government in the form of shared revenues and grants.

and Privatization on Municipal Services, Report for discussion at the Joint Meeting on the Impact of Decentralization and Privatization on Municipal Services Geneva, 15-19 October 2001 International Labour Office Geneva.

⁵⁰ Law 20/2003, explanation chapter.

Table 10
The Composition of Provincial Revenues in 1996 (in %)

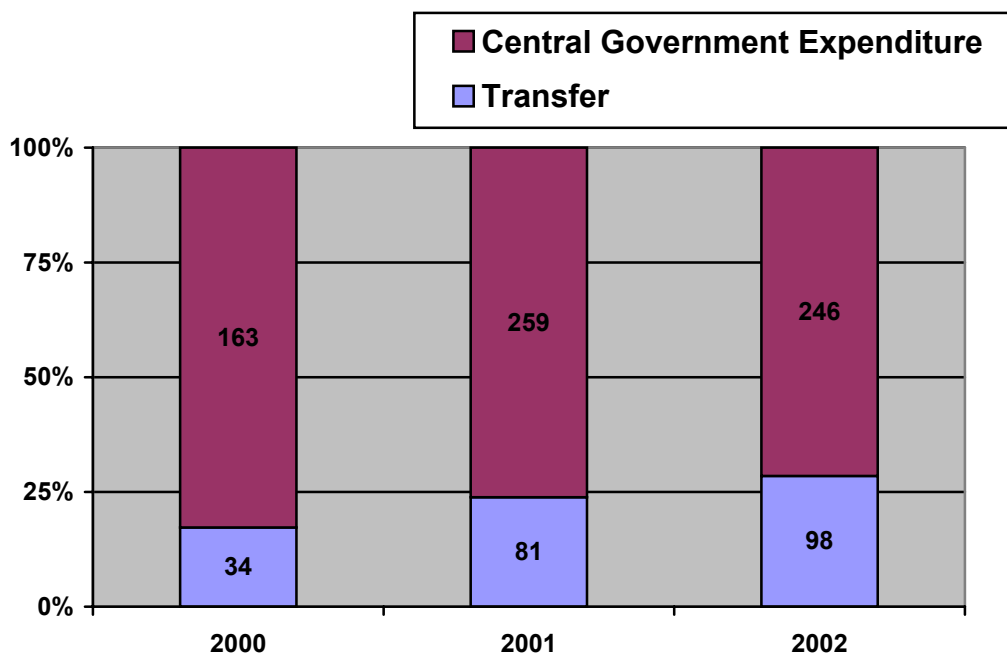
Province	Local Owned Revenues/ Pndapatan Asli Daerah(PAD)	Tax and Non-Tax Shared Revenues/Bagi Hasil Pajak dan Bukan Pajak	Aids and Grants	Others	Total
DI Aceh	17,82	10,45	62,37	9,36	100,00
Sumatera Utara	25,52	6,29	63,05	5,14	100,00
Sumatera Barat	36,12	8,38	44,14	11,36	100,00
Riau	34,63	24,06	24,81	16,50	100,00
Jambi	25,54	11,31	50,02	13,14	100,00
Sumatera Selatan	32,32	19,36	36,10	12,22	100,00
Bengkulu	20,50	5,41	65,17	8,92	100,00
Lampung	36,93	5,15	49,69	8,23	100,00
DKI Jakarta	60,13	13,04	12,93	13,90	100,00
Jawa Barat	32,94	3,57	58,54	4,95	100,00
Jawa Tengah	21,93	2,15	71,63	4,29	100,00
DI Yogyakarta	25,07	2,36	66,91	5,66	100,00
Jawa Timur	29,72	2,97	59,76	7,73	100,00
Kalimantan Barat	23,57	15,61	56,01	4,81	100,00
Kalimantan Tengah	6,49	23,09	65,29	5,13	100,00
Kalimantan Selatan	24,43	21,42	48,28	5,87	100,00
Kalimantan Timur	24,81	34,55	29,06	11,57	100,00
Sulawesi Utara	20,96	10,81	66,08	2,16	100,00
Sulawesi Tengah	9,51	4,68	83,64	2,17	100,00
Sulawesi Selatan	38,74	13,08	37,29	10,89	100,00
Sulawesi Tenggara	12,64	10,45	72,35	4,56	100,00
Bali	52,30	4,55	27,84	15,31	100,00
Nusa Tenggara Barat	23,91	5,24	64,59	6,25	100,00
Nusa Tenggara Timur	24,02	4,94	65,52	5,51	100,00
Maluku	12,47	15,39	66,91	5,23	100,00
Irian Jaya	7,48	32,36	42,15	18,01	100,00
Timor Timur	8,96	4,68	82,40	3,95	100,00
Rata-rata	25,53	11,67	54,54	8,26	100,00

Source: LPEM-FEUI in Simanjuntak (2000) in Ismail (2001).⁵¹

Looking from the central government budget (APBN) point of view, in 2002 more than 25% of APBN has been transferred to local government. This figure is actually quite reasonable, as Bahl (2003) stated that the predicted level of fiscal decentralization for Indonesia is around 25%.

⁵¹ Ismail (2001).

Figure 4.
Central Government Budget:
Transfers and Central Government Expenditures, % and Rp trillion



Source: APBN 2000, 2001, 2002 in Sidik (2002).

Indonesian Parliament has recently reacted to the condition of low education financing by enacting a law (UU NO.20/2003 article 49) that education expenditures should be at minimum 20% from the Central and Local Government budget. Even then, according to the Finance Minister, the above objective would only be attainable in 2009⁵².

For Local Government, in 2001, from the data of 357 provincial, Kabupaten and City budgets, the percentage of education budget has reached up to 28,30 percent. In 2002, the figures has slightly decline to 27,34 percent, in 2003 the figure has reach 37,80 % from the total of routine expenditures in the local regions.⁵³

One of the critical issues in decentralization is that the large variations in local government fiscal ability would negatively affected the quality of public service provisions in the respective local government. Some regions have allocated more than 50% from total expenditures, but others only spent 13,40 % from the total budget in 2002. That is why the notion of 'minimum standard of service' is very important to prevent the decay of public service quality.

With respect to the Law 22 & 25/1999, the central government has issued the Government Regulation PP 105/2000 as the regulation infrastructure to implement the decentralization Laws. PP 105/2000 use the concept of 'performance budget' (article 8) as the guidelines for local government in structuring their budget, further, article 20

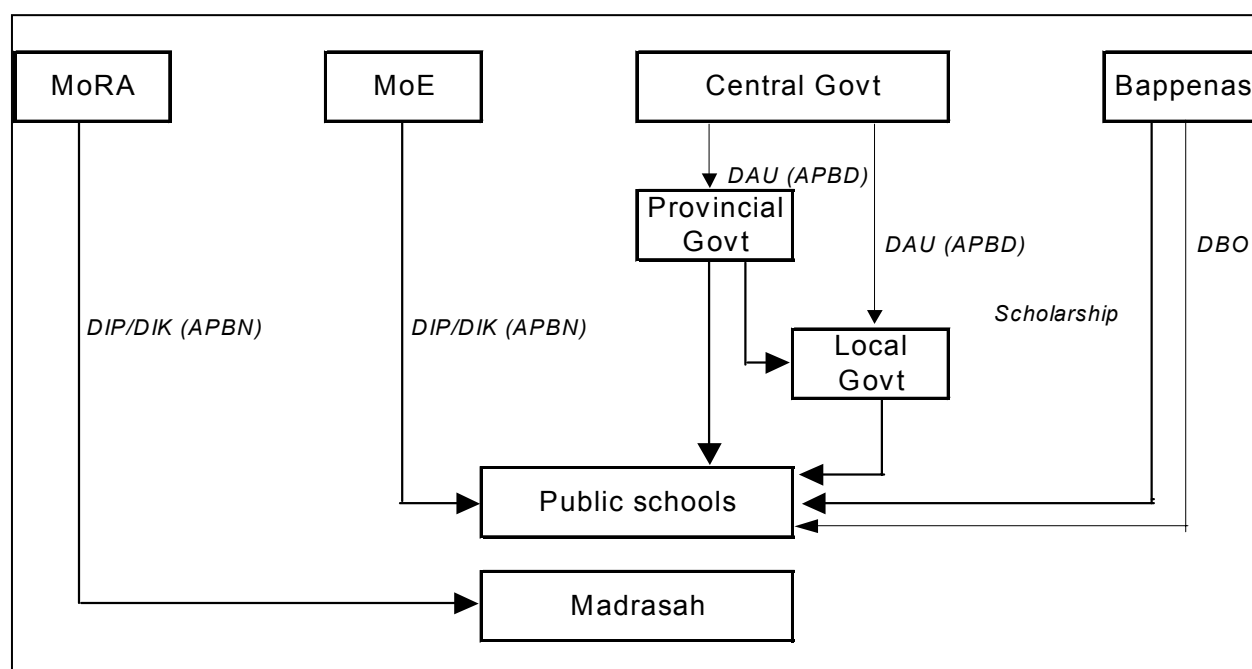
⁵² Media Indonesia, 27 January 2004.

⁵³ Vidyattama (2004).

required the local government budget to contain the expected ‘service standard’ and ‘activities’ unit cost’. However, looking at the current local government budgets, neither one of those requirement is fulfilled. One of the reason cited by local government officials was that they were still waiting for further instruction from the central government in meeting the requirements (in the form of Presidential Decree).

With 171,000 public primary schools (1.4 million teachers) and 31,000 secondary schools (0.68 million teachers)⁵⁴ that is now under the direct responsibility of local governments, the quality of education provisions in each local government could be expected to be directly related with the capabilities of local financing. The scheme of education financing in post-decentralization era is given below.

Figure 5.
Post-Decentralization Multiple Flows



Source: WB Education Sector Review 2004 in Kaiser (2004).

Preliminary report from the Ministry of Education (MOE) in 2003 stated that the fiscal imbalance for primary education is estimated to reach around Rp 25 billion p.a., or an increase of 20% from the previous year’s budget on education. While for Junior Secondary School (SLTP) the same level of Rp 25 billion p.a. is also expected, or a two-fold increase in expenditure for junior secondary education expenditures.⁵⁵

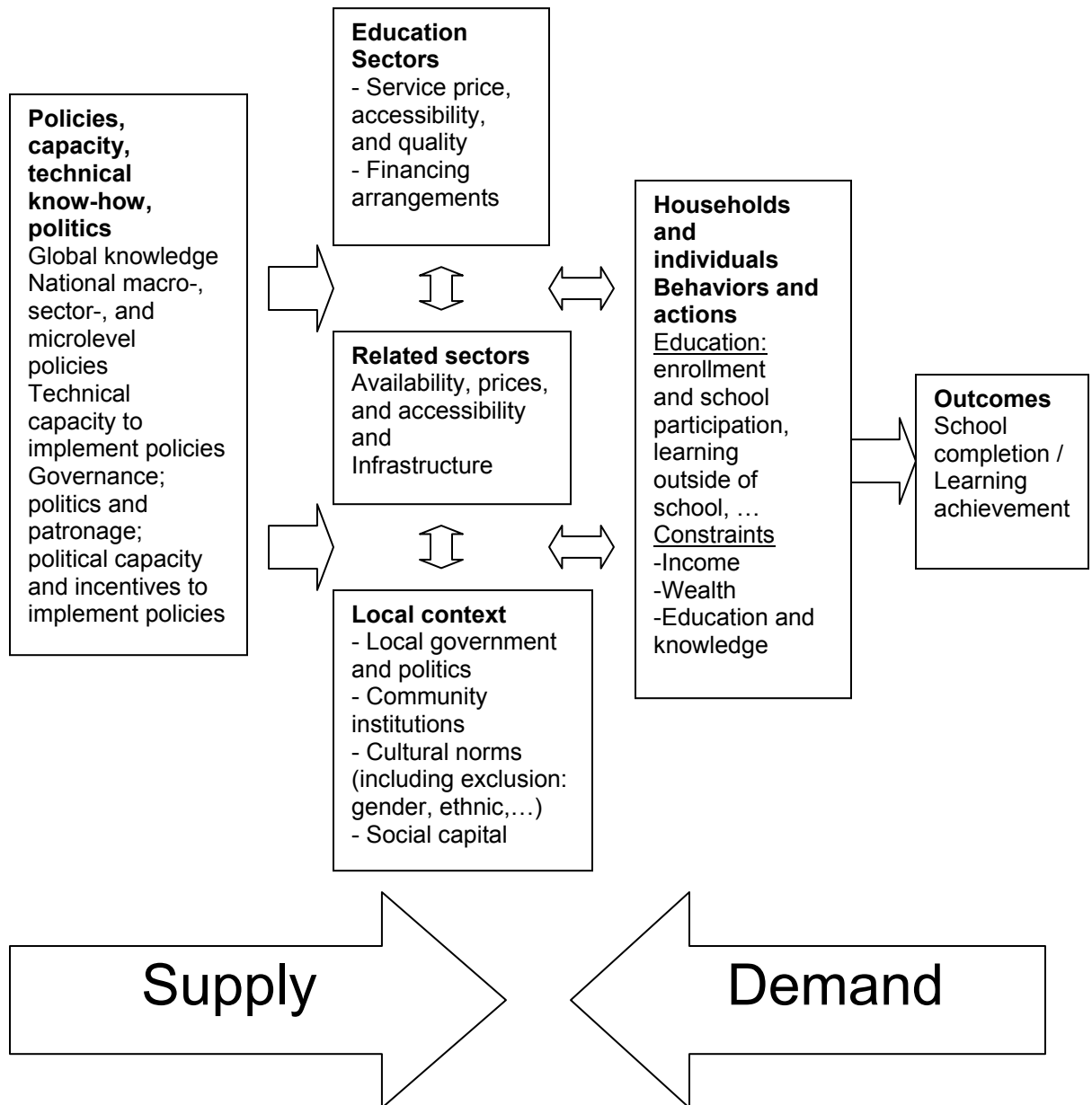
It must be remembered that education outcomes are determined by more than the availability and quality of schooling. Many factors determine outcomes on both the demand and the supply side, linked at many levels. The demand for education is determined by individuals and households weighing the benefits and costs of their choices and the constraints they face. The supply of services that affect education

⁵⁴ Kaiser (2004).

⁵⁵ Depdiknas (2003).

outcomes starts with global technological knowledge and goes all the way to whether teachers report for work.⁵⁶

Figure 6.
The determinants of demand and supply operate through many channels



Source: Adapted from Filmer (2003).

To further analyze the likely impact of decentrazlization on human resource condition in Local Regions, in the next section we will look at the quality of education in

⁵⁶ Filmer (2003).

various regions by using the data from IFLS⁵⁷, followed by the description of costs and expenses for education.

3.3. IFLS Data Analysis

The EBANAS score (total and score on math) will be used to assess the quality of education in the provinces covered by the IFLS survey for primary (SD), junior-secondary (SMP), and senior-secondary (SMU) level. One apparent tendency is that the score on Math tend to decreased as the level of education increases.

The highest score result occurred in Yogyakarta (Central Java) and the lowest is in Palembang (Sumatra). In general, the EBANAS score is higher in the Java region, compared with Sumatra and Eastern region.

Table 11
EBANAS Score

		Sumatra (west)	Java (central)	Eastern
SD	Mathematics score	5.505	6.184	5.415
	Total score	30.515	32.546	29.575
SMP	Mathematics score	4.58	5.096	4.2325
	Total score	32.21	34.776	32.07
SMU	Mathematics score	4.2825	4.588	3.7625
	Total score	32.1925	32.858	31.1825

Source: Calculated from IFLS by the author.

In terms of education expense incurred by students in primary level, registration fees and tuition fees (SPP) are the two main components of cost of schooling. In terms of education expenses, again Java region has the highest level of education expenses. A complete description of the school costs in the elementary and secondary schooling is given in the following tables.

⁵⁷ Please refer to the appendix on the short description of IFLS data.

Table 12
EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SD

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	461,025	493,931	506,031
New student fees: Registration	11,077	24,174	11,666
New student fees: SPP/POMG etc	23,264	33,456	18,784
New student fees: Tests	1,203	4,511	3,651
Continue student fees: Registration	1,019	883	52
Continue student fees: SPP/POMG etc	24,103	1,698,906	18,817
Continue student fees: Tests	1,796	4,962	4,512
Supplies: Books, writing materials	20,822	42,592	16,207
Supplies: Uniforms	17,404	27,685	11,765
EBTANAS	4,347	12,185	2,186
Extra-curricular activities	2,519	2,055	4,918
Magazines	557	1,408	433
Other	669	856	2
Irregular contribution (field trips, pic	10,000	68,397	608

Source: Calculated from IFLS by the author.

Table 13
EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SMP

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	445,059	480,246	460,460
New student fees: Registration	17,128	64,932	18,348
New student fees: SPP/POMG etc	41,615	75,408	39,848
New student fees: Tests	5,545	10,853	4,137
Continue student fees: Registration	2,967	5,279	786
Continue student fees: SPP/POMG etc	39,986	2,073,914	37,394
Continue student fees: Tests	6,124	11,207	3,883
Supplies: Books, writing materials	50,910	74,957	31,201
Supplies: Uniforms	30,896	50,609	21,417
EBTANAS	12,169	2,104,239	7,823
Extra-curricular activities	4,945	4,580	1,501
Magazines	2,761	1,214	345
Other	366	389	0
Irregular contribution (field trips, pic	2,433	20,462,712	14,535

Source: Calculated from IFLS by the author.

Table 14
EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SMU

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	479,161	505,201	541,956
New student fees:			
Registration	31,672	125,681	39,211
New student fees:			
SPP/POMG etc	82,782	140,158	75,028
New student fees: Tests	10,329	16,292	7,210
Continue student fees:			
Registration	4,202	10,244	5,952
Continue student fees:			
SPP/POMG etc	5,766,530	138,243	10,489,134
Continue student fees:			
Tests	12,613	17,442	10,681
Supplies: Books, writing materials	55,994	78,106	41,694
Supplies: Uniforms	52,222	64,296	34,410
EBTANAS	21,453	31,006	15,702
Extra-curricular activities	6,526	8,555	3,175
Magazines	776	1,287	172
Other	402	13,326	860
Irregular contribution (field trips, pic	24,334	38,802,885	15,000

Source: Calculated from IFLS by the author.

For household expenses, registration fee, school fee, and transport costs represent the main expenses for schooling. Again the Java region represents the region with the largest household expenses for schooling.

Table 15
Household Expenses for Schooling, 1997

	Sumatra (west)	Java (central)	Eastern
Registration fee	83,889	228,736	87,304
School fee	115,807	277,155	104,044
Exam fees	23,725	55,755	31,432
Books/school supplies	63,094	92,465	51,902
Uniform/sport fees	44,492	41,079	37,889
Transport costs	127,901	194,857	120,725
Housing/food costs	162,590	354,048	165,500
Special course costs	83,900	120,518	84,827
Other school expenses	32,699	68,355	12,397

Source: Calculated from IFLS by the author.

The share of household expenditure on education in Indonesia is actually quite low, with only 14% as the highest share of education expenditures. The region with the highest figure are Jakarta and Yogyakarta, while the lowest are South Sulawesi and South Kalimantan.

Table 16
Share of Education Expenditures from Total Household Expenditures

Region	Total Expenditures	Education expenditures	%
North Sumatra	4,372,668	410,231	9.38%
West Sumatra	5,213,702	455,441	8.74%
South Sumatra	4,918,186	374,603	7.62%
Lampung	3,905,356	267,517	6.85%
Jakarta	8,686,899	1,170,920	13.48%
West Java	5,040,520	461,242	9.15%
Central Java	4,552,758	360,458	7.92%
Yogyakarta	3,833,343	429,325	11.20%
East Java	2,867,998	248,453	8.66%
Bali	4,467,371	298,918	6.69%
West Nusa Tenggara	3,575,751	295,681	8.27%
South Kalimantan	4,449,171	273,716	6.15%
South Sulawesi	3,894,349	197,130	5.06%

4. Conclusion

The process of decentralization in Indonesia in the late 1990s is often said to be 'not normal'. The process and sequencing is said to be weak and not proper. However it must be remembered that that any public policy must be viewed from the background and historical perspective of the respective country.

The regional decentralization started in 1999 in Indonesia occurred in the background of political and economical instability. The background of the released of Law no 22 and 25/1999 is important in understanding the context of the decentralization process.

The type of government and policy elites would also important in looking at the decentralization. With decades under the paradigm of 'state development model' and Soeharto regime, the role of the central government and President is still expected to remain strong in determining the result and process of decentralization. With LG capacity that is still in transition and anticipating for further guidelines and infrastructure regulations from the CG, the CG is still expected to lead the decentralization process in the future.

As education has long been neglected, though it has been stated as one of the national goals in the constitution, the level of priority given to education or schooling is expected to be low. Despite recent calculation that actually the government's financing towards education could be said to be 'satisfactorily', further innovation is needed to maintain and improve the education and human resource development in the local regions.

The discrepancy, between Java and non-Java region, is still apparent. Low education financing seems to affect education quality. Without any clear standard of service, the LG with limited financial resources is expected to suffer the most. Low quality of human resources is not only detrimental to the capacity of LG in implementing decentralization; it would also reduce the economic capacity of the local region and to slow down the growing of the middle-class society that otherwise could strengthen the decentralization process.

One possible solution in securing education finance probably is by encouraging public participation. The fact that the share of education expenses is relatively low, parents could be encouraged to provide more resources in financing their children's education. However, parents might be reluctant to do so if they feel that education (especially primary and secondary) is under the responsibility of the state. LG also could reacted negatively to increasing public participation in education financing by channeling the budget to other unproductive areas.

An understanding that education is actually also some form of human capital investment would encourage parents to provide more financial resources. This could be achieved if the local region itself is being able to develop economically and socially. With sound economic growth and growing middle-class, the quality of education in local regions could be safe-guarded automatically.

APPENDIX A: EBTANAS SCORES

SECTION DL (EDUCATION)

School Level 1. Elementary 2. Junior High 3. Senior High 4. Jr. Coll./Coll./Univ.

DL16d. What was your ebtanas score for the following subjects: (If the respondent shows you DANEM copy from danem. If you cannot see DANEM ask the respondent for their scores).

level	Data	12	13	16	18	31	32	33	34	35	51	52	63	73	
SD	Mathematics score	6.27	5.52	5.60	4.63	6.39	6.29	5.74	6.91	5.59	5.25	5.58	5.58	5.25	5.74
	Total score	32.04	31.79	29.50	28.73	33.03	32.62	31.72	34.16	31.20	29.49	30.08	29.36	29.37	31.01
SMP	Mathematics score	5.45	4.37	4.50	4.00	4.44	4.60	5.22	6.11	5.11	4.62	3.93	3.72	4.66	4.67
	Total score	35.98	33.42	31.21	28.23	32.44	32.89	34.98	38.13	35.44	31.76	31.50	30.31	34.71	33.15
SMU	Mathematics score	4.85	4.52	3.98	3.78	4.26	4.09	4.46	5.15	4.98	3.47	3.88	3.38	4.32	4.24
	Total score	34.14	35.23	32.42	26.98	29.01	29.33	36.13	39.02	30.80	32.36	31.38	30.11	30.88	32.14

North Sumatra	12
West Sumatra	13
South Sumatra	16
Lampung	18
Jakarta	31
West Java	32
Central Java	33
Yogyakarta	34
East Java	35
Bali	51
West Nusa Tenggara	52
South Kalimantan	63
South Sulawesi	73

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APPENDIX B: AVERAGE EXPENDITURES PER STUDENT (SD)

SECTION E: AVERAGE EXPENDITURES PER STUDENT DURING 1996-1997 KOMFAS 97 (EDUCATION EXPENSE INCURRED BY STUDENTS)

	12	13	16	18	31	32	33	34	35	51	52	63	73	avrg
A8A1	435,774	514,801	519,623	373,903	462,512	500,601	478,926	573,572	454,046	567,889	478,457	474,005	503,771	487,529
E1AA	10,714	15,184	16,492	1,916	51,186	50,207	7,601	7,080	4,795	30,713	792	11,873	3,285	16,295
E1AB	16,448	19,121	48,065	9,421	56,696	47,188	26,272	19,269	17,857	37,888	9,637	20,104	7,505	25,805
E1AC	495	1,028	1,074	2,213	5,861	6,599	3,827	974	5,293	10,784	358	1,065	2,397	3,228
E1BA	2,778	111	0	1,188	819	1,230	98	1,861	409	0	208	0	0	669
E1BB	15,608	18,823	50,847	11,134	46,464	47,288	8,360,039	21,005	19,733	37,545	9,209	20,069	8,444	666,632
E1BC	885	1,585	2,077	2,637	6,511	7,448	4,447	1,134	5,268	11,078	873	2,094	4,004	3,849
E2A	5,262	7,119	49,738	21,167	29,076	57,169	36,596	49,121	41,000	51,409	3,376	8,381	1,662	27,775
E2B	2,235	17,488	40,624	9,267	28,424	38,828	27,343	18,774	25,057	29,309	2,751	10,714	4,284	19,623
E3	2,629	4,111	3,825	6,822	23,968	11,890	10,905	3,842	10,318	3,721	580	2,256	2,186	6,696
E4	3,067	1,807	4,704	497	3,567	1,040	2,544	1,590	1,533	7,604	833	62	11,171	3,078
E5	0	164	2,063	0	125	615	4,011	2,275	16	1,600	0	0	132	846
E6	2,625	0	50	0	550	894	669	2,066	99	0	0	0	6	535
E7			10,000		312,700	9,121	8,821	3,417	7,924	1,100		600	125	39,312

Sum of income Principal	A8A1	North Sumatra	12
New student fees: Registration	E1AA	West Sumatra	13
New student fees: SPP/POMG etc	E1AB	South Sumatra	16
New student fees: Tests	E1AC	Lampung	18
Continue student fees: Registration	E1BA	Jakarta	31
Continue student fees: SPP/POMG etc	E1BB	West Java	32
Continue student fees: Tests	E1BC	Central Java	33
Supplies: Books, writing materials	E2A	Yogyakarta	34
Supplies: Uniforms	E2B	East Java	35
EBTANAS	E3	Bali	51
Extra-curricular activities	E4	West Nusa Tenggara	52
Magazines	E5	South Kalimantan	63
Other	E6	South Sulawesi	73
Irregular contribution (field trips, pic	E7		

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APPENDIX C: AVERAGE EXPENDITURES PER STUDENT (SMP)

SECTION E: AVERAGE EXPENDITURES PER STUDENT DURING 1996-1997 KOMFAS 97 (EDUCATION EXPENSE INCURRED BY STUDENTS)

Data	12	13	16	18	31	32	33	34	35	51	52	63	73
A8A1	671,733	390,504	409,980	308,019	545,563	492,442	425,796	539,163	398,264	405,135	456,961	418,978	560,764
E1AA	12,953	16,535	31,844	7,178	115,335	73,798	36,180	64,799	34,546	27,975	2,029	19,046	24,341
E1AB	25,521	29,357	58,561	53,022	87,481	78,033	75,080	83,938	52,506	60,788	43,152	31,455	23,996
E1AC	1,763	2,879	9,349	8,189	14,326	9,894	9,276	10,083	10,687	8,203	1,280	2,250	4,816
E1BA	2,746	2,019	2,189	4,913	5,952	2,047	725	14,145	3,528	1,634	0	857	652
E1BB	23,021	25,022	63,043	48,856	85,866	74,341	10,074,701	81,502	53,158	55,470	42,426	31,195	20,485
E1BC	1,626	3,616	10,243	9,011	11,666	11,448	9,448	11,981	11,493	7,834	1,280	2,411	4,007
E2A	9,528	2,164	139,531	52,417	45,783	89,636	61,773	103,753	73,842	105,808	10,215	4,333	4,449
E2B	8,942	36,104	50,614	27,925	52,465	56,901	40,629	56,709	46,343	64,108	6,515	5,580	9,466
E3	9,849	11,528	8,999	18,298	35,847	10,437,685	16,780	10,267	20,615	11,762	5,892	4,333	9,304
E4	558	114	13,333	5,776	5,972	2,970	1,974	9,974	2,008	3,042	100	1,377	1,483
E5	0	10,000	804	240	770	777	3,164	0	1,361	1,238	0	0	141
E6	920	0	104	438	475	335	792	227	116	0	0	0	0
E7	2,750		2,050	2,500	1,287,083	62,515,661	38,470,788	22,822	17,207	30,000	18,000	10,000	138

A8A1	463,331		Sum of income Principal	A8A1	North Sumatra	12
E1AA	35,889		New student fees: Registration	E1AA	West Sumatra	13
E1AB	54,069		New student fees: SPP/POMG etc	E1AB	South Sumatra	16
E1AC	7,153		New student fees: Tests	E1AC	Lampung	18
E1BA	3,185		Continue student fees: Registration	E1BA	Jakarta	31
E1BB	821,468		Continue student fees: SPP/POMG etc	E1BB	West Java	32
E1BC	7,390		Continue student fees: Tests	E1BC	Central Java	33
E2A	54,095		Supplies: Books, writing materials	E2A	Yogyakarta	34
E2B	35,562		Supplies: Uniforms	E2B	East Java	35
E3	815,474		EBTANAS	E3	Bali	51
E4	3,745		Extra-curricular activities	E4	West Nusa Tenggara	52
E5	1,423		Magazines	E5	South Kalimantan	63
E6	262		Other	E6	South Sulawesi	73
E7	8,531,583		Irregular contribution (field trips, pic	E7		

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APPENDIX D: AVERAGE EXPENDITURES PER STUDENT (SMU)

SECTION E: AVERAGE EXPENDITURES PER STUDENT DURING 1996-1997 KOMFAS 97 (EDUCATION EXPENSE INCURRED BY STUDENTS)

	12	13	16	18	31	32	33	34	35	51	52	63	
A8A1	557,666	428,734	566,400	363,845	578,841	497,744	470,826	588,892	389,703	561,203	427,584	633,833	545,833
E1AA	20,404	13,960	50,270	42,054	152,965	196,005	73,009	148,979	57,446	81,883	1,783	39,351	33,333
E1AB	38,491	87,769	134,257	70,609	123,899	139,799	157,509	185,063	94,519	105,762	75,324	75,100	43,333
E1AC	1,867	6,212	17,766	15,469	14,456	18,838	12,547	21,898	13,721	16,514	1,722	4,875	5,000
E1BA	4,813	3,108	1,067	7,818	11,018	5,162	4,659	26,734	3,647	23,433	250	125	
E1BB	26,782	96,292	146,379	22,796,666	113,848	138,279	159,184	192,174	87,729	96,545	70,162	41,739,558	50,000
E1BC	2,612	6,212	23,923	17,706	15,036	21,590	13,525	22,565	14,495	28,806	2,774	5,417	5,000
E2A	7,909	954	153,238	61,875	18,358	101,044	76,660	118,106	76,364	133,313	17,500	5,896	10,000
E2B	5,268	54,660	106,495	42,464	60,628	65,020	52,516	89,887	53,429	93,337	11,356	16,042	16,000
E3	10,117	19,150	15,481	41,063	46,235	29,620	31,926	13,525	33,725	31,096	9,933	9,083	12,000
E4	4,167	4,877	6,594	10,467	7,094	11,460	6,196	10,248	7,775	8,944	1,400	853	1,000
E5	2,019	10	833	240	489	117	3,138	2,145	545	688	0	0	
E6	48	0	1,560	0	30,292	4,594	7,174	22,877	1,693	3,438	0	0	
E7		43,167	5,500		1,000,750	67,025	50,022,257	142,921,508	2,883	15,000			15,000

A8A1	508,498		Sum of income Principal	A8A1	North Sumatra	12
E1AA	70,149		New student fees: Registration	E1AA	West Sumatra	13
E1AB	102,463		New student fees: SPP/POMG etc	E1AB	South Sumatra	16
E1AC	11,663		New student fees: Tests	E1AC	Lampung	18
E1BA	7,064		Continue student fees: Registration	E1BA	Jakarta	31
E1BB	5,054,913		Continue student fees: SPP/POMG etc	E1BB	West Java	32
E1BC	13,876		Continue student fees: Tests	E1BC	Central Java	33
E2A	60,099		Supplies: Books, writing materials	E2A	Yogyakarta	34
E2B	51,385		Supplies: Uniforms	E2B	East Java	35
E3	23,358		EBTANAS	E3	Bali	51
E4	6,275		Extra-curricular activities	E4	West Nusa Tenggara	52
E5	786		Magazines	E5	South Kalimantan	63
E6	5,513		Other	E6	South Sulawesi	73
E7	21,565,899		Irregular contribution (field trips, pic	E7		

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APPENDIX E: AVERAGE EXPENDITURES PER STUDENT (Household)

SECTION DL (EDUCATION)

We would like to ask about school-related expenses for the previous school year.

What were your (approximate) school-related expenses during the 1996-97 school year?

	Registration fee	School fee	Exam fees	Books/school supplies	Uniform/sport fees	Transport costs	Housing/food costs	Special course costs	Other school expenses
12	86,701	135,504	25,735	74,873	43,208	150,005	200,798	82,087	22,380
13	81,676	119,072	12,209	67,892	65,705	116,328	205,836	63,980	44,417
16	108,766	124,175	28,912	66,843	36,065	124,306	139,279	153,329	-
18	58,413	84,477	28,043	42,767	32,988	120,964	104,446	36,203	64,000
31	380,142	541,609	89,359	160,500	44,848	297,872	562,627	183,253	68,625
32	215,081	242,165	67,813	100,594	37,131	266,860	403,104	119,176	63,121
33	101,957	159,713	49,304	54,498	37,732	134,080	212,778	118,463	29,997
34	363,811	269,953	43,563	77,172	52,837	138,159	416,200	84,528	127,134
35	82,690	172,336	28,736	69,559	32,846	137,313	175,532	97,172	52,901
51	120,376	139,470	39,068	63,969	39,473	110,958	211,020	60,704	11,422
52	57,275	103,342	39,669	43,392	46,782	137,271	174,626	99,281	11,833
63	50,185	75,121	22,160	44,343	30,383	104,670	169,808	81,878	26,333
73	121,380	98,244	24,830	55,907	34,916	130,003	106,545	97,443	-

Appendix F: The Indonesia Family Life Survey (IFLS): Brief Description

The Indonesia Family Life Survey is a continuing longitudinal socioeconomic and health survey. It is addressed to a sample representing about 83% of the Indonesian population living in 13 of the nation's 26 provinces. The survey collects data on individual respondents, their families, their households, the communities in which they live, and the health and education facilities they use. The first wave (IFLS1) was administered in 1993 to individuals living in 7,224 households. IFLS2 sought to reinterview the same respondents four years later. A follow-up survey (IFLS2+) was conducted in 1998 with 25% of the sample to measure the immediate impact of the economic and political crisis in Indonesia. The next wave, IFLS3, is scheduled to be fielded in 2000.

The Indonesia Family Life Survey is designed to provide data for studying these behaviors and outcomes. The survey contains a wealth of information collected at the individual and household levels, including multiple indicators of economic well-being (consumption, income, and assets); education, migration, and labor market outcomes; marriage, fertility, and contraceptive use; health status, use of health care, and health insurance; relationships among coresident and non-coresident family members; processes underlying household decision-making; transfers among family members and inter-generational mobility; and participation in community activities. In addition to individual- and household-level information, the IFLS provides detailed information from the communities in which IFLS households are located and from the facilities that serve residents of those communities. These data cover aspects of the physical and social environment, infrastructure, employment opportunities, food prices, access to health and educational facilities, and the quality and prices of services available at those facilities.

Source: Frankenberg, E. and D. Thomas. "The Indonesia Family Life Survey (IFLS): Study Design and Results from Waves 1 and 2. DRU-2238/1-NIA/NICHD.

APPENDIX G.1

EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SD, as a percentage of Java region

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	93%	100%	102%
New student fees: Registration	46%	100%	48%
New student fees: SPP/POMG etc	70%	100%	56%
New student fees: Tests	27%	100%	81%
Continue student fees: Registration	115%	100%	6%
Continue student fees: SPP/POMG etc	1%	100%	1%
Continue student fees: Tests	36%	100%	91%
Supplies: Books, writing materials	49%	100%	38%
Supplies: Uniforms	63%	100%	42%
EBTANAS	36%	100%	18%
Extra-curricular activities	123%	100%	239%
Magazines	40%	100%	31%
Other	78%	100%	0%
Irregular contribution (field trips, pic	15%	100%	1%

Source: Calculated from IFLS by the author.

APPENDIX G.2

EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SMP, as a percentage of Java region

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	93%	100%	96%
New student fees: Registration	26%	100%	28%
New student fees: SPP/POMG etc	55%	100%	53%
New student fees: Tests	51%	100%	38%
Continue student fees: Registration	56%	100%	15%
Continue student fees: SPP/POMG etc	2%	100%	2%
Continue student fees: Tests	55%	100%	35%
Supplies: Books, writing materials	68%	100%	42%
Supplies: Uniforms	61%	100%	42%
EBTANAS	1%	100%	0%
Extra-curricular activities	108%	100%	33%
Magazines	227%	100%	28%
Other	94%	100%	0%
Irregular contribution (field trips, pic	0%	100%	0%

Source: Calculated from IFLS by the author.

APPENDIX G.3

EDUCATION EXPENSE INCURRED BY STUDENTS 1997, SMU, as a percentage of Java region

	Sumatra (west)	Java (central)	Eastern
Sum of income Principal	95%	100%	107%
New student fees: Registration	25%	100%	31%
New student fees: SPP/POMG etc	59%	100%	54%
New student fees: Tests	63%	100%	44%
Continue student fees: Registration	41%	100%	58%
Continue student fees: SPP/POMG etc	4171%	100%	7587%
Continue student fees: Tests	72%	100%	61%
Supplies: Books, writing materials	72%	100%	53%
Supplies: Uniforms	81%	100%	54%
EBTANAS	69%	100%	51%
Extra-curricular activities	76%	100%	37%
Magazines	60%	100%	13%
Other	3%	100%	6%
Irregular contribution (field trips, pic	0%	100%	0%

Source: Calculated from IFLS by the author.

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