



Research Report

A Rapid Appraisal of The PKPS-BBM Education Sector: School Operational Assistance (BOS)

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**A RAPID APPRAISAL OF
THE PKPS-BBM EDUCATION SECTOR:
SCHOOL OPERATIONAL ASSISTANCE (BOS)
PROGRAM 2005**

The SMERU Research Institute

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EXECUTIVE SUMMARY

In March and October 2005, the Government of Indonesia reduced fuel subsidy and allocated part of the funds to the BOS (*Bantuan Operasional Sekolah*-School Operational Assistance) Program, which commenced in July 2005. This program is provided for schools at the primary and junior high school levels and is intended to reduce the burden on the community, especially the poor, of the costs of education after the BBM (fuel) price rose. Different from the previous PKPS-BBM that had been provided in the form of BKM scholarships for students from poor family background, BOS was provided for schools. BOS funds were allocated on the basis of the number of students, with an amount of Rp235,000 per student per annum at the primary school (SD) level and Rp324,500 per student per annum at the junior high school (SMP) level. The APBN allocation to BOS funds for the period of July–December 2005 was Rp5.136 trillion, or an approximate eightfold increase over the BKM budget for primary and junior high schools in the period of January-June 2005.

This report was written on the basis of a rapid appraisal by The SMERU Research Institute in an effort to understand the implementation of BOS Program. This initiative was carried out in order to provide the lessons learned for the planning and improvement of the program's implementation. The study was conducted between February and May 2006. The fieldwork was conducted over approximately three weeks between February and March 2006 in ten samples of *kabupaten/kota* distributed across five provinces, namely Kabupaten North Tapanuli and Kota Pematang Siantar in North Sumatra, Kabupaten Lebak and Kota Cilegon in Banten, Kabupaten Malang and Kota Pasuruan in East Java, Kabupaten North Minahasa and Kota Manado in North Sulawesi, and Kabupaten Central Lombok and Kota Mataram in West Nusa Tenggara (NTB). This study adopts a qualitative approach. The collection of data and information was undertaken through in-depth interviews and focus group discussions (FGD). Interviews were conducted with various implementing institutions at the central, provincial, *kabupaten/kota* and school levels, including with school committees, teachers and students' parents. FGDs were held in all 10 samples of *kabupaten/kota* and divided into two parts, namely FGDs with stakeholders in the field of education at the *kabupaten/kota* level, and FGDs with several school principals and school committees. Supporting information was also collected through interviews with other institutions that took part in monitoring the implementation of BOS Program.

A summary of the findings of the study on the implementation of BOS Program in the first semester of 2005/2006 is as follows:

1. Targeting, Data Collection, and Allocations

In general, the BOS Program tended to be implemented as a general subsidy. This was because BOS Program had a broad and equitable coverage, regarding both the numbers of schools and students. There were only a small number of schools that refused BOS funds, many of which were well-off schools. The decision to reject BOS Program was taken unilaterally by the school management, without consulting with the students' parents. The students who were targeted to benefit from BOS Program were those

coming from both poor and non-poor family backgrounds. Therefore, many parties considered BOS Program as beneficial for the poor, although only a few schools provided special assistance for poor students.

The data collection system that was conducted early in the implementation of the program was less than satisfactory, especially because of the weakness in the previous education information system and the limited time for program preparation, which made it impossible to undertake an adequate data collection. The weakness in the data collection process caused a gap between the data on the number of students that was used to determine allocations and the actual number of students. Nevertheless, the flexibility and authority provided for the provincial *satker* (working unit) to adjust the size of funds allocations for the *kabupaten/kota* and schools in their areas appeared to have been very effective for a better distribution of funds.

In regard to the allocation of funds, this study captured several criticisms concerning the formula used. The formula for the determination of allocations was considered unfair for schools which had few students, had a lot of teachers paid by honorarium, had many poor students, and were located in isolated places. The allocation formula based on the number of students was also considered as unsuitable for the application in *salafiyah* (a traditional type of Islamic schools) because the educational practices in *salafiyah* are informal and not binding in nature, so their number of students fluctuates.

2. Socialization

The program's socialization activities both for the whole range of implementers and for the community were considered weak. The weakness was caused, inter alia, by the lateness of the socialization, the limited time, the material that was too general, the material and tools that were incomplete, the big number of participants in each activity, and the implementation of the activity that tended to be just for formality. In several cases, this weakness was worsened by the limitation of funds, especially for large regions. As a result, many program implementers had insufficient understanding of the operational and technical guidelines, and there were differences in interpreting the contents of these guidelines amongst implementers. This had in turn confused the implementers at the lower level. The inconsistencies between the explanations that were given to the program implementers and the explanations that were disseminated through the mass media and other non-implementing parties to the general public, particularly on the release of students from education costs, also confused the community and tended to cause misunderstandings between schools and the students' parents.

3. Channeling of Funds

In general, the channeling of funds was undertaken in accordance with the flow chart that was determined in the operational guideline. The policy of channeling BOS funds directly to school accounts was assessed as quite appropriate because, in general, the channeling proceeded smoothly and the funds were received in their entirety. The lateness of the funds distribution, especially in second semester of the 2005-2006 academic year, made it difficult for many schools to fulfill their operational needs and resulted in delays in the payment of teachers' honorarium, or it forced them to make loan

to various parties. Furthermore, there were differences in the channeling mechanism for BOS funds, the means of appointing channeling institutions, and other policies regarding school bank accounts that eventually impacted on the disbursement of the funds. In most provinces, the appointment of channeling institutions was not done in a transparent way. In several provinces, the appointment of the institutions and the restrictions on the place where school accounts could be kept did not take into consideration the ease of service and the schools' accessibility. These tended to add on the costs and time of the schools when withdrawing the funds.

4. Absorption and Utilization of Funds

At the time this study was conducted, most (almost 99%) of BOS funds for the July-December 2005 period had already been received by the schools. The remaining funds (1%) kept in the account of the provincial *satker* originated from the excess allocation in several BOS recipient schools and from the funds that had not been collected by the non-participating schools.

There were several problems in the management of BOS funds at school level in connection with the capacity of the schools in preparing the RAPBS (school budget), the control over the withdrawal of funds from the school's account and the usage of the funds. In many schools, the school principal was very dominant in deciding the use of the BOS funds and in the preparation of the RAPBS. In several provinces, the *satker* imposed additional requirements for the withdrawal of funds from the school's bank account, with the rationale of the need for supervision. These requirements added procedural bureaucracy to schools in the withdrawal of BOS funds. In addition, many schools faced the problem of a lack of clarity on the stipulation concerning savings interest and the complexity of the procedures for the tax payment on the use of the BOS funds.

The assessments made by various parties on the 11 types of funds utilization stipulated in the 2005 operational guidelines varied. However, in general many considered these stipulations were too restrictive (limiting) because they do not accommodate all the needs of the schools. For that reason, the realization of the use of BOS funds was not always consistent with the RAPBS and the 11 types of uses. Based on the accountability reports of BOS funds made by the sample schools, the largest part of the funds was used for paying teachers' honorarium, teaching and learning activities, and the purchase of office stationery and core textbooks.

5. Reporting

At the time of this study, the reports that had been completed were the report on assistance recipients, particularly on the allocation of funds and the data on the number of students as well as the number of schools receiving BOS assistance; and the report on the program preparation that covered socialization activities. The report on the monitoring and evaluation outcomes and the report on the funds utilization from the *kabupaten/kota* to the province had not been available yet. The reporting on the usage of the funds should have been undertaken in steps from schools to the *Kabupaten/Kota satker* and the recap should be submitted to the provincial *satker*. For *madrasah* (Islamic schools), the report should to be sent to the *Kabupaten/Kota satker* and to the

Kabupaten/Kota office of the Ministry of Religious Affairs. This was seen as reducing the significance of the joint-management approach agreed to be adopted by the education offices and the offices of the Ministry of Religious Affairs in managing the program.

In general, schools experienced difficulty in preparing the financial accountability report because of their limited capabilities and facilities as well as the intricacy in adjusting financial statements so that the type of expenditure can be in accordance with the operational guidelines. In almost all schools the accountability report was only submitted to the *kabupaten/kota satker* without being distributed to the students' parents. This practice disregarded the element of transparency and public accountability.

6. Monitoring, Evaluation, and Handling of Complaints

In general, there were several weaknesses in the existing monitoring and evaluation (*monev*) system that had been constructed to safeguard BOS Program. The quality of the implementation of the internal *monev* is still in question and gives an impression of being implemented as a formality only, while the external *monev* was too open, allowing too many parties, including the ones who were incompetent and irresponsible, to undertake it. In addition, a system that can synergize external and internal *monev* so that the outcomes can effectively safeguard the program's implementation and provide inputs for sustainable program improvement has not been developed yet. Many parties question the effectiveness of the internal and external *monev* activities because of the minimal feedback for a better implementation of the program. In fact, in several regions, some irresponsible parties abused the *monev* activities for personal benefit.

The weaknesses in the *monev* system also resulted in flaws in the complaints handling system that was part of the roles of the internal and external *monev*. The system for receiving and handling of complaints was still not well organized, although many parties already took part on it. The ineffective complaints handling system was caused, inter alia, by the lack of socialization regarding the complaints channel, the potential conflicts of interests as the internal *monev* is attached to the *satker*, and the difficulty of accessing available telephone and email facilities. As a consequence, only a few complaints regarding the implementation of BOS Program were received. The cases of suspected deviations on program implementation were more often disclosed by the local media and NGOs with no guarantee of follow-ups. Apart from the *satker* unit, the handling of complaints in several regions also received the attention of other institutions, such as the local legislature (DPRD) and the regional inspectorate board (Bawasda). In general, their resolution was handled by the institutions where the case was reported. However, both the complaint and the follow up process were not well documented in writing. The form for complaint documentation was not used.

7. Institutional Affairs

The implementation of the joint-management principle seemed to be forcefully imposed. The autonomous status of education affairs (public schools) and the vertical status of religious affairs (*madrrasah* and *salafiyah*) cause disharmony in institutional relationships and less effective implementation of joint-management. The problems that arise include, inter alia, lack of coordination, complaints about unequal distribution of roles and

responsibilities, as well as complaints about the management of funds for socialization and *movev*. The structure of the *satker* that was formed without considering the personnel's competence and the difference in the number of schools and *madrasah* made the distribution of work to the *satker* personnel, who came from two different institutions, difficult. Education institutions tended to dominate the program management, which involving institutions at the *kecamatan* level (UPTD) in its implementation, especially in the *kabupaten* area. The UPTD had a role as an intermediary between schools and *satker* as well as assisting schools in implementing the program. The important role of the UPTD was not, however, supported with an adequate understanding of the program, and this unit was not institutionally included within the *satker* structure.

In general, school committees were not yet functioning as a partner of the school in managing BOS. The school committee only had a role in signing the RAPBS to fulfill the requirement for receiving BOS funds. The education councils, in general, were also just playing the role as the "stamp" of the *satker*. The education councils tended to be elitist in nature and in only a few regions did the councils give sufficient attention to the issues that occurred in schools and school committees.

8. The Impact of and Level of Satisfaction with the Program Implementation

In general, BOS Program increased school revenues, making it possible for the improvements of teaching and learning activities in the school and the increase in community access, including the poor, to education. With BOS funds, schools could, among other things, increase: the availability of educational tools and infrastructure, teachers' incomes (teachers paid by honorarium, contract teachers and permanent teachers), the quality and quantity of extra-curricular activities, the frequency of additional lessons, and the quality of teachers. The administration of the program's implementation, however, consumed too much of the time and attention of the school principal, whose role is very crucial in the management of teaching and learning activities, giving rise to a concern that it would have a negative impact on teaching and learning activities.

Although quantitative data is not yet available, the results of qualitative analysis through interviews and FGDs provide indications of a positive impact of BOS Program on the participation in education, except in regard to the decrease in dropouts in junior high schools. There are indications that BOS Program increased the motivation to study for students from poor families because they are no longer concerned about arrears in student tuition and they are better equipped with education tools. The benefits of BOS Program for preventing dropouts especially in junior high schools, however, appeared to be small because most parents whose children had dropped out, some of which have just dropped out of school in the 2005-2006 academic year, did not know of the existence of BOS Program in their child's school. Schools are also unaware that BOS Program is aimed at preventing dropouts because this was not sufficiently stressed in the socialization or in the agreement on the receipt of assistance. The problem of dropouts in junior high schools is not only caused by economic incapacity, but also by other factors such as student delinquency and the interest in getting a job.

On the one hand, the reduction or even the exemption from tuition fee can be considered to be a positive impact that is consistent with the program's objectives. On the other hand, a concern arose that this assistance would instead reduce the self-reliance of the community and decrease the participation of various other parties in education funding. The response of regional governments to BOS Program varied because various factors influence the changes in the education budget allocation. Of the ten samples of *kabupaten/kota* visited in this study, it appears that only two cities tended to reduce their budget allocation for education after the introduction of BOS. Indeed, the existence of BOS Program impacted the local governments planning for education sector programs, and quite a lot of regions have planned and conducted programs that will indirectly support the effectiveness of BOS, such as the provision of incentives for permanent teachers and capacity building for school management.

Through FGDs (N=20), various stakeholders in the education sector and schools in general evaluated the implementation of the program as less than satisfactory, with an average score for the seven phases in the range of 5.4–6.6 (0=very unsatisfactory, 10=very satisfactory). Of the various phases of the implementation of BOS Program, the socialization component was, in general, considered most unsatisfactory, followed by complaints handling, funds channeling, as well as reporting and *money*. Meanwhile, in the in-depth interviews, most parents stated they were quite satisfied because they enjoy a reduction in school costs, and most parents whose children had received BKM tended to prefer BOS Program.

RECOMMENDATIONS

In general, this rapid appraisal show that BOS Program was very helpful in supporting the implementation of teaching and learning activities in schools, and, within certain limits, reduced the cost burden of education that is borne by the parents of students. Considering the benefits that had already accrued and the potential benefits of the program in the future, it is suggested that BOS Program be continued with various conceptual and technical refinements so that the benefits of the program can be optimized. This study also revealed the strategic position of schools as the spearhead of the program's implementation; capacity building in school institutions, both in the areas of administration and internal control mechanisms (checks and balances), will certainly determine the effectiveness of the program.

The BOS Program in its current operation tends to be ambivalent in determining whether the program should be aimed at providing general subsidies or subsidies to poor students only. The decision is more often up to the schools, resulting in confusion. For that reason, there is a need for a political courage to clarify the position of BOS Program in the education financing. If the program is aimed at general subsidies in the context of fulfilling the right of all citizens to receive decent standard of education, it is recommended that BOS Program be positioned as assistance from the government for the implementation of a minimum level of education service. If, however, the program is aimed at providing subsidies for poor students, the program should adopt a clearer targeting mechanism, through the targeting of regions and schools or through individual targeting. If it is undertaken through individual targeting, the selection should not only

be done by schools, but also by special independent officials as is done with the provision of conditional subsidies. In such programs, poor families are given a card to obtain free education and schools will bill the government to provide a service to these students.

In regard to the program management mechanism, considering the limitations, both in the quality of the data collection and the capability of the program management at all levels, the deconcentration mechanism was quite appropriate. In the medium term, however, deliberation and preparation are needed for diverting the management mechanism from deconcentration to special allocation funds (DAK) so that the regions can manage the program and, at the same time, have the obligation to provide real contribution to the program implementation. In this regard, consideration also needs to be given to the decentralization of *madrasah* affairs so that the regions will give the same level of attention to *madrasah* as to other schools, although the Ministry of Religious Affairs can still provide special assistance.

In addition, three main issues need to be refined in the technical implementation of the program:

1. Unified perceptions on the objectives and targets of the program that will be the basis for the implementation of the program, starting from the socialization phase, the implementation, to the monitoring and evaluation. In order to avoid confusion in the community and among the program implementers, the objectives and targets of the program have to be presented clearly, without any intervention from other parties that arise for political reasons. There are two issues that need to be stressed, namely: (i) BOS Program will only fulfill the minimum service of education, so in order to increase the quality of education, the participation and contribution of the community should not be eliminated; and (ii) the main target of the program is to absolve the poor of the costs of education so that they do not drop out of school.
2. The existence of a data collection system which becomes the basis for determining the allocation of funds to schools. There is a need for a system that includes standard data that will be used as the basis for calculating allocations, the data collection mechanism and the mechanism to adjust to the latest data so the difference between the allocations and the real needs can be minimized. It is recommended that the data on students in the month of August be used because the number of students in that particular month is relatively stable. This data collection system also has to guarantee the accuracy and transparency of the data.
3. A reporting, monitoring and evaluation system that guarantees broader public accountability. The existing reporting mechanism to the *kabupaten/kota*, provincial and Central *Satker* needs to be supplemented with a reporting system to the public through a simple medium available in schools, such as presenting the accountability report to the school committee and attaching a summary of the school financial plan and report in the vicinity of the school. In regard to the *monev*, it is necessary to re-regulate the system so external *monev* can be conducted more effectively and efficiently, without disturbing the teaching and learning activities at schools.

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LIST OF ABBREVIATIONS

APBD	:	<i>Anggaran Pendapatan dan Belanja Daerah</i> (Regional/Local Government Budget)
APBN	:	<i>Anggaran Pendapatan dan Belanja Negara</i> (Central Government Budget)
APK	:	<i>Angka Partisipasi Kasar</i> (Gross Enrollment Rate)
Askes	:	<i>Asuransi Kesehatan</i> (Health Insurance)
ATK	:	<i>alat tulis kantor</i> (office stationery)
Balitbang Depdiknas	:	<i>Badan Penelitian dan Pengembangan Departemen Pendidikan Nasional</i> (Research and Development Agency, Ministry of National Education)
Bappeda	:	<i>Badan Perencanaan Pembangunan Daerah</i> (Regional Development Planning Board)
Bappenas	:	<i>Badan Perencanaan dan Pembangunan Nasional</i> (National Development Planning Board)
Bawasda	:	<i>Badan Pengawas Daerah</i> (Regional Inspectorate Board)
BBM	:	<i>bahan bakar minyak</i> (fuel)
BIN	:	<i>Badan Intelijen Negara</i> (National Intelligence Agency)
BKG	:	<i>Bantuan Khusus Guru</i> (Special Assistance for Teachers)
BKM	:	<i>Bantuan Khusus Murid</i> (Special Assistance for Students)
BMPS	:	<i>Badan Musyawarah Perguruan Swasta</i> (Association of Private Schools)
BOP	:	<i>Bantuan Operasional Pendidikan</i> (Education Operational Assistance)
BOS	:	<i>Bantuan Operasional Sekolah</i> (School Operational Assistance)
BOSG	:	<i>Bantuan Operasional Sekolah Gratis</i> (School Operational Assistance for Free Education)
BP3	:	<i>Badan Pembantu Penyelenggara Pendidikan</i> (Parents' Association for School Support)
BPD	:	<i>Bank Pembangunan Daerah</i> (Regional Development Bank)
BPK	:	<i>Badan Pemeriksa Keuangan</i> (Supreme Audit Agency)
BPKP	:	<i>Badan Pengawasan Keuangan dan Pembangunan</i> (Finance and Development Supervisory Board)
BRI	:	<i>Bank Rakyat Indonesia</i> (Indonesian Peoples' Bank)
CIMU	:	Central Independent Monitoring Unit
DAK	:	<i>Dana Alokasi Khusus</i> (Special Allocation Funds)
DBEP	:	Decentralized Basic Education Project
DBL	:	<i>Dana Bantuan Langsung</i> (Direct Assistance Funds)
Depag	:	<i>Departemen Agama</i> (Ministry of Religious Affairs)
Depdiknas	:	<i>Departemen Pendidikan Nasional</i> (Ministry of National Education)
DIPA	:	<i>Daftar Pelaksanaan Isian Anggaran</i> (Budget Implementation Statement)
DO	:	drop out
DPR	:	<i>Dewan Perwakilan Rakyat</i> (People's Representative Council)
DPRD	:	<i>Dewan Perwakilan Rakyat Daerah</i>

		(Regional People's Representative Council)
FGD	:	Focus Group Discussion
gakin	:	<i>keluarga miskin</i> (poor family)
GDS	:	Governance and Decentralization Survey
Jatim	:	East Java
JPS	:	<i>Jaring Pengaman Sosial</i> (Social Safety Net)
juklak	:	<i>petunjuk pelaksanaan</i> (Operational Guidelines)
juknis	:	<i>petunjuk teknis</i> (Technical Guidelines)
Kandepag	:	<i>Kantor Departemen Agama</i> (District Office of the Ministry of Religious Affairs)
KBM	:	<i>Kegiatan Belajar Mengajar</i> (Teaching and Learning Activity)
KKG	:	<i>Kelompok Kerja Guru</i> (Teachers' Working Group)
KKKS	:	<i>Kelompok Kerja Kepala Sekolah</i> (School Principals' Working Group)
KPPN	:	<i>Kantor Pelayanan Perbendaharaan Negara</i> (State Treasury Office)
LP2SU	:	<i>Lembaga Pemerhati Pembangunan Sumatera Utara</i> (Development Observer Institute of North Sumatra)
LPMG	:	<i>Lembaga Peningkatan Mutu Guru</i> (Institute for the Enhancement of Teachers' Quality)
LSM	:	<i>Lembaga Swadaya Masyarakat</i> (Non-governmental Organisation)
Mapenda	:	<i>Madrasah dan Pendidikan Agama Islam</i> (Islamic Religious Education and Islamic School)
MBS	:	<i>Manajemen Berbasis Sekolah</i> (School-based Management)
MGMP	:	<i>Musyawah Guru Mata Pelajaran</i> (Subject Matter Teachers' Forum)
MI	:	<i>Madrasah Ibtidaiyah</i> (Islamic Primary School)
MIN	:	<i>Madrasah Ibtidaiyah Negeri</i> (Public Islamic Primary School)
MIS	:	<i>Madrasah Ibtidaiyah Swasta</i> (Private Islamic Primary School)
MKKS	:	<i>Musyawah Kerja Kepala Sekolah</i> (Assembly of Principals' Working Group)
monev	:	monitoring and evaluation
MTs	:	<i>Madrasah Tsanawiyah</i> (Islamic Junior High School)
MTsN	:	<i>Madrasah Tsanawiyah Negeri</i> (Public Islamic Junior High School)
MTsS	:	<i>Madrasah Tsanawiyah Swasta</i> (Private Islamic Junior High School)
NAD	:	Nanggroe Aceh Darussalam
NTB	:	<i>Nusa Tenggara Barat</i> (West Nusa Tenggara)
NTT	:	<i>Nusa Tenggara Timur</i> (East Nusa Tenggara)
ormas	:	<i>organisasi massa</i> (mass organisation)
pemda	:	<i>pemerintah daerah</i> (regional government)
pemkot	:	<i>pemerintah kota</i> (city government)
PKPS BBM	:	<i>Program Kompensasi Pengurangan Subsidi Bahan Bakar Minyak</i> (Compensation Program for Reduced Subsidies on Refined Fuel Oil)
PNS	:	<i>pegawai negeri sipil</i> (civil servants)
posko	:	<i>pos komando</i> (a post set up to handle a special task)

PP	:	<i>Peraturan Pemerintah</i> (government regulation)
PPh	:	<i>Pajak Penghasilan</i> (Income Tax)
PPN	:	<i>Pajak Pertambahan Nilai</i> (Value Added Tax)
PSBMP	:	<i>Pemberian Subsidi Biaya Minimal Pendidikan</i> (Provision of a Subsidy for the Minimum Costs of Education)
RAPBS	:	<i>Rencana Anggaran Pendapatan dan Belanja Sekolah</i> (School Budget)
Raskin	:	<i>beras untuk orang miskin</i> (Rice for the Poor)
RRI	:	<i>Radio Republik Indonesia</i> (Indonesian National Radio)
satker	:	<i>satuan kerja</i> (working unit)
SD	:	<i>Sekolah Dasar</i> (Primary School)
SDLB	:	<i>Sekolah Dasar Luar Biasa</i> (Special Primary School – primary school for children with disability)
SDM	:	<i>sumber daya manusia</i> (human resources)
SK	:	<i>surat keputusan</i> (decree)
SLT	:	<i>Subsidi Langsung Tunai</i> (Direct Cash Transfer)
SMP	:	<i>Sekolah Menengah Pertama</i> (Junior High School)
SMPLB	:	<i>Sekolah Menengah Pertama Luar Biasa</i> (Special Junior High School – junior high school for children with disability)
SMS	:	short message service
SPJ	:	<i>surat pertanggungjawaban</i> (accountability statement)
SPM-LS	:	<i>Surat Perintah Membayar Langsung</i> (Direct Payment Instruction)
SP2D	:	<i>Surat Perintah Pencairan Dana</i> (Fund Disbursement Instruction)
SPP-LS	:	<i>Surat Permohonan Pembayaran Langsung</i> (Direct Payment Application)
Sulut	:	<i>Sulawesi Utara</i> (North Sulawesi)
Sumut	:	<i>Sumatera Utara</i> (North Sumatra)
TA	:	<i>Tahun Ajaran</i> (academic year)
TVRI	:	<i>Televisi Republik Indonesia</i> (Indonesian National Television)
UPTD	:	<i>Unit Pelaksana Teknis Dinas</i> (Implementation Unit of Technical Agency)
UU	:	<i>undang-undang</i> (law)
Wajardikdas	:	<i>wajib belajar pendidikan dasar</i> (nine-year compulsory basic education)

I. INTRODUCTION

1.1 BACKGROUND AND OBJECTIVES

In March and October 2005, the Government of Indonesia reduced the fuel subsidy and re-allocated most of the funds to four large programs that were designed to reduce the community's burden, especially the poor, resulting from the rise in the fuel price. These four programs are those in the education, health, and rural infrastructure sectors, and for direct (unconditional) cash transfers. The education sector program that received a large budget allocation is the BOS (*Bantuan Operasional Sekolah*: School Operational Assistance) Program. Through this program, the central government provided funds to schools at the primary (SD) and junior high school (SMP) levels that were willing to meet the conditions determined in the requirements for program participants. Schools included in this program were SD/MI/SDLB/*salafiyah* at the primary level and SMP/MTS/SMPLB/*salafiyah* at the junior high school level, both public and private.¹ This program started in July 2005 at the same time as the commencement of the 2005/2006 academic year.

The BOS Program is conceptually different from the previous education sector compensation programs for reduced fuel subsidies (PKPS-BBM). Until the 2004/2005 academic year, the PKPS-BBM Education Sector Program for primary and junior high schools was given in the form of scholarships for poor students, known as BKM (*Bantuan Khusus Murid*: Special Assistance for Students) Program. The number of poor students who received BKM was determined by the central government based on the poverty index. In the 2004-2005 academic year, BKM was provided to approximately 20% of primary school students and 24% of junior high school students, with a scholarship value of Rp60,000 per semester per primary school student and Rp120,000 per semester per junior high student. Each school received a particular quota and undertook the selection of students who were eligible recipients; and the BKM funds were then disbursed directly to the selected student via an appointed post office.

The BOS Program adopted a different approach than the BKM Program in the sense that the funds were not provided directly to the poor students but were granted for and managed by schools. The amount of BOS funds for each school was calculated based on the number of students in each respective school. Consequently, the number of students covered by the PKPS-BBM Education Program in primary and junior high schools rose almost five times and the budget for the program also increased approximately eightfold (Table 1.1).

¹ According to Law No. 20/2003 on the National Educational System, primary education is divided into two parts: 1) primary education, that is further divided into primary schools (*Sekolah Dasar - SD*) and Islamic primary school (*Madrasah Ibtidaiyah - MI*) that are conducted for six years, and 2) junior high education, further divided into: junior high schools (*Sekolah Menengah Pertama - SMP*) and Islamic junior high school (*Madrasah Tsanawiyah - MTs*), which are conducted for three years. The Ministry of National Education (Depdiknas) manages SD and SMP using a general education curriculum. Depdiknas also manages SDLB and SMPLB which are primary and junior high schools providing education for children with disabilities or with special needs. Ministry of Religious Affairs (Depag) manages MI and MTs using a combination of Islamic and general education curricula. Depag also manages *salafiyah*, a traditional type of Islamic school led by religious leaders. Some *salafiyah* is informal in nature and some also provide boarding schools.

Because of this conceptual change as well as the large increase in the volume of funds that were allocated from the central government budget to BOS Program, it is necessary to examine the field implementation of the program. Many parties who were directly involved in the planning and preparation of BOS Program acknowledged that this large program was prepared in a very short time frame. For that reason, an in-depth observation of the problems and obstacles faced during the first semester of the program's implementation would be necessary for future program improvement.

Table 1.1 Target and Budget Allocations for BKM and BOS in 2005 and 2006

Program	Target (Number of Students)	Unit Cost (Rp)	Total Cost (Rp)
BKM (January – June 2005 – 1 semester)			
SD/MI/SDLB	5,930,000	60,000	355,800,000,000
SMP/MTs/SMPLB	2,353,200	120,000	282,384,000,000
Total	8,283,200		638,184,000,000
BOS (July – December 2005 – 1 semester)			
SD/MI/SDLB	28,779,709	117,500	3,381,615,807,500
Salafiyah equivalent to SD	108,177	117,500	12,710,797,500
SMP/MTs/SMPLB	10,625,816	162,250	1,724,038,646,000
Salafiyah equivalent to SMP	114,433	162,250	18,566,754,250
Total	39,628,135		5,136,932,005,250
BOS (January – December, 2006 – 2 semester)			
SD/MI/SDLB	29,314,092	235,000	6,888,811,620,000
Salafiyah equivalent to SD	118,438	235,000	27,832,930,000
SMP/MTs/SMPLB	10,335,199	324,500	3,353,772,075,500
Salafiyah equivalent to SMP	153,428	324,500	49,787,386,000
Total	39,921,157		10,320,204,011,500

Source: Ministry of National Education and Ministry of Religious Affairs.

In an effort to examine the implementation of BOS Program during the first semester of the 2005-2006 academic year, as lessons learned for the planning and improvement of the program's management in the future, the SMERU Research Institute with the support of the World Bank undertook a rapid appraisal in 10 *kabupaten/kota* located in five provinces. In general, this rapid appraisal focused on examining the planning and implementation of the program, both at the central and regional levels. In particular, the study at the central level was directed towards looking at:

- 1) The framework of and regulations on the implementation of the program, which are how the program's implementation was regulated, what were the differences compared to previous programs and what was the framework of the program's implementation;
- 2) The socialization and transparency of information, which are what was the understanding of the related institutions on the program stipulation and the implementation framework, the suitability of the schools participating in the program, and the program monitoring and evaluation;
- 3) What was the coverage of the program or the percentage of schools that received BOS;
- 4) How much funding was transferred, and to where (region, type of schools) were these funds channeled.

The study of the program implementation in the field was directed towards examining:

- 1) The socialization and transparency of information, including: What is the understanding of the community, regional government, and schools about the program? Is this understanding in line with the program design?
- 2) Why did the schools decide to accept or reject BOS Program?
- 3) Leakage: Is the amount of funds received by schools the same as that recorded at the central government level?
- 4) Funding utilization: How did schools use the funds? Was this usage in accordance with the guidance set out in the operational guidelines for the program? If not, why?
- 5) Financial transparency: Were the BOS funds included in the school's budget (RAPBS)? Did the school committee know of the existence of the BOS funds? Did the school committee participate in deciding the use of these funds?
- 6) What problems arose in the program implementation and why did these problems arise?
- 7) Future steps: How should the program be refined according to the opinion of the community, regional governments, and schools?

Finally, this appraisal aimed at providing recommendations on improvements to the design, implementation, and monitoring and evaluation of the program.

1.2 GENERAL OVERVIEW OF BOS PROGRAM

The BOS Program was initiated against the backdrop of the concerns that the increase in the fuel price, which caused a decline in the community's purchasing power, would also have a negative impact on the poor's access to education as well as impeding the achievement of the Nine-year Compulsory Basic Education (*Wajardikdas*) Program. At the same time, Law No. 20 of 2003 on the National Education System, section 5, paragraph (1) stated that "Every citizen has an equal right to receive a quality education," and section 11, paragraph (1) states "The central government and regional governments are required to provide service and easy access, as well as guarantee the implementation of quality education for each citizen without discrimination." Within this context, BOS Program was initiated, in principle, as a way to enhance community access, especially for students from poor or less well-off families to a quality education in the framework of facilitating the achievement of the nine-year compulsory basic education.

In the program planning, however, there was a duality of views on the main objective of BOS Program. On the one hand, there was a view that the program aimed to provide free schooling for all children attending primary and junior high schools because all people had an equal right to education. On the

Box 1.1 Objectives of the BOS Program

The BOS Program objective according to the 2005 Operational Guidelines:

"The BOS Program aims to provide assistance to schools in order that they can exempt students from school tuition. This exemption, however, will not result in decreased quality of the education services provided for the community."

The objective of the BOS Program according to the 2006 Guide Book:

"The BOS Program is aimed at releasing less well-off students from education costs and reducing the costs for other students, so that they can obtain a better-quality basic education until the completion of the 9 years of basic education in order to achieve the goal of the nine-year compulsory basic education program."

other hand, there was a view that this program was aimed at providing subsidies to poor students, because they had less access to education. This difference in view was reflected in the program objectives that were written in the 2005 Operational Guidelines Book and in the 2006 Guide Book, as it is quoted in Box 1.1. The emphasis on the priority for poor students was not explicitly mentioned in the program objectives contained in the 2005 version of the Operational Guidelines Book, although it was stated that in the implementation of the program, poor students had to receive greater priority to be released from school tuition. A more explicit statement on the priority for poor students was stated in the 2006 Guide Book that was a refinement of the 2005 version based on the inputs from various parties.

Through BOS Program, the central government provided block grant to schools. Schools could use these funds for the school's operational needs, especially for non-personnel operational costs in accordance with the regulations that had been established in the program guidelines (Table 1.2). The amount of funds to be received by schools was estimated on the basis of the number of students, with an allocation of Rp235,000 per student per annum for primary schools and Rp324,500 per student per annum for junior high schools. This allocation per student was determined based on the cost of education estimated from Susenas 2004 (Table 1.3). The funds for the first semester of the 2005/2006 academic year were disbursed in one batch and transferred directly to each school's bank account. The management of the funds should be undertaken by and became the responsibility of the school principal and the appointed teacher/treasurer, and their utilization should be based on the school budget (RAPBS) that had already been agreed by the school committee.

Basically, all public and private primary and junior high schools, including SD/MI/SDLB, SMP/MTs/SMPLB and *salafiyah* as well as non-Islamic religious primary and junior high schools that are implementing the *Wajardikdas* Program,² are entitled to receive BOS. Schools that receive BOS are required to follow all the regulations that have been set by the program, in regard to the way the funds are managed, the use of the funds, the accountability of the BOS funds received, as well as the monitoring and evaluation. Schools that are economically well-off and have an income larger than BOS funds are allowed to refuse BOS, if agreed by the parents and school committee. For BOS recipient schools, the following stipulations should be followed:

- Schools whose total revenues from school tuition (before BOS) were less than BOS had to exempt students from all forms of levies/contributions/fees that were used to fund expenditures that could be funded by BOS (Table 1.2). Schools were also asked to assist less well-off students who had experienced difficulty with transportation to and from school.
- Schools whose revenues from school tuition (before BOS) were greater than BOS could still levy additional charges, but had to exempt poor students from school tuition, if there were poor students in the school. If there were BOS funds left over, after being used to subsidize poor students, these funds could be used to subsidize other students. If there were no poor students in the school, the BOS funds could be used to subsidize all students in order to reduce the tuition of the students.

²The school that implement *Wajardikdas* has to at least teach three compulsory subjects, namely Indonesian Language, Mathematics, and Natural Science, in accordance with the national standard curriculum.

Table 1.2 Guidelines on the Use of BOS Funds

Operational Guidelines 2005	Guide Book 2006
<p><i>BOS Funds are to be used for:</i></p> <ol style="list-style-type: none"> 1. The fee for registration forms; 2. The purchase of textbooks, core and supplementary, for the school library; 3. The funds to improve the quality of teachers (MGMP, MKS, training etc.); 4. School exams, general tests, and daily tests; 5. The purchase of consumables, for example notebooks, chalk, pencils and lab materials; 6. Simple maintenance costs; 7. Electricity and telephone costs and the related services; 8. Paying teachers' and staff's honorariums; 9. Funding student activities (remedial, enrichment, extra-curricular); 10. Providing assistance to poor students to cover the cost of transportation; 11. Especially for <i>salafiyah</i> and non-Islamic religious schools, BOS funds are also permitted to be used for the costs of dormitory and purchasing religious equipment. 	<p><i>BOS funds are to be used for:</i></p> <ol style="list-style-type: none"> 1. Funding all activities in for the admission of new students: registration costs, forms duplications, administration costs of registration and test registration; 2. The purchase of textbooks and reference books for library collection; 3. The procurement of consumables: notebooks, chalk, pencils, lab materials, student registration books, inventory books, newspaper subscriptions, sugar, coffee, and tea for the school's daily needs; 4. The funding of student activities: remedial programs, enrichment programs, sports, art, youth academic/research initiative, scouts, youth red cross, and other similar activities; 5. The costs of daily tests, general tests, school exams and students' progress reports; 6. The development of the teaching profession: training, KKG/MGMP and KKKS/MKKS; 7. The costs of school maintenance: painting, repairing leaking roofs, repairing doors and windows, repairing furniture and other maintenance; 8. Paying bills: electricity, water, telephone, including new installations if there is already a network in the school's vicinity; 9. The payment of honorariums to teachers and education staff who are not paid by the central or regional government; <u>Additional incentives for the welfare of civil service teachers are the full responsibility of regional governments;</u> 10. The provision of assistance for the transportation costs of poor students; 11. Especially for <i>salafiyah</i> and non-Islamic religious schools, BOS funds can be used for the costs of dormitory and purchasing religious equipment; 12. <u>Funding BOS management: stationery, duplication, correspondence, and reports preparation;</u> 13. <u>If the funding of all of the above components has already been fulfilled from BOS funds and there are still left over funds, these funds can be used to purchase visual aids equipment, study media, and school furniture.</u> <p>The use of BOS funds for transportation and compensation for civil service teachers is permitted only in the context of conducting a school activity apart from the compulsory teaching hours. The size/cost unit for these needs has to be within reasonable limits.</p>
<p><i>BOS funds may not be used for:</i></p> <ol style="list-style-type: none"> 1. Earning interest by keeping the funds in the savings account for a long term; 2. Loans to other parties; 3. Paying bonuses, transportation or clothing that is not related with the interests of students; 4. Constructing new rooms or buildings; 5. Purchasing materials or equipment that does not support the learning process; 6. Investing in shares. 	<p><i>BOS funds may not be used for:</i></p> <ol style="list-style-type: none"> 1. Earning interest by keeping the funds in the savings account for a long term; 2. Loans to other parties; 3. Paying bonuses, transportation or clothing that is not associated with the interests of students; 4. Constructing new rooms or buildings; 5. Purchasing materials or equipment that does not support the learning process; 6. Investing in shares; 7. <u>Funding all kinds of activities that are already funded by central or regional government funding sources, for example, contract or assistant teachers, and additional teaching hours.</u>

Note: The underlined items are conditions not included in the 2005 operational guidelines.

The Guide Book 2006 mentions that schools that refuse BOS also have to exempt poor students from school tuition, but this statement was not stated in the Operational Guidelines for 2005.

Table 1.3 The Basis for Estimating the Unit Cost of the BOS Per Student

No.	Component	Unit Cost/Student/Year (Rp)	
		SD/MI/SDLB	SMP/MTs/SMPLB
1	Stationery	58,000	81,500
2	Electricity and Related Services	53,000	70,500
3	Repairs and Maintenance	42,500	62,500
4	Student Guidance	21,000	32,000
5	Guidance, Monitoring, Supervision, and Reporting	9,500	11,750
6	Equipment	12,000	16,250
7	Lab Materials	9,000	13,000
8	Others (managers' meeting, committee activities, etc.)	30,000	37,000
	Total	235,000	324,500

Source: Ministry of National Education and Ministry of Religious Affairs, calculated from Susenas 2004.

The BOS Program is a central government program. The funding of the Program is provided entirely from the national budget, and is implemented via the deconcentration funding mechanism. Program responsibility at the central government rests jointly with the Directorate General of Primary and Secondary Education (Ditjen Dikdasmen) - Ministry of National Education (Depdiknas), and the Directorate General of Islamic Institutions - Ministry of Religious Affairs (Depag). This joint-management is undertaken because the management of primary and junior high schools has been devolved to the regions, and in principle under the direction of Depdiknas, while *Madrasah Ibtidaiyah* and *Tsanawiyah* have not yet been decentralized and are still under direct management and supervision of Depag. Apart from *madrasah*, *salafiyah* schools are also under the control of Depag. Program managers, or known as “*satker*”, at the central level consist of elements from Depdiknas and Depag. The head and treasurer of the *satker* are personnel from Depdiknas, while officials of Depdiknas and Depag fill the sections. The *satker* structure at the provincial and *kabupaten/kota* levels follows the structure of *satker* at the central level. Provincial *satker* consist of staff from the provincial education office and the provincial office of Depag, while the *kabupaten/kota satker* consists of staff from the district education office and the district office of Depag (Kandepag). Because this program is conducted through the deconcentration mechanism, the province as the representative of the central government has a significant level of authority to appoint institutions to channel the funding and manage the allocation of BOS funds to the *kabupaten/kota* in their region. The number of students who obtained BOS funds and the volume of the BOS funds that were provided to each province in 2005 and 2006 are presented in Table 1.4. Almost all the BOS funds for 2005 had been disbursed, while the BOS funds for 2006 had only been disbursed as much as 46% of the total up to 31 May 2006.

In the 2005 budget year, the total funding allocation for PKPS-BBM Education Sector Program that consists of the BKM Program for primary, junior high, and senior high schools from January to June, the BKM Program for junior high schools from July to

December and BOS Program for primary and junior high schools for the July to December period, is approximately Rp6 trillion. At the same time, the total funding need for the PKPS-BBM Education Sector Program for 2006 is estimated at approximately Rp11 trillion (Table 1.5). Of these funds, approximately 2% is allocated for the safeguarding activities, which are used for, inter alia, socialization, management administration, reporting, and program monitoring.

Table 1.4 The Number of Students and Funding Allocations of BOS by Province (2005 and 2006)

Province	2005 Allocation			2006 Allocation			
	SD/MI/SDLB/ salafiyah SD	SMP/MTs/ SMPLB/ salafiyah SMP	Total BOS Funds	SD/MI/SDLB/ salafiyah SD	SMP/MTs/ SMPLB/ salafiyah SMP	Total BOS Funds	Disbursement per 31 May 2006
	Student	Student	Rp	Student	Student	Rp	
1 NAD	674,914	251,508	120,109,568,000	678,497	270,396	247,190,297,000	47%
2 North Sumatra	2,019,975	848,187	374,965,403,250	1,901,019	753,980	691,405,975,000	46%
3 West Sumatra	651,851	257,497	118,371,380,750	656,081	235,257	230,519,931,500	50%
4 Riau	638,441	220,606	110,810,141,000	731,048	236,037	248,390,286,500	50%
5 Riau Islands	132,545	41,785	22,353,653,750	152,466	55,922	53,976,199,000	47%
6 Jambi	524,138	143,021	84,791,372,250	532,243	142,290	171,250,210,000	48%
7 South Sumatra	948,218	341,601	166,840,377,250	955,866	315,268	326,932,976,000	50%
8 Bengkulu	204,039	89,277	38,459,775,750	225,954	82,759	79,954,485,500	41%
9 Lampung	1,068,544	402,882	190,921,524,500	1,023,614	364,563	358,849,748,500	50%
10 Bangka-Belitung	132,501	44,399	22,772,605,250	132,501	50,822	47,629,474,000	50%
11 DKI Jakarta	916,040	389,676	170,859,631,000	784,466	416,547	319,519,011,500	50%
12 West Java	4,859,618	1,756,477	855,993,508,250	4,994,128	1,660,747	1,712,532,481,500	50%
13 Central Java	3,936,459	1,623,688	725,977,310,500	3,934,252	1,539,444	1,424,099,033,000	50%
14 DI Yogyakarta	305,581	154,805	61,022,878,750	310,100	147,740	120,815,130,000	50%
15 East Java	4,402,480	1,640,204	783,414,499,000	4,529,146	1,667,125	1,605,331,372,500	50%
16 Banten	1,286,246	428,620	220,677,500,000	1,309,712	443,843	451,809,373,500	48%
17 Bali	376,203	137,578	66,525,883,000	389,092	144,769	138,414,160,500	57%
18 NTB	614,900	231,151	109,754,999,750	604,583	224,226	214,838,342,000	50%
19 NTT	681,026	171,671	107,874,174,750	697,887	174,226	220,539,782,000	50%
20 West Kalimantan	593,956	186,693	100,080,769,250	621,976	175,545	203,128,712,500	50%
21 Central Kalimantan	285,080	82,997	46,963,163,250	297,954	85,853	97,878,488,500	51%
22 South Kalimantan	425,023	150,407	74,343,738,250	438,758	136,638	147,447,161,000	49%
23 East Kalimantan	406,627	140,686	70,604,976,000	411,930	148,535	145,003,157,500	32%
24 North Sulawesi	257,290	95,292	45,692,702,000	268,950	102,605	96,498,572,500	25%
25 Central Sulawesi	287,954	103,773	50,671,764,250	330,148	107,870	112,588,595,000	50%
26 South Sulawesi	1,038,855	385,412	184,598,559,500	1,201,573	388,027	353,954,256,500	41%
27 West Sulawesi*						54,330,160,000	48%
28 Southeast Sulawesi	299,954	119,934	54,703,886,500	327,247	116,735	114,783,552,500	28%
29 Gorontalo	133,746	36,884	21,699,584,000	134,608	35,124	43,030,618,000	50%
30 Maluku	229,103	85,842	40,847,467,000	245,478	86,968	85,908,446,000	48%
31 North Maluku	158,464	52,040	27,063,010,000	173,714	61,798	60,876,241,000	23%
32 Papua	305,866	87,813	50,186,914,250	319,582	81,258	101,469,991,000	50%
33 West Irian Jaya	92,249	37,843	16,979,284,250	117,957	35,710	39,307,790,000	32%
Total	28,887,886	10,740,249	5,136,932,005,250	29,432,530	10,488,627	10,320,204,011,500	48%

*In 2005 this region was still part of South Sulawesi Province.

Source: Ministry of National Education.

The amount of safeguarding funds for the 2005 PKPS-BBM Education Sector, which totalled Rp128,423,300,131, was divided between the central government (Rp34,822,284,131), provincial government (Rp38,125,376,000) and *kabupaten/kota* government (Rp55,475,640,000). The funds for provinces and *kabupaten/kota* were divided equally for all provinces and *kabupaten/kota*. There is no detailed information on the amount of the safeguarding funds that was allocated specifically for the socialization of BOS Program because these funds were not separated from the safeguarding fund for the BKM Program. In addition, in the detail of their usage as presented in Table 1.6, the socialization funds were included into one line item together with a series of other activities including planning, coordination, and training.

Table 1.5 2005 Budget and 2006 Budget Estimate for the PKPS-BBM Education Sector Program

	Program	Cost (Rp)	% of Total Cost
Budget 2005			
	BKM (January – June)	734,184,000,000	12%
	BKM - SMA (July – December)	272,398,620,000	4%
	BOS (July – December)	5,136,932,005,250	82%
	Safeguarding Funds	128,423,300,131	2%
	<i>Total</i>	6,271,937,925,381	100%
Estimated Need for 2006			
	BKM - SMA (January – December)	544,797,240,000	5%
	BOS (January – December)*	10,273,864,010,500	93%
	Safeguarding Funds	256,846,600,263	2%
	<i>Total</i>	11,075,507,850,763	100%

Source: Ministry of National Education and Ministry of Religious Affairs.

Note: *This estimate is based on the same number of students as that in the 2005 allocation so the figures are different to the figures in Table 1.1 that has been estimated on the basis of the latest data that has been submitted by each province.

Table 1.6 The Use of PKPS-BBM Education Sector Safeguarding Funds 2005

No	Activity	Cost (Rp)	(%) of Total
1	Planning, coordination, socialization, and training	47,727,059,131	37%
2	Technical team	1,850,200,000	1%
3	Workshop (technical preparation)	9,256,945,000	7%
4	Advertising (newspaper, radio, and television)	17,350,000,000	14%
5	Operational guidelines, posters, and leaflets	4,739,400,000	4%
6	Independent monitor	4,476,240,000	3%
7	Supervision (province, <i>kabupaten/kota</i> , and schools)	26,383,456,000	21%
8	Reporting (central, provincial, and <i>kabupaten/kota</i>)	1,510,000,000	1%
9	Operational (central, provincial, and <i>kabupaten/kota</i>)	14,490,000,000	11%
10	Procurement of operational tools	640,000,000	0%
	<i>Total</i>	128,423,300,131	100%

Source: Ministry of National Education.

1.3 METHODOLOGY

The preparation of this rapid appraisal commenced in mid-January starting with a discussion of the terms of reference, interviews with various key resource persons and informants at the central government level, and preparing the field research instruments. The field research was conducted over an approximately three-week period from mid-February to early March 2006. The preliminary results of the study were presented and discussed in a seminar with a limited number of participants at Bappenas at the end of March 2006 and at Balitbang Depdiknas in early April 2006. On 2 July 2006, the findings of this study, together with the findings of other studies on PKPS BBM programs, were presented in Bappenas to a wider range of stakeholders.

This study mainly used a qualitative approach through in-depth interviews and focus group discussions. Information and data were collected from program implementers at the central, provincial and *kabupaten/kota* levels and from schools. In addition, a variety of supporting information was also gathered through interviews with other relevant institutions and those involved in monitoring or observing the implementation of BOS Program.

In-depth Interviews

In-depth interviews were conducted to obtain detailed information on the program implementation at various levels. Information that was unearthed covered targeting, data collection, funds allocation, socialization, channeling, absorption and utilization of the funds, complaints and problem resolutions as well as monitoring, evaluation, and reporting. Furthermore, information on institutional affairs, especially the information associated with the joint-management approach as well as the impact of the program and the level of stakeholders' satisfaction with the implementation of BOS Program, was also collected. In-depth interviews were undertaken by using semi-structured guided questions. Informants that were interviewed in the relevant institutions at the central, provincial, and *kabupaten/kota* levels of government and in schools, among others, included:

- Central level: central working unit (*satker*) that was set up in the Ministry of National Education, the Mapenda Directorate in the Ministry of Religious Affairs and several NGOs that had conducted monitoring of BOS Program;
- Provincial level: provincial *satker* that were founded in the education office, the Mapenda in the provincial office of the Ministry of Religious Affairs, relevant sections in the education office, Bappeda, financial institutions appointed to channel BOS funds, local mass media, and NGOs that monitored or observed the implementation of BOS Program;
- *Kabupaten/kota* level: *Kabupaten/kota satker* that were established in the education office, the *Mapenda* and *Pesantren*³ sections in the *kabupaten/kota* office of the Ministry of Religious Affairs, relevant regional government work units such as *Bappeda*, education council, the branch offices of financial institutions that channel

³*Pesantren* is a traditional Islamic boarding school.

the funds, financial institutions where schools opened their accounts, local mass media, NGOs and mass organizations that monitored or observed the implementation of BOS Program;

- School level: school principals and BOS Program treasurers, school committees, private school management foundations, two teachers consisting of the permanent and the non-permanent ones, three parents consisting of one from the middle class and two from the less well-off category, and one additional parent whose child had dropped out of primary or junior high school who lived in the vicinity of the sample school. The interview with the students' parents also involved the students.

Focus Group Discussions

FGDs were conducted in each sample *kabupaten/kota* to uncover collective perceptions on the implementation and benefits of BOS Program. FGDs in each *kabupaten/kota* were divided into two groups, namely an FGD for stakeholders at the *kabupaten/kota* level (Institutional FGD) and an FGD for school principals and school committees (School FGD). The Institutional FGD was attended by the *satker* manager, the staff of the education office, the staff of the district office of the Ministry of Religious Affairs, several UPTD heads, the staff of Bappeda, representatives of the education council, journalists from the local media, several NGO activists and representatives from the DPRD. The School FGD was attended by the principals, school committees, and foundation boards from the sample schools and from several selected non-sample schools. There were a total of 20 FGDs, consisting of 10 institutional and 10 school FGDs.

In each FGD, participants (whose numbers ranged between 9 and 15 people)⁴ were asked to write down the various problems that had occurred in each phase of the BOS implementation, and jointly group and discuss the problems that had been presented. In addition, each participant was asked to suggest alternative solutions to these problems by means of writing practical solutions, so the linkage between the existing problems and their alternative solutions could be clearly seen. After that, the participants were asked to provide an evaluation on the level of satisfaction to each stage of the BOS implementation, starting from the socialization phase, the selection and allocation, the channeling and absorption of funds, the utilization of the funds, complaints and problem handling, reporting, and monitoring and evaluation, as well as institutional affairs. In the assessment of the level of satisfaction, participants were asked to provide a score between 0 (very dissatisfied) up to 10 (very satisfied). The assessment by each participant of the level of satisfaction was then recapitulated and one score was sought as an agreed outcome between all FGD participants. The results of this assessment are presented in the section on the impact on and the level of satisfaction with the implementation of BOS Program.

In addition to discussing the implementation of the program, participants were also asked to give an opinion on the advantages and disadvantages of BOS Program in connection with the effort to enhance the access of the poor to basic education. At the end of the discussion, participants were also asked to provide an assessment of the level of benefit of

⁴An exception was one FGD attended by five participants.

BOS Program for the poor, by way of giving a score and discussing the results of this assessment as was undertaken in the assessment of the program implementation. Finally, they were asked to discuss suggestions for enhancing the effectiveness of the program in regard to improving the access of the poor to basic education.

Study Location

The field study was conducted in ten *kabupaten/kota* located in five provinces (see Table 1.7 and Figure 1.1). The selection of these sample provinces and *kabupaten/kota* was undertaken purposively by considering: geographical location in a variety of different islands (representation of islands/regions), *kabupaten* and *kota* (as representatives of rural and urban areas), variations in the level of BOS Program allocations (allocation levels that are high and low), and several *kabupaten/kota* were chosen in consideration of the location/region of the GDS (Governance and Decentralization Survey).⁵

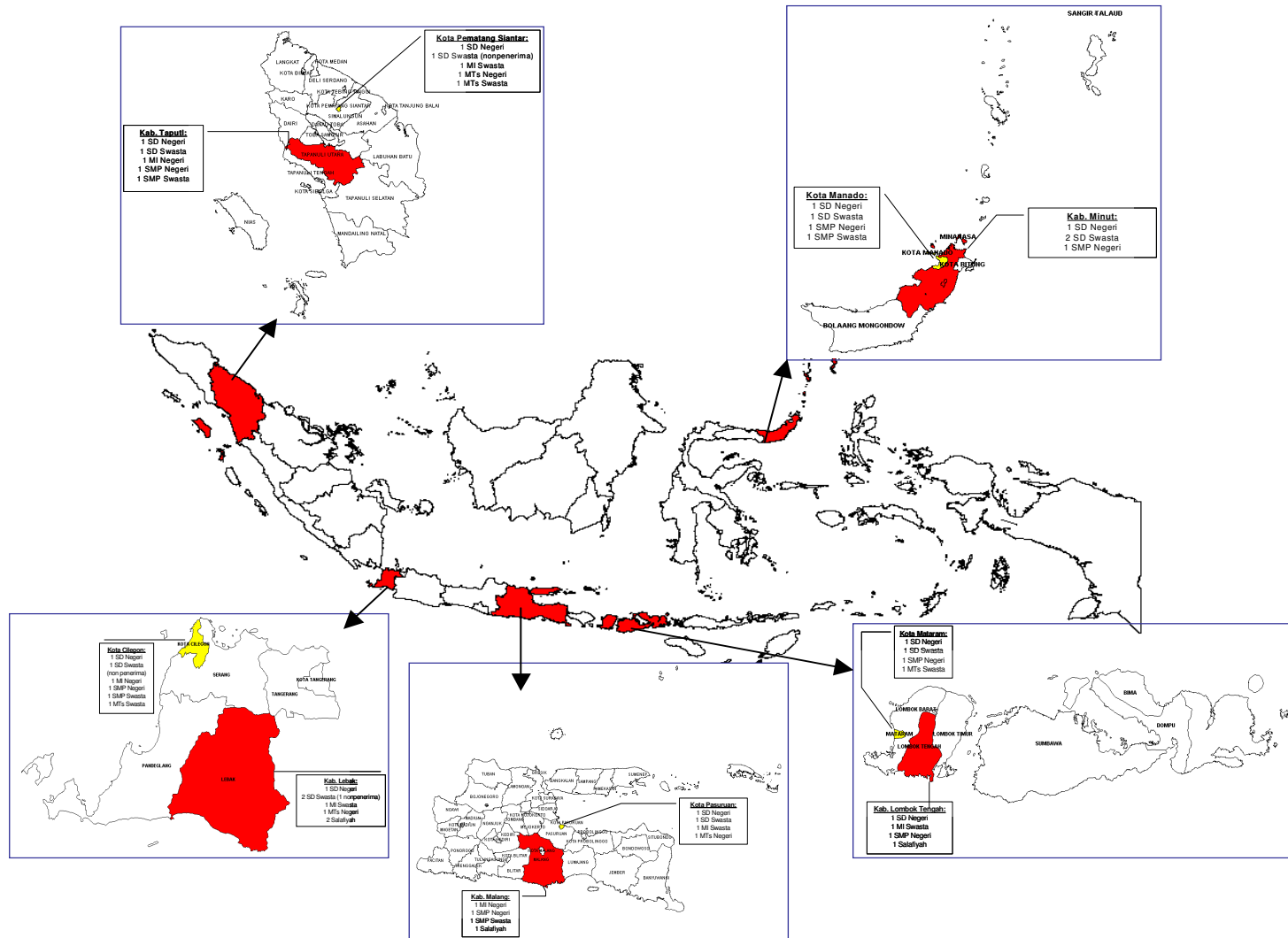
Table 1.7 The Basis for the Choice of Samples for BOS Program Rapid Appraisal

Representation of Islands/Regions	Province	Kabupaten/ Kota	Basis for Choice of Sample	
			Urban/ Rural	GDS2 Location
Java	<i>East Java (15%)</i>	Kota Pasuruan	U	No
		Kab. Malang	R	Yes
	Banten (4%)	Kota Cilegon	U	No
		Kab. Lebak	R	Yes
Sumatra, Kalimantan	<i>North Sumatra (7%)</i>	Kota Pematang Siantar	U	No
		Kab. Tapanuli Utara	R	Yes
Sulawesi, Maluku, Papua	North Sulawesi (1%)	Kota Manado	U	Yes
		Kab. Minahasa Utara	R	Yes
Bali/Nusa Tenggara	NTB (2%)	Kota Mataram	U	Yes
		Kab. Lombok Tengah	R	No

Note: - Provinces in italics received relatively high BOS allocations.
 - The percentage in brackets is the proportion of the BOS funds allocated for the respective province.

⁵The choice of the same location as the GDS sample was intended to enrich the information and analysis of the results of the GDS that will be carried out in the near future.

figure 1.1 Locations of the Samples for BOS Program Rapid Appraisal



A minimum of four sample schools were selected in each *kabupaten/kota*, based on a quota of the types of schools that had been previously determined. The selection of schools was undertaken purposively in order to represent, as far as possible, all types, levels, and status of schools, as well as consider the variations in the recipient/non-recipient schools, the economic status of the community in the vicinity of the school, and the distance of schools from the center of government administration and economic activity. The sample of *salafiyah* was chosen in provinces where there are many *salafiyah* based on the data obtained from the Ministry of Religious Affairs, which was in the provinces of Banten, East Java and West Nusa Tenggara. A total of 46 sample schools were visited during this study. These consisted of state and private primary schools, state and private MI, state and private junior high schools, state and private MTs, and *salafiyah* primary and/or junior high schools (Table 1.8). This study did not include special schools, either SDLB or SMPLB.

Table 1.8 Number and Types of Sample Schools in BOS Program Rapid Appraisal

Management and Type of Education Unit	SD and the equivalent	SMP and the equivalent
BOS Recipient		
Public - General	9	6
- Madrasah	4	2
Private - General	7	4
- Madrasah	3	3
<i>Salafiyah</i>	5	
BOS Non-recipient		
Private - General	3	
Total	46	

Research Team

There were a total of 11 SMERU researchers directly involved in this research, including an advisor, Sudarno Sumarto. The ten researchers included Widjajanti I. Suharyo, Hastuti, Syaikh U Usman, Bambang Sulaksono, Nina Toyamah, Sri Budiyati, Wenefrida Dwi Widyanti, Meuthia Rosfadhila, R. Justin Sodo and Sami Bazzi. These ten researchers were split into five teams, each of which had the responsibility of conducting the research in a province with a *kabupaten* and a *kota* in each of these provinces. In addition, there were 11 guest researchers and local researchers involved in this study: Novi Anggriani, Inca Juanita, Yudi Fajar Margono, Wini Nahraeni, Dodik Sugiharto, Erwin Romulus Siahaan, Fivi Rahmatus Sofiyah, Ricky Rengkung, Djoni Hatidja, Syahbudin Hadid and M. Aan Ardiansah. These guest and local researchers were also assigned to each location. The research team in each province consisted of two SMERU researchers and two guest or local researchers.

1.4 REPORT STRUCTURE

This report presents the results of the rapid appraisal of the first phase of BOS Program, namely Semester I of the 2005-2006 academic year. This report consists of three chapters:

- Chapter one contains an explanation on the background and objectives of the study, a general overview of BOS Program, the methodology used, and the structure of the report;
- Chapter two contains the findings of this study and includes the following issues: targeting, data collection and allocation; program socialization; funds channeling; absorption and use of the funds; complaints and problem handling; reporting, monitoring and evaluation; institutional affairs; and the impact on and the level of satisfaction with the implementation of the program;
- Chapter three presents recommendations. These are divided into general recommendations and detailed recommendation for each phase of the program.

II. RESEARCH FINDINGS

Education is one of the government functions that have been devolved from the central government to regional governments (*pemda*). According to Law No. 32 of 2004 on Regional Government Administration, education is an obligatory function for regional governments, both provincial and *kabupaten/kota*, and for that reason, regional governments are obliged to manage and finance education. Until now, school operational costs have come from a number of sources, particularly from students via student tuition and various other forms of levies, from central and regional governments, and other sources including community contributions, business establishments, and other donors. The availability of school operating funds varies between regions, even between schools in the same region. This diversity is affected by the capability and commitment of regional governments and the community in supporting school activities. For that reason, there are schools that have very adequate educational facilities and supported by large budgets, but there are also schools with very minimal equipment and their budgets are actually inadequate for covering the operational needs of the school.

In general, most school operating costs and even teachers' wages in private schools are funded by the students/community and administered by school management. The need to finance operating costs has triggered systems and institutions innovations, ranging from simple innovations to the complex ones. This rapid appraisal, for example, found a school that received parents' contributions in the form of harvest products to fund their operating costs. In other cases, there are also schools that receive funds from a variety of sources, such as the community, government, industry, and even funding assistance from international agencies.

The BOS Program provides a significant amount of funding assistance for school operating activities, especially in comparison to the tuition of schools in rural areas and schools where the majority of students come from the middle to lower classes. This has changed the funding structure of schools in a significant way. For almost all schools in Indonesia in general, the volume of funds provided through this program and the guidelines governing their use and their administration represent something new that is very different to the usual system. On the one hand, the volume of funds received is very beneficial in reducing the burden on the community and educational institutions in the funding of schools. On the other hand, the various regulations on its implementation are deemed to be "making life difficult" for schools. Nevertheless, not all the inconvenience for schools resulting from the bureaucratic change demanded by BOS Program is assessed as having a negative impact. The difficulty is caused by the obligations placed on recipients to be accountable for the use of the funds, whether they are from government institutions or the community. These are in principle in accordance with the demand for professional administrative governance, honesty, transparency, and accountability, which are expected to reform and improve the capacity of educational institutions.

In general, BOS Program has provided significant amount of assistance in the funding of education and in attempting to support capacity building in school management.

However, this appraisal has, in general, found several weaknesses, both in the concept and design of the program and in the field implementation of the program. These findings are presented and discussed in the following analysis.

2.1 TARGETING, DATA COLLECTION, AND ALLOCATIONS

As presented in the sub-section on the general overview of the program, the targets of BOS program are all primary and junior high schools that are implementing the compulsory nine-year basic education program, and the size of the funding allocation was based on the number of students. The objective of the program mentioned in the 2005 operational guidelines does not put the stress on poor students, but the program guidelines gives an indication that this program has to give priority to poor students. Under such design, it is the school that has a very significant role in determining recipients of the program's benefits, because the school has the right to receive or refuse BOS as well as to determine the use of the funds. The discussion below will explain who the recipients of the program benefits are, as well as the data collection and the allocation of funds, which will also affect the distribution of program beneficiaries.

2.1.1 Targeting

In general, this study found that BOS Program tended to be implemented as a general subsidy so that all students, irrespective of the economic backgrounds of their family, received almost the same benefits. This occurred because only a minority of schools refused BOS, and the benefits received by poor students and the non-poor in each school were almost the same because only a small proportion of the BOS funds were allocated to provide additional benefit for poor students.

Non-recipient Schools

As of the end of March 2006, the Central *Satker* did not have the data on the number of schools that had accepted or rejected BOS, but it was estimated that only a few schools had rejected BOS. The outcome of the visit to the sample *kabupaten/kota* in this study confirms this. Of the ten samples of *kabupaten/kota* visited, schools that rejected BOS were found in only one *kabupaten* and two *kota*, these being Kabupaten Lebak (one school or 0.1% of all the schools), Kota Cilegon (nine schools or 4% of the total), and Kota Pematang Siantar (13 schools or 6% of the total). Of all the eligible public and private schools that had official permit in seven other sample *kabupaten/kota*, none had rejected BOS (Table 2.1).

Table 2.1 Number of BOS Recipient and Non-Recipient Schools in 10 Sample Kabupaten/Kota

Name of Province	Name of Kabupaten/Kota	Total		Recipient		Non-Recipient	
		SD*	SMP*	SD*	SMP*	SD*	SMP*
East Java	Kota Pasuruan	85	39	85	39	0	0
	Kab. Malang	1,482	458	1,482	458	0	0
Banten	Kota Cilegon	177	79	175	72	2	7
	Kab. Lebak	931	186	930	186	1	0
North Sumatra	Kota Pematang Siantar	167	49	159	44	8	5
	Kab. Tapanuli Utara	389	59	389	59	0	0
North Sulawesi	Kota Manado	269	91	269	91	0	0
	Kab. Minahasa Utara	188	52	188	52	0	0
NTB	Kota Mataram	162	50	162	50	0	0
	Kab. Lombok Tengah	766	246	766	246	0	0

Source: BOS *satker* in sample *kabupaten/kota*.

*Or the equivalent.

In Kabupaten Lebak and Kota Pematang Siantar, schools that rejected BOS were relatively well-off or wealthy private schools, managed by religious foundations. These schools had charge relatively large school tuition of more than Rp50,000 per student per month. In Kota Cilegon, apart from the general private schools, there were six *salafiyah* at the junior high school level that also rejected BOS. For the wealthy private schools, the reason for rejecting BOS was that the school and foundation had some objections to several program requirements, especially related to the demand for transparency in financial management and the guidelines on the use of the funds that did not allow utilization for foundation activity and payment of the salary of civil servant teachers. Furthermore, some schools thought that they still able and willing to be independent in funding their school's operating cost by using student tuition. In Banten province, in particular, the appeal and emphasis during the socialization for schools not to impose any charge from students also became the reason for rejecting BOS. For *salafiyah* that rejected BOS, the main reason concerned the problems of financial administration that were considered to be too difficult for most of the managers.

In all non-recipient schools visited, the decision to reject BOS was made unilaterally by the school and the foundation management without requesting the opinion of parents or the school committee as determined in the operational guidelines. The majority of parents in these schools did not understand the reason for the rejection because they had never been consulted. In Kabupaten Lebak and Kota Cilegon, several schools that rejected BOS had participated in the program socialization at the *kabupaten/kota* level. Schools in Kota Pematang Siantar that rejected BOS did not, in general, participate in the program socialization. They also did not send the submission form with the names and numbers of students as well as the number of the school bank account.

The procedure for rejecting BOS by the schools differed between sample regions. In Kota Cilegon, for example, schools did not have to submit the rejection letter as required by the operational guidelines. These schools are known to have rejected BOS funds on the

basis of the funds distribution report from the local post office, because until the end of February 2006, these schools did not withdraw the BOS funds that had been allocated and distributed to the school account prepared by PT Pos. In addition, there was a school that had withdrawn its BOS funds, but returned them to the post office a week later. In Kabupaten Lebak, the *kabupaten satker* requested a letter of rejection from the schools that refused BOS. In Kota Pematang Siantar, schools that rejected BOS could inform the rejection verbally or by telephone to the city *satker*.

Targeting for Poor Students

Although the operational guidelines have emphasized the obligation to give priority to poor students, the implementation of this policy has been fully delegated to schools. Consequently, the implementation varies significantly between regions as well as between schools in the same region. This variation occurs because during the socialization to schools not all *kabupaten/kota satker* emphasized the importance of giving priority to poor students. As a result, the decision to give special treatment to poor students highly depended on the decision of the school, especially of the principal.

In the process of determining the policy regarding poor students, school management did not, in general, involve the school committee or parents. Most schools decided to treat poor and non-poor students the same way in terms of tuition borne to students. Of the 43 samples of BOS recipient schools, only 48% provided special assistance to poor students. The forms of additional assistance provided by schools varied between schools and did not always follow the operational guidelines. Among the kinds of assistance provided are transportation costs, uniforms, shoes, school bags, stationery, or exempting students from or reducing school tuition. Of the 32 schools whose revenue from monthly school tuition (not including receipts from new students) was less than BOS, only six schools (20%) provided assistance in the form of transportation costs for poor students. In fact, one of these schools provided transportation allowance not just for poor students, but also for other students whose home was quite far from school and needed transportation. Meanwhile, of the 11 other schools whose receipts from student tuition were larger than BOS and that should have exempted poor students from school tuition, only five schools (45%) did so.

In the schools that provided special assistance to poor students, the number of poor students who obtained special assistance mostly ranged from 3% to 25% of the total number of students in each school. Only one school provided special assistance to 51% of the total students. However, the assistance provided was only for the provision of writing tools. Based on the data prepared by schools, the number of poor students⁶ in the sample schools in each province ranged between 17% and 34% of the total students, so only 12% up to 33% of all poor students had received special assistance. The smallest coverage was in Banten Province and the largest in North Sumatra (Table 2.2). Of the total numbers of students in all sample schools, on average, the numbers of poor students who received special assistance were approximately 22% of the numbers of poor students or 6.5% of the total student numbers.

⁶ The criteria for poor students were determined by each school so they could be different across schools.

Table 2.2 Number of Poor Students Receiving Special Assistance from BOS Funds in the Sample Schools

Province	Number of Students	Poor Students		Poor Students Who Received Special Treatment		
		Total	% of total students	Total	% of total students	% of total poor students
East Java	2,957	1,002	33.9	242	8.2	24.2
Banten	2,367	397	16.8	48	2.0	12.1
North Sulawesi	3,173	N.A.	N.A.	296	9.3	N.A.
North Sumatra	2,841	940	33.1	256	9.0	33.1
NTB	1,740	568	32.6	111	6.4	32.6
Total	13,078	2,907	29.3	953	6.5	22.6

N.A.: Not Available.

Source: Processed from the data provided by study sample schools.

The amount of special assistance provided for poor students was, in general, small. For example, the transportation allowance only ranged from Rp5,000 to Rp15,000 per student per month. It was also found that two schools provided Rp50,000 per student per month for the cost of transportation, but only five students received this kind of allowance in the first school and seven in the second school. The results of the analysis on the use of BOS funds also showed that, in general, the special assistance for poor students was not among the dominant expenditure items (see the analysis in Sub-section 2.4).

The rule set in the operational guidelines to give higher priority to poor students, but at the same time limiting the type of assistance, that is, in the form of allowance to cover the cost of transportation from their home to school for those who need it, seemed to discourage schools from providing assistance to poor students. Many schools, especially primary schools, did not provide assistance to poor students for the reason that all of their students lived in the vicinity of the school and did not need assistance for transportation. Several other schools explained that they had difficulty in determining the criteria of poor students. If assistance was given to several poor students who were selected by the school, there were concerns that it would give rise to protests from other students or their parents.

The small allocations of funds, the limited number of poor students who obtained special assistance, and the reasons mentioned earlier indicate the limited attention of the schools to poor students. In fact, there are indications that the attention given to poor students could decrease during the implementation of BOS in the future. The reason for this concern is because there was a case where a school increased the economic status of parents in the list of students for the application of BOS funding submitted for the second semester of the 2005/2006 academic year. The data that was provided by this school showed that, in the form submitted for the first semester, the difference in the number of not well-off, less than well-off and well-off students in this school was 44% : 42% : 14%, while, in the form for the second semester, it became 0% : 96% : 4%. In fact, from SMERU's observation of students and several parents of this school, it appears that there are still quite a lot of students who could be classified as not well-off. Therefore, there is a need for program managers to undertake a special effort to prevent the widespread of similar cases.

In schools that provided assistance for poor students, the means of selecting poor students was determined by each school. The criteria that were used to select the poor students were different across schools, although, it was commonly based on the students' appearance that can be seen from their uniform, shoes and schoolbag, the record on payment of school tuition, their status as an orphan or not, and their parents' job. A child whose parent worked as a civil servant was usually automatically classified as well-off. In general, poor students were selected based on the recommendation of the teacher who was responsible for the class. Only a limited number of schools undertook the selection of poor students through several phases, including a visit by the teacher to the home of the student who was suspected to be poor. Only some schools required the poor students to submit a letter of acknowledgement issued by the village administration, which confirms their parents' poor economic condition.

Although only a minority of poor students received special assistance from BOS Program, it can be said that all students, including poor students, enjoyed the benefits from this program in the form of a reduction or even exemption from school tuition. Of the 42 sample BOS recipient schools in this study, 22 exempted their students from school tuition and the rest reduced the school tuition. Compared with the BKM Program, BOS had a broader or more equitable coverage because almost all students received the benefits of the program. Meanwhile, in the implementation of the BKM Program, there were many complaints in connection with the quota for the number of poor students who obtained BKM and the mistargeting of program recipients as a consequence of the criteria for poor students that were not clear. Due to the large coverage of BOS Program, all of the FGD participants, both in the *kota* and *kabupaten*, assessed BOS Program as being beneficial for the poor.⁷ Several of the parents whose children received BKM in the past also prefer BOS to BKM. The main reason for this preference is because all poor students will receive the benefit of the BOS Program, particularly a decrease in school costs.

2.1.2 Data Collection and Funds Allocation

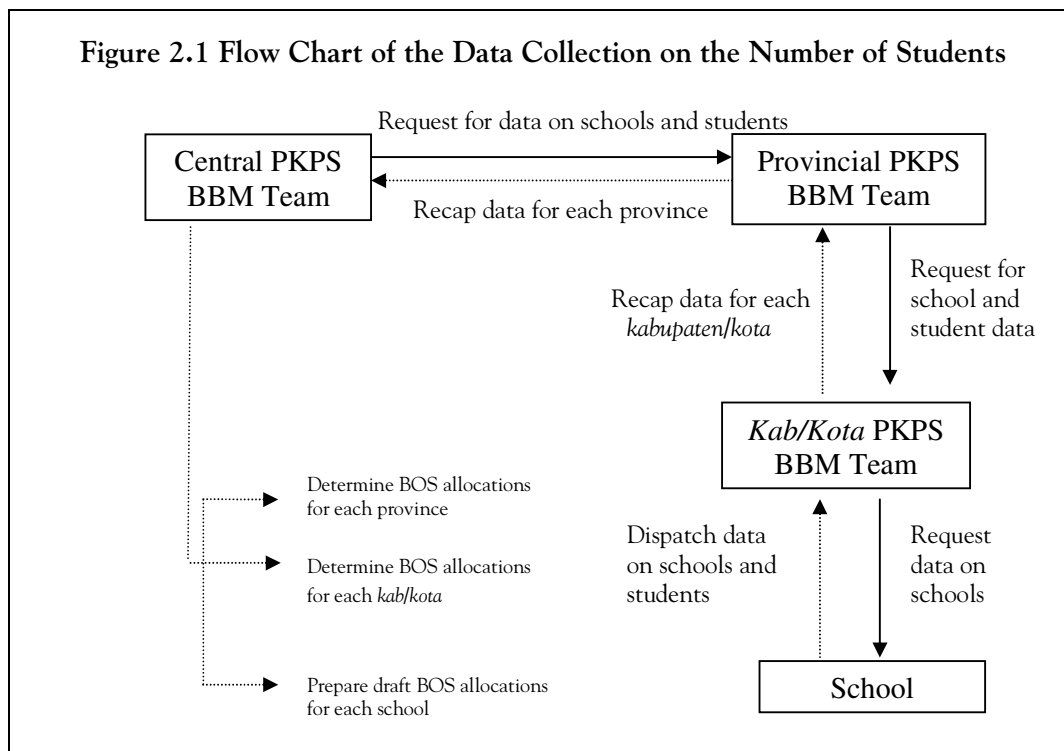
With a targeting system that is more directed to general subsidies, the distribution of program benefits will be influenced by the data collection mechanism and funding allocation. In general, this study found several weaknesses in the data collection system, especially due to the weaknesses of the previous education information system and the limited time of program preparation so it was not possible to undertake an adequate data collection. Regarding the funds allocation, this appraisal found several criticisms of the formula used to calculate the funds allocation. Nevertheless, the flexibility and authority given to the provincial *satker* to adjust the funding allocations across *kabupaten/kota* and among schools in their area appear to have been very helpful in improving the distribution of funds, especially in conditions where the quality of preliminary data was still inadequate.

⁷The proportion of benefits that are received by poor students compared with those received by students who are well-off could not be calculated in this study because of the limitations of the sample and methodology. Such analysis is necessary and could be conducted through a quantitative study by using secondary data.

Data Collection on the Number of Students

According to BOS Program Operational Guidelines 2005, the data collection mechanism on the number of students should be undertaken in a series of steps in the manner presented in Figure 2.1. The central PKPS BBM team should collect data on student numbers for every school through the provincial and *kabupaten/kota satker*. The data from schools should be recapitulated by the *kabupaten/kota satker* and the results were submitted to the provincial *satker*. Furthermore, the data from all *kabupaten/kota satker* should be recapitulated by the provincial *satker* and submitted to the Central *Satker*. On the basis of this data, the Central *Satker* should prepare a draft allocation of BOS funds for every province and *kabupaten/kota*.

In practice, the data collection process was not undertaken in the manner it should have been because of the short time between the time for the data collection process and the time for the determination of the budget for BOS funding. The Central *Satker* requested the data on student numbers from the provincial *satker* in approximately May-June 2005. With the short time available, it was not possible to collect and recapitulate the data from all schools on time. The school locations were spread out, especially in the *kabupaten* area, and this became a main impediment in the data collection process. Limitations on human resources, especially at the *kabupaten/kota* level to undertake the recapitulation of the school data also became an impediment to the submission of the data.



Source: BOS Operational Guidelines 2005.

Because of the time limitation, the data on the numbers of students that was submitted by the provincial *satker* to the Central *Satker* was not the updated one from the *kabupaten/kota satker* but instead the one that was already available based on the routine reports from the *kabupaten/kota*. So, the initial allocations of BOS funds for provinces were not based on the latest student data. The Central *Satker* in *Depdiknas* stated that the determination of allocations in the first phase for each province was determined by the Central *Satker* on the basis of the data presented in the routine school reports for the 2004-2005 academic year, although they were aware that this data was inaccurate because several regions were late in submitting data, especially after the implementation of regional autonomy. Several sample provincial *satker* stated, however, that the calculations of allocations for their province were based on the data submitted by the province, which was the available data at the time the request was made by the Central *Satker*.

The data collection process by *kabupaten/kota satker* was generally undertaken in August 2005, after the allocation of student numbers that was to become the reference for the calculation of BOS funds at the provincial level was determined. This data was then used by the schools to determine the amount of BOS funds that was deemed to be their entitlement. Only in East Java the student data collection process from schools commenced in May-June 2005, by filling in the forms that had been prepared by the district education office. Each form was completed, signed by the school principal and school committee, and then submitted to the district education office. This data was recapitulated at the *kabupaten/kota* level and then submitted to the province. This data became one of the reference for the provincial and *kabupaten/kota satker* in verifying the allocation data. In the majority of the sample *kabupaten/kota*, the Technical Implementation Unit of the Education Office (*Unit Pelaksana Teknis Dinas: UPTD*) and the Islamic Religion Education Supervisor, both at the *kecamatan* level, were involved in the data collection process.

In general, the verification process on student numbers was weak because it was only conducted by comparing the submitted data with the available data from schools' routine monthly reports or only by comparing the allocation data with the data submitted by schools, whereas a direct verification to schools was only undertaken on a limited extent by the *kabupaten/kota satker* in several sample schools. The fact that adequate verification was not conducted, either by the *kabupaten/kota* or provincial *satker*, had provided an opportunity for schools and other related institutions to inflate the data on student numbers. In a *kecamatan* visited in North Sumatra, for example, there was a report from an NGO that was published in the local newspaper, which reported an indication that the UPTD had increased the numbers of students submitted by 18 primary schools. So, there was an excess of 432 students over the actual numbers. Meanwhile in Kota Cilegon, when the SMERU research team visited a *salafiyah* that was registered as a recipient of BOS funds, it appears that this school could not be found. According to the local community, this *salafiyah* had been closed for a long time because its owner had died.

In most cases, the level of accuracy of the numbers of *santri* (students at traditional Islamic school) was very poor. This is because there has not yet been an adequate monitoring and data collection system developed for *salafiyah*, although *salafiyah* are

considered to be a strategic educational institution in enhancing the access of the poor to basic education. In addition, education in traditional *salafiyah* is, in general, undertaken informally and is unbinding. Therefore, the number of studying *santri* is not certain and subject to change at any time. Consequently, it was difficult to obtain the exact numbers of *santri* in a *salafiyah*. Moreover, a lot of *santri* also attends public schools so there was a great possibility for double counting of these *santri* to occur. In general, the data on *salafiyah* was very weak. Among the five sample provinces, only East Java undertook a comprehensive data collection on *salafiyah*. To conduct this activity, the East Java provincial *satker* prepared a book containing the data on *salafiyah* and their students although its contents were not well understood by most *salafiyah*. In addition, East Java also carried out direct verification covering all *salafiyah* because of the concern that *salafiyah* students also attended public schools and this caused double counting. This concern was borne out; after the verification, the total allocation for *salafiyah* decreased by almost half. Other school student data in this province was also obtained from a data collection through school mapping that had been conducted for the preparation of the PSBMP program that had commenced since 2004.⁸

For the channeling of BOS funds for the second semester of the 2005-2006 academic year, in all sample provinces, with the exception of Banten, schools were again requested to submit the data on their student numbers. In general, the data used was the data as of December 2005 or January 2006. In Banten, the submission for second semester funds used the same data as that had been used for the first semester, so schools did not need to submit the latest data.

The Management of BOS Allocation

Many parties considered the formula for BOS allocations that was based only on the number of students was unfair, especially for schools that had small numbers of students. Early in the design of BOS Program, the Ministry of Religious Affairs did not agree with the determination of funding allocations based on the number of students, and suggested it be based on fixed costs and study groups. Schools that had few students would obtain a little amount of BOS funds while they had to bear fixed costs whose value did not depend on the number of students. For that reason, there were concerns that these schools would still experience financial difficulty in the effort to enhance quality teaching. Schools that had a lot of teachers paid by honorarium, many poor students and/or were located in isolated regions also experienced the same problem. Various parties are in the opinion that schools of these types need greater funding support than the allocations based on the number of students in order to enable them in achieving the same quality of teaching and learning activities as other schools.

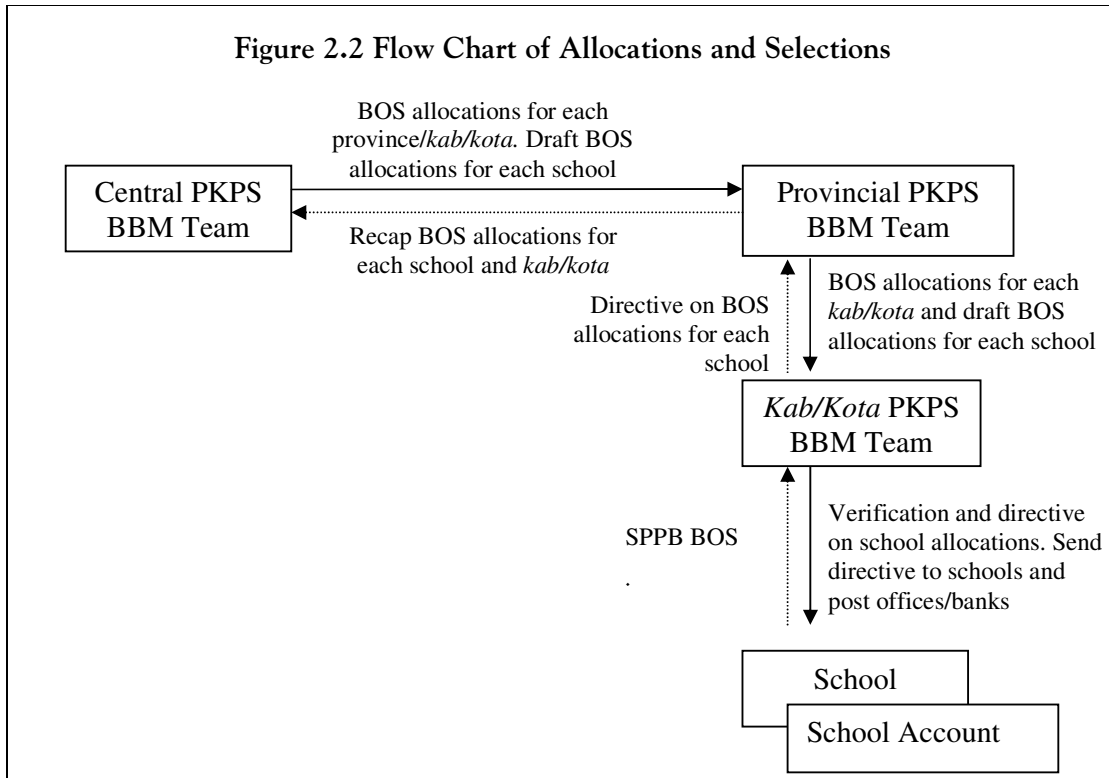
The allocation of funds based on the number of students was also assessed as inappropriate to be applied for *salafiyah* because the education in *salafiyah* is informal

⁸PSBMP (*Pemberian Subsidi Biaya Minimal Pendidikan – Subsidy for the Provision of Minimum Cost of Education*) provided subsidy for public and private schools. This program was funded 50% by the central government, 30% by the provincial government, and 20% by the *kabupaten/kota* government. In 2004, this program provided free schooling in 15 *kabupaten/kota* in East Java, and exempted poor students from school tuition in the rest of *kabupaten/kota* in this province.

and not binding. Their students can enter and leave at any time so student numbers are often fluctuating. The funding need is also different because some *salafiyah* students (*santri*) live and stay in this *pesantren*. In addition, some *salafiyah* students also attend other formal schools. In East Java, in particular, *santri* are usually left temporarily by parents and can be picked up at any time. The education system in some *salafiyah* did not comply with the standards of *wajardikdas* because it did not have a clear curriculum. In addition, there were fundamental problems that impeded the implementation of basic education in several *salafiyah*, as it was found during this appraisal. They included inadequate numbers of teachers and poor facilities, very limited numbers of reference books and textbooks, as well as the lack of supervision from the local education office because *salafiyah* were not considered to be under their authority.

If the data collection and funds allocation were conducted in accordance with the process stated in the program guidelines, the data on the number of students that was submitted by schools should have been the same as the data used as the basis for calculating BOS allocations by the Central *Satker*. Therefore, the funds allocated for each *kabupaten/kota* and each school would be consistent with the numbers of students targeted and, the allocation process for BOS funds could have been undertaken in accordance with the directive described in Figure 2.2. Nevertheless, the data collection process appears to have not run in the manner prescribed. In some cases, the data on the actual number of students was different from the data used for calculating the allocation of BOS funds. This difference could not be avoided because of differences in the timing of the data collection and because of the transfer of students that happened during the data collection process.

This allocation problem was discussed in the regional coordination meeting (*rakor*) that was attended by the provincial and *kabupaten/kota satker*. The province of Banten, for example, together with other provinces participated in the regional coordination meeting in Cipanas, Bogor, in July 2005. The province of East Java and NTB attended the regional *rakor* in Surabaya. As suggested by the provinces, eventually, a meeting was held in Jakarta on 17 October 2005, and it was agreed upon that the provinces were allowed to adjust or divert allocations from *kabupaten/kota* that had surpluses to those that experienced shortfalls. The adjustment of allocations could also be done from schools that had surpluses to those that had shortfalls. For that reason, the provincial *satker* had a significant role in the allocation process of BOS funds to the *kabupaten/kota* and schools. This decision was implemented in all sample provinces so most *kabupaten/kota* whose initial allocation had been insufficient could get more and even obtain adequate support.



Source: BOS Operational Guidelines 2005.

It its implementation, the process of allocating BOS funds to the *kabupaten/kota* varied across provinces. Some provincial *satker* made the decision unilaterally while others made it through a forum that involved the provincial *satker* and all *kabupaten/kota satker* in each province:

- (1) In North Sulawesi, East Java, and NTB, the provincial *satker* unilaterally determined the allocation for *kabupaten/kota* based on the available data. After finding out whether the *kabupaten/kota* allocation had experienced surplus or deficiency, there was a re-allocation. In this process, there was no verification of the data used as the basis for calculating allocations with the latest data collected by *kabupaten/kota*.

Box 2.1
Problems in the Allocation of BOS Funds:
The Case of NTB

Although the allocation of BOS funds for the province of West Nusa Tenggara Barat (NTB) was, in total, sufficient for all *kabupaten/kota*, the allocation that was determined by the provincial *satker* was somehow different from the decree (SK) on BOS allocations issued by each *kabupaten/kota*. This difference forced the *kabupaten/kota satker* to revise the allocations for each school in accordance with the allocations that had been determined at the provincial level. This alteration had resulted in the delays in the distribution of funds to several schools, especially for junior high schools and MTs. This problem was then resolved by providing additional allocations for several schools. However, the allocations for 24,522 SD and SMP students or 3% of the total 837,402 SD and SMP students could not be done until December 2005. This adjustment process experienced difficulties because the data on *madrasah* was inaccurate. Moreover, in Central Lombok, violence almost occurred because the education office was considered unfair in the allocation of BOS funds for *madrasah*.

- (2) In North Sumatra and Banten provinces, the determination of the allocations for *kabupaten/ kota* was undertaken in a coordinating meeting at the provincial level which involved all the *kabupaten/kota satker*. The allocation of BOS funds for each *kabupaten/kota* was then calculated using an updated data submitted by schools to *kabupaten/kota satker*. This forum facilitated a process of verification and transfer of allocations from regions with a surplus to those with a shortfall. The distribution and re-allocation of BOS funds were based on the agreement among all the *kabupaten/kota satker*. When the final allocation was agreed, it was then issued in a decree. In Banten, after the allocation data was agreed by all *kabupaten/kota*, there was a final verification by involving all the channeling institutions, which are the Serang Post Offices. Furthermore, the province issued a decree regarding the allocations per *kabupaten/kota* signed by the provincial education office and the provincial office of the Ministry of Religious Affairs.

Subsequently, the *kabupaten/kota satker* distributed additional allocations to schools that experienced shortfalls in allocations and stipulated a decree on the allocations for each school. In Kabupaten Lebak, the allocation for each school was determined in the form of a decree of the head of the education office, while, in Kota Cilegon, it was determined in a joint decree of the education office and the *kota* office of the Ministry of Religious Affairs. In North Sumatra, it was agreed that if there was a gap in the allocation at the school level, the *kabupaten/kota satker* might transfer the funds from one school to other schools that were in the same *kabupaten/kota* without changing the allocation list at the Central *Satker*. This needs to be accompanied with a letter of explanation from the head of the education office. The additional allocations were obtained from funds that had been returned by schools that obtained a greater allocation. Schools were not informed of this decision, however, and, in general, the allocation was in accordance with the school's proposal although not always the same as the number of students at the time the funds were distributed. In general, schools ignored the lack of funds if the discrepancy was small.

In all the areas being studied, if the surplus funds were in a large amount, they were transferred back to the bank account of the provincial *satker* or simply not withdrawn by the schools. In the four of the five provinces visited, namely North Sumatra, East Java, North Sulawesi and NTB, these surplus funds were returned to the bank account of the provincial *satker*. In Banten, the surplus funds of BOS recipient schools were left in the school account at the post office by schools that rejected BOS. These funds were blocked so they could not be taken by the school. Because in Banten these surplus funds were not returned directly to the account of the provincial *satker*, there were gaps between the number of students who obtained BOS allocations and the actual number of students at the *kabupaten/kota* and school, either smaller or bigger. In this province, there had also been a statement that schools that experienced shortfalls in allocations could not apply for an additional allocation. For that reason, although there was an allocation surplus of 5,459 students at junior high schools level in Banten, many MTs experienced shortfalls. In Kabupaten Lebak, the funds received by most primary schools with more than 250 students were still insufficient. Allocations for *salafiyah* were, in general, less than those being proposed. The problem of BOS funding shortfalls of this kind were not found in the other four sample provinces because their funds channeling mechanism was more flexible (see also Sub-section 2.3) with the result that it was possible for additional funds to be provided for schools whose allocations fell short.

2.2 SOCIALIZATION

The socialization of BOS Program was undertaken through technical and non-technical approaches. The technical approach was organized by the institution in charge or program manager, both from the institutions which handled education and religious matters at the central, provincial and *kabupaten/kota* levels. This socialization was formally conducted after the program was officially launched around July 2005. However, the discourse on this program was already discussed in several workshop activities or working meetings for education agencies at the provincial level that were arranged by Depdiknas in May 2005. According to several parties that participated in these activities, the initial program concept being planned was BOSG (*Bantuan Operasional Sekolah Gratis*: School Operational Assistance for Free Education). During its planning stage, BOSG changed into BOS, but schools and certain segments of the public had already heard of the initial concept and misunderstood the idea as free schooling. The idea of free schooling was compounded by the non-technical socialization that also spread the idea of free schools. This gave rise to another problem in the technical socialization of BOS Program that was conducted later.

Other parties outside the program management institutions conducted the non-technical socialization. The non-technical socialization was usually aimed at serving political interests and was wrap in other activities, such as during the campaign for the election of regional heads of government (*pilkada*). The information that was provided in the non-technical socialization was only general in nature, including that on the existence and benefits of the program. During the *pilkada* campaign in several regions which coincided with the preparation and implementation of BOS Program, many officials promised to eliminate school tuition from basic education, when, in fact, they had not prepared a program similar to BOS. The contents of the socialization that did not refer to the stipulations of this program tended to cause misunderstandings in the community, especially in regions where the political campaigns were undertaken before the technical socialization of BOS Program was conducted.

The socialization activities from the central level to the *kabupaten/kota* level was, in general, financed from the safeguarding funds for the PKPS-BBM Education Sector Program, which was very limited (see Table 1.4 and Table 1.5 in Sub-section 1.2). Because the funds that were allocated by BOS Program were not sufficient to conduct adequate socialization activities, several regions conducted additional socialization activities that were funded by the local government administration.

In general, socialization activities that should have been a crucial part in determining and influencing the level of success of the program was assessed as weak by many parties. The implementation of the program socialization had left behind problems such as little understanding by the community as well as many different interpretations of the program. The ineffectiveness of the socialization can also be seen from the fact that various parents interviewed, especially the poor ones, did not know that this program existed at all. This was caused by, inter alia, the limited socialization conducted by schools, while the socialization for the public through television, radio, and newspapers was not easily accessible to the poor. Apart from the inappropriate media used for socialization, the content or material delivered was also inappropriate. This is indicated by the fact that

some still have the wrong understanding such as that schooling would be free after the provision of BOS, that not all schools could receive the program but only certain schools could, or that funds recipients were students and not schools because the size of the assistance was calculated based on the number of students.

Although a number of deficiencies were still found in the implementation of the socialization, it was observed that the institutions in charge have devoted several efforts to expand the program socialization to related stakeholders as well as to the general public. Compared with other education programs, the socialization of BOS appears to be more successful, at least the program's name is more popular in the community. In addition, the range of participants in the socialization was also broader and undertaken in stages, beginning from the center to the provinces, *kabupaten/kota*, and schools. The implementation of the socialization in each stage uncovered in this study will be explained in the sub-sections below.

2.2.1 Socialization at the Central Level

At the central level or on a national scale, the socialization of BOS Program was organized by program consultants and the Central *Satker* in a three-days session in June 2005 at the Sahid Jaya Hotel Jakarta. Representatives of all provinces were invited to this socialization, including heads of education offices, heads of regional offices of the Ministry of Religious Affairs (Kanwil Depag), and the provincial *satker* candidates. The participants in the socialization at the central level were expected to become the source of information in further socialization activities, both at the provincial and the lower levels. During this socialization, material on BOS Program was provided, including the background of the program, the requirements and technical aspects of the implementation, the determination of allocations, the channeling mechanism, and the regulations and sanctions for breaches. The written material provided was the operational guidelines and technical guidelines as well as photocopies of the presentation material.

At the national level, the socialization was also provided for all the heads of the education councils, although it was not delivered in a BOS special forum. The socialization was given during a school-based management training that was arranged in Cisarua from 18 to 20 August 2005. Apart from the main subject of the training, an explanation on BOS Program was also delivered in this forum. The main subject of the forum was on the short and long terms school planning, including the preparation of school budgets (RAPBS).

In addition to providing the socialization directly for the related institutions, the *satker* and program consultants at the central level also conducted a socialization program for the general public through community service announcements in the printed and electronic media. In the advertisements presented on television, however, the message being delivered gave the impression that under BOS school would be free of charge. This message was assessed as causing public misperception because, in reality, not all schools were able to exempt their students from school tuition. Furthermore, there was information that mentioned the value of BOS assistance per student, which also caused many parents to believe that their child would receive an amount of cash from BOS

Program as it was the case with the BKM Program. To fix this, the Central *Satker* revised the community service announcement material that was presented on television. The new version of the advertisement no longer stressed that schools would be free of charge. This advertisement stressed that those who are poor had to be given higher priority, and the regional government as well as the well-off families were requested to continue to assist in achieving the goal of the compulsory nine-year basic education program for all school-age children in Indonesia.

In addition to these community service announcements, a brochure was prepared to be distributed among various circles. However, this media, which should have been able to provide clearer information for the public, was not well distributed. During this appraisal, almost none of these brochures were found, either at the provincial, *kabupaten/kota* levels, in schools, or in the community. It was not clear how and to whom these brochures were distributed.

2.2.2 Socialization at the Regional and Provincial Levels

Socialization at the provincial and regional levels was targetted to program managers at the *kabupaten/kota* level. The regional-level socialization was organized in three cities, namely Yogyakarta, Surabaya, and Makassar, simultaneuosly at the end of July 2005. The Central *Satker* and consultants organized this three-days socialization session. In addition to the regional-level socialization, the provincial *satker* also arranged similar activities in each province in August 2005, and this lasted for approximately three days. With the exception of North Sulawesi, the socialization at the provincial level was conducted more than one time.

Participants of the provincial-level socialization were all of the *kabupaten/kota satker*, the head *kabupaten/kota* of the education office and head of the *kabupaten/kota* office of the Ministry of Religious Affairs. They were expected to be the resource persons of socialization for the program managers at the school level. In North Sumatra, the *kabupaten/kota* education councils were also invited in the socialization activity. In other regions such as Kota Pasuruan, Kabupaten Malang and Minahasa Utara, the province did not conduct socialization for *kabupaten/kota* education councils. The socialization for the *kabupaten/kota* education councils was undertaken together with the socialization for schools (principals).

In the socialization at the provincial level, as it was the case with similar activities at the central level, written material in the form of photocopies of the presentation material, and operational and technical guidelines were distributed. The socialization subjects were of a similar kind, which were those related to an understanding of the program and its requirements. In addition to the topic on BOS, in the regional-level socialization, other topics being delivered were regarding the implementation of primary and secondary education.

Therefore, the *kabupaten/kota satker* at least attended two socialization events with ample of time. Because of that, it was reasonable to hope that they could deliver information to program managers at the school level. In its implementation, however, it was not always the case given the differences in the capabilities of individuals in understanding the

subjects. This resulted in varied levels of understanding on the program and the conditionalities for its implementation. Furthermore, the large number of participants, particularly at the time of the regional-level socialization, made it less effective for the delivery of technical subjects, and it was even worse when the method used to deliver the material was inappropriate. This could certainly affect the level of success of the program implementation in each region.

Apart from the formal socialization to implementing institutions at the *kabupaten/kota* level, several provincial *satker* also conducted socialization to institutions that were not directly associated with the program implementation. In North Sumatra, East Java, and NTB, the provincial *satker* organized socialization programs to the mass media, NGOs, and universities. In addition, in Banten, the *satker* also provided socialization to the general public through printed media and talk shows on the radio. Moreover, in North Sumatra and Banten, information on the names of schools, number of students, and the amount of BOS funds allocated to each school was published in one local newspapers.

In North Sulawesi, socialization of this kind was not conducted. The local media such as TVRI and RRI did request the provincial *satker* to present an interactive dialogue program, but the *satker* did not respond because there were no funds available. This was due to limited funding for socialization, meanwhile the media required that the party presenting the program bear the production cost because it was considered as a media campaign to promote BOS Program. This obstacle certainly impeded the socialization program for general public. In fact, the media also did not understand the program and its requirements because they had never been officially involved in the socialization. As a result, the media/press that should have had a role in the socialization was not able to function optimally.

2.2.3 Socialization at the *Kabupaten/Kota* Level

After participating in the socialization at the regional and provincial level, the *kabupaten/kota satker* were responsible for conducting the socialization for program managers at the school level in each of their working areas. The method, time and frequency of implementation, as well as in the number of participants of the socialization for all schools at the primary and junior high levels varied across *kabupaten/kota*.

The first formal socialization in *kabupaten/kota* was carried out around the end of July or early August 2005. Many parties considered that this socialization was too late because the implementation of BOS Program should have been commenced in July 2005. Ideally, the program socialization should have been conducted before this program was in effect.

The subjects delivered was mostly the same as that had been obtained by the *kabupaten/kota satker* during the previous socialization, which were an explanation about the program and the requirements of program implementation as set out in the operational and technical guidelines. The written material that was provided included photocopies of the presentation materials. In addition, in Kota Cilegon, Pematang Siantar, Manado, and Kabupaten Minahasa Utara, each school was given a photocopy of the operational and technical guidelines at the time of the socialization, while, in other regions, photocopies of the operational and technical guidelines were obtained by

schools after the socialization was conducted. They were photocopied either by the associated institutions or by the schools themselves. Around September or October 2005, most schools also received the original operational and technical guidelines that had been sent by post from the Central *Satker*.

In most cases, the socialization in the *kabupaten/kota* lasted in a day, in the form of a briefing. This method, in addition to the large number of participants that included all primary, junior and, even, senior high schools, was assessed as ineffective because it resulted in the participants' poor understanding of the material presented. As a consequence, many schools, especially schools whose human resources are limited, had difficulty in managing the administration of BOS Program, such as the preparation of reports, procedures for the payment of tax, or even in understanding the rules concerning the use of the funds.

Nevertheless, the implementation of the socialization for program managers at the school level was very much dependent on the capability and creativity of the education office, the Ministry of Religious Affairs office, and BOS managers as well as other *satker* teams at the *kabupaten/kota* level. Although, based on the funding allocation obtained, the *kabupaten/kota satker* only had an obligation to undertake one socialization meeting, there were some *kabupaten/kota satker* that undertook it more than once. Moreover, *satker* in several *kabupaten* activated the UPTD to provide additional socialization for primary schools in each *kecamatan*. In addition, the *satker* and UPTD also provided informal guidance in the form of consultations for schools that had difficulty in preparing RAPBS, determining the use of BOS funds, and preparing reports.

Other form of socialization that was quite helpful to schools in understanding BOS Program and its requirements were the bulletin "Pelangi" that was published by Depdiknas. In the October 2005 edition, this bulletin specially covered BOS Program, including the requirements, problems, case studies of the implementation, as well as the questions and answers on the management of the funds. Several school principals and BOS treasurers admitted that this bulletin represented an appropriate information medium and was very helpful for school management because it discussed issues that were closely related with the various education activities and education programs. Although this bulletin could be obtained free of charge, not all schools did, in fact, receive it. Of all schools visited in this study, only one junior high school had received this bulletin and it was often late. For example, the October 2005 edition that extensively covered BOS Program was received by the school in December 2005, when the BOS funds for this semester had been spent and the report had almost been completed. This shows that the availability of good socialization material is not automatically useful and does not provide a better understanding if it is not supported by an adequate distribution mechanism.

Other complaints from schools regarding socialization were that not all instructors of the socialization or the training had a full understanding of the BOS Program and its requirements. As a result, the information that was delivered was sometimes not sufficient enough or does not fully answer the questions of BOS Program managers/implementers at the school level. In this socialization, there was not a lot of emphasis on prioritizing the benefits for poor students. The issue that was most emphasized was on the carefulness in managing the funds and warning against corruption

in the use of the funds received.

In all sample districts, the UPTD was not provided with special socialization of the program. In general, they were given the socialization together with schools, whereas, their role in the implementation of the program was quite important, especially in the *kabupaten* area. Among other things, they had a role in data collection, namely in collecting the lists of names of students that were submitted by schools, doing a recapitulation, and submitting the lists to the *kabupaten/kota satker*, as well as in providing additional socialization and assistance to schools, especially to primary schools. Because of their functions and tasks, UPTD were often required to assist schools in resolving problems the schools faced, including the difficulty in the preparation of RAPBS and BOS reports. Because of their limited understanding of this matter, they were not optimally suited to their function. In fact, it is very possible that their explanation was inconsistent with the explanation of other parties, for example, *satker*, thus creating confusion among the schools.

With the exception of Kota Mataram, Pasuruan, and Manado, school committees were not involved in the socialization for schools in the *kabupaten/kota*. This could be because the socialization to school committees was considered to be the responsibility of schools although this issue was not stressed on in the operational guidelines. In Kabupaten Minahasa Utara, the education council took the initiative to arrange the socialization of BOS Program for school committees, and included it on the agenda of socialization activities of the functions and tasks of school committees. Not all heads of school committees, however, attended these activities given that most of them had other activities. As a result, there were still many school committees that did not understand BOS Program.

With the exception of East Java, not all funds channeling institutions or banks where schools opened an account were included in the socialization. In Tapanuli Utara, for example, because the only channeling institution that was involved in the socialization was Bank Sumut, Bank BRI where most of the schools opened new accounts only knew of the existence of BOS after a rather large volume of funds were transferred to school accounts. Consequently, when the schools opened new accounts at various branch offices of Bank BRI in this district, the bank did not put a special requirement in the manner determined in the operational guidelines of the program. As a result, there were accounts that were jointly signed by the school principal and BOS treasurer, but there were also some that were only signed by the school principal.

Although there were deficiencies in the implementation of the formal socialization, there were also *kabupaten/kota satker* that took the initiative to extend the dissemination of information. In Kota Pematang Siantar, for example, the city *satker* also specially provided socialization to all officials at the city level, with participants from Bappeda, education council, DPRD, echelon III officials in the education office, officials of the Ministry of Religious Affairs office and PGRI. The local government of Kota Cilegon also printed 2,000 BOS brochures that were then distributed to relevant agencies and schools. Meanwhile, the provincial *satker* in Banten re-printed the operational and technical guidelines for BOS Program to be distributed to relevant institutions and a number of schools.

2.2.4 Socialization at the School Level

The schools, especially the school principals, were expected to conduct the socialization for teachers, school committees, parents, and students. In its implementation, however, not all schools undertook sufficient socialization activities of BOS Program for all stakeholders at the school level.

Mostly, schools socialized BOS Program to all stakeholders in the school during the parents' meeting. This meeting was usually attended by teachers, school committees and parents. The conduct of this forum varied between schools. Some schools held the meeting one time, which was later in the new teaching year after there was a certainty that they are going to receive the BOS funds, or at the time of distribution of the students' report books at the end of Semester I. Some other schools held the meeting more than once, first at the start of the semester, which was a routine meeting, and after the BOS funds were received or there were certainty in receiving it. In schools that conducted more than one meeting, the information on BOS Program that was given at the first meeting was only on the possibility of obtaining the BOS funds, while at the second meeting, the information was quite detailed. In general, the material that was delivered at the parents' meeting was a general explanation on BOS Program, the funds obtained, their use, and the stipulations regarding school tuition. However, there were also schools that only announced that the school received BOS funds without informing the amount of money received and the plan of their use.

Although most schools made an effort to undertake socialization activities through parents meeting, many parents did not attend it, so not all of them knew the information on BOS Program. It showed that it is not sufficient to socialize the program only through parents meetings. Several reasons for the non-attendance of parents include sickness, other commitments, or their not having money – while there were still arrears of school tuition. The latter was especially ironic considering that an objective of the program was to assist poor students. Therefore, the objective of an activity, such as in the case of the socialization of BOS Program, needs to be clearly explained early on because some parents think that parents' meetings are usually aimed at discussing the increase in school tuition and other education contributions.

Although many parents did not attend the socialization at their school, most of them knew of the existence of BOS Program. They got the information from various media, neighbors, other students' parents, or their children. The school committee also became a source of information for parents. In fact, in one of the research areas, there was a school committee that made an effort to socialize BOS Program through announcements in places of worship.

Especially for teachers and school committees, other socialization programs were also provided by schools, besides the parents' meetings. In some schools, the information on BOS Program was presented to the teachers at the routine teachers' meetings that were conducted before the parents' meetings. The information that was delivered, however, was not in detailed and limited only to inform that the school received BOS. Only in a few schools were teachers provided with fairly detailed information on the amount of

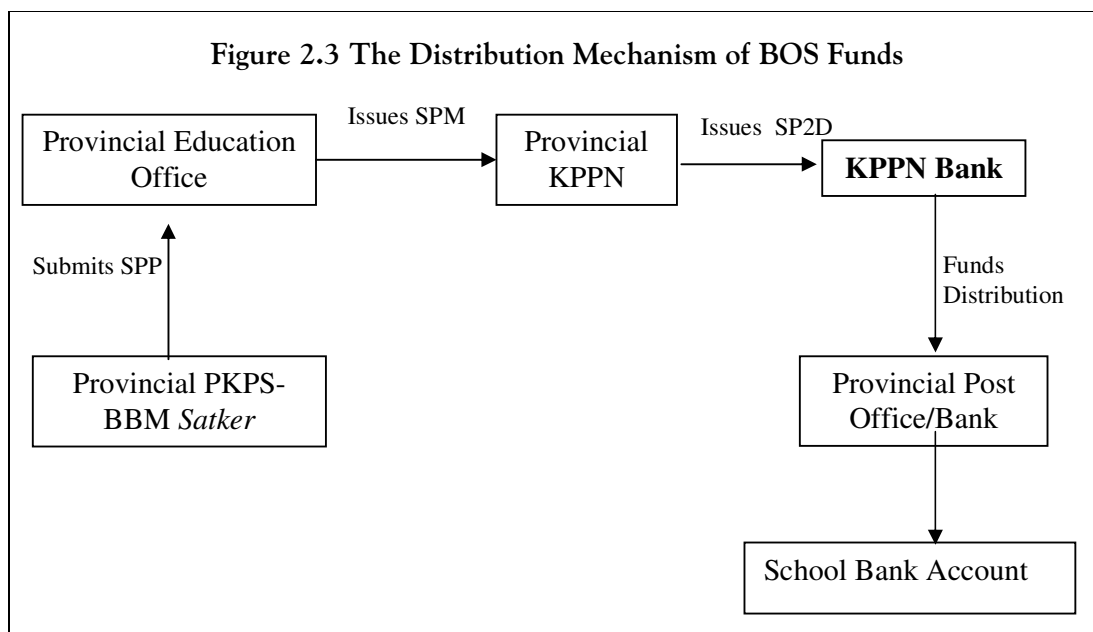
BOS funds received as well as on the general plan for their use. Meanwhile, there were very few schools that provided specific socialization for school committees. In such schools, the school committee was informed about the existence of BOS and the direction of their use before the parents meeting was organized. In fact, there were school committees that were asked to study the operational guidelines of the program so they could support the school principal in providing information in the parents meeting. In most schools, the school committee only participated in signing the RAPBS that had already been prepared and attended the parents meeting. There were also school committees that were not aware of the BOS program because they did not attend the parents meeting and, when signing the RAPBS, they were not given any explanation.

Only a few schools informed their students of the receipt of BOS funds and this was usually done during the school's flag-raising ceremony. Most other schools did not provide socialization directly to the students. Nevertheless, almost all students knew of the existence of BOS because they felt the benefits directly through the elimination of or reduction in school tuition, and the availability of textbooks to be borrowed.

2.3. DISTRIBUTION OF FUNDS

In the operational guidelines for BOS Program 2005, it was stated that BOS funds for the first six months would be distributed simultaneously to school accounts. The channeling of BOS funds was conducted by the provincial *satker* through the appointed channeling institutions by using the following mechanism: (i) the provincial *satker* submits a SPP-LS (Direct Payment Application) for BOS funds to the provincial education office; (ii) the provincial education office verifies the SPP-LS and issues a SPM-LS (Direct Payment Instruction) to be given to the provincial KPPN (State Treasury Office); (iii) the provincial KPPN verifies the SPM-LS and issues a SP2D (Funding Disbursement Instruction) that debits the treasury account; (iv) based on this SP2D, BOS funds were transferred to the bank account of the provincial *satker*; (v) BOS funds from the account of the provincial *satker* at the appointed channeling institution are sent to the school bank account of the BOS recipient in accordance with the cooperative agreement between the provincial education office (*satker*) with the appointed channeling institution (Figure 2.3).

In general, this study found that the channeling of funds was undertaken in accordance with the mechanism determined in the operational guideline. The policy for the channeling of BOS funds directly to school accounts was assessed as quite appropriate because, in general, it ran smoothly and the funds were received in full. Nevertheless, there were several differences in the BOS funds channeling mechanism, the means of appointing channeling institutions, and other policies associated with the regulation regarding school accounts, which eventually impacted the performance of the distribution of funds. These differences are explained in the following discussion.



Source: BOS Operational Guidelines 2005.

2.3.1 Schedule and Mechanism of Funds Distribution

In most sample provinces, the distribution mechanism of BOS funds, starting from the submission of the SPP-LS by the provincial *satker*, the transfer of the funds to the bank account of the provincial *satker* in the channeling institution, up to the transfer of the funds to the school's bank accounts, proceeded in accordance with the procedure presented above. Only in East Java was the distribution of funds to the school accounts not transferred directly from the account of the provincial *satker*, but through giro savings in the name of the head of the *Kabupaten/Kota* education office at the Bank Jatim branch in each *kabupaten/kota*. The channeling mechanism of BOS funds in each sample province is presented in Appendices 2, 3, 4, 5, and 6. Many parties assessed the funds channeling system that transfers funds directly from channeling institutions to the school account as appropriate because it lessened the bureaucratic impediments that often caused funds leakages. Nevertheless, the channeling of funds from the provincial *satker*'s bank account to the school's account sometimes did not run smoothly because of some technical obstacles, such as the errors in the school's bank account number. This caused delays in the receipt of funds by schools.

In general, BOS funds were credited to the accounts of the provincial *satker* at the bank/post office in September 2005, with the exception of East Java whose funds were credited in mid-July 2005 (Table 2.3). Of the five provinces visited, only East Java received the funds relatively early although it was received almost two months after the beginning of the 2005-2006 academic year. The early distribution of funds in East Java was supported by ready available data on the number of students and on school's bank account numbers. This province had already implemented the PSBMP Program, which also provided assistance to schools through school bank accounts. In the other four provinces, however, funds were received late for more than two months and, even up to nearly three months. As a result of this delay, most schools experienced difficulty in

managing school expenses, especially those that had not levied or had reduced their school tuition early in the 2005/2006 academic year.

Table 2.3 Disbursement Schedule of the 2005 BOS Funds in Sample Provinces

Sample Province	Date of Funds Credited to Provincial <i>Satker</i> Accounts	Date of Funds credited to School Accounts
1. North Sumatra	12 September 2005	28 September (Pematang Siantar) 7 October 2005 (Tapanuli Utara)
2. Banten	9 September 2005	15 September 2005
3. East Java	18 July 2005	22-30 August 2005
4. West Nusa Tenggara	7 September 2005	19 September 2005
5. North Sulawesi	25 September 2005	26 September-Early October 2005

Source: Provincial and *kabupaten/kota satker*.

The grace period between the transfer of the funds to the provincial *satker* account and transfer to the schools' bank accounts varied between provinces, depending on the agreement between the *satker* and the channeling institutions, the completeness of data on the number of students and school accounts that had been received by the provincial *satker*, as well as the transfer process from the channeling institution to the bank where the school account was kept. In North Sulawesi, for example, if the school account was held at the branch of the channeling institution, the funds would be received in the school accounts one day after the funds were received in the provincial *satker* account. In Banten, the time needed from the credit of the funds in the provincial *satker* account to its being received in the school account was around six days. This grace period occurred because the post office was given the opportunity by the provincial *satker* to 'settle' the funds for two days before they were distributed to the schools' account. The 'settling' of the funds was managed by the financial director at the central office of PT Pos in Bandung in the form of daily deposits and open giro in several state-owned banks. The interest of this settling of the funds was used for, among other things, the funding of the distribution of the BOS funds.

In East Java, although the funds were already in the account of the provincial *satker* on 18 July 2005, they were credited to the bank accounts of schools approximately one and a half months later, that was between 22 and 30 August 2005. This delay occurred because there was a process of the transfer of funds from the provincial *satker* account to the account of the head of the *Kabupaten/Kota* Education Office that had only been done on 18 August 2005. This grace period also occurred in NTB. However, the gap was only around 12 days.

In East Java, North Sulawesi and North Sumatra, the dispatch of BOS funds to school accounts was not done at the same time. The time difference in this transfer occurred because at the time when the funds could be distributed, there were still a number of *kabupaten/kota* whose school data was not yet complete, so the channeling of funds was done in stages based on the completeness of data. In Manado, whether the bank where schools opened their accounts was online or not, also affected how fast the BOS funds entered school accounts. If the schools held their account at a branch of the BRI that was online, the BOS funds had entered the school accounts on 26 September 2005. If,

however, the school account was kept in a BRI unit that was not online, the funds credited to the school's account around the first week of October 2005.

In Kota Pematang Siantar, in general, BOS funds were credited to school accounts around the end of September to October 2005, except for eight schools that experienced delays of up to a month. This delay occurred because school accounts were opened at the BRI that was not online. To overcome this problem, these schools were then requested to open new accounts at the branch appointed by channeling institution - Bank Sumut, so the transfer could be done faster.

The delays in the distribution of BOS funds still happened in the second semester of the 2005/2006 academic year, even though the data on school accounts should have been already available. In four sample provinces, with the exception of East Java, up to early-March 2006, BOS funds had not been transferred to school accounts. Only in East Java BOS funds have been transferred to school's accounts commencing on 16 February 2006. The cause of this delay was, inter alia, the lack of communication between the provincial and *kabupaten/kota satker* and/or because the required data was not yet completed. As explained in the sub-section on data collection, for the distribution in the second semester of 2005-2006, the *kabupaten/kota satker* was asked to submit the latest data on the number of students and school bank accounts. Several *kabupaten/kota satker*, however, obtained the information on this request for updated data at the end of February or early April 2006. In Banten, particularly, this delay occurred because of the delay in the stipulation of the governor decree on the *satker*'s structure and the appointment of the person in charge at the provincial level for 2006. This is due to the political instability of the provincial leadership. The delay in the distribution of the second semester funding caused most schools to experience financial difficulty because most schools no longer levied school tuition on students. To overcome this problem, schools delayed payments of teachers' honorarium, used student savings, or borrowed money. Because of this delay, there were, in fact, schools that in the first semester had not levied school tuition, re-imposed school tuition from students because they were unsure when or whether BOS funds would be received.

2.3.2 Channeling Institutions

The appointment of channeling institutions for the BOS funds was the full authority of the provincial education office, i.e. the provincial *satker*. This stipulation was not explicitly stated in the operational guidelines. However, the guidelines did mention the existence of cooperative agreements between the provincial education office and the channeling institution. In addition, because the BOS funds were from the Depdiknas deconcentration funds, it should be implemented by the province's technical agency, that is, the provincial education office. The procedure for the appointment of channeling institutions that was undertaken by the provincial *satker* in the sample provinces was varied. The reasons for the selection or appointment were also different, there were some *satker*s that considered the excellence in service, but there were also others that considered political reasons and did not consider the convenience of the service for schools. The provinces of East Java, North Sumatra, and NTB appointed their regional development banks, namely Bank Jatim, Bank Sumut, and Bank NTB as the channeling

institutions, while the province of North Sulawesi appointed BRI and the province of Banten appointed PT Pos as the channeling institution.

The process of appointing channeling institutions was mostly not undertaken via a transparent mechanism. Of the five provinces visited, only Banten conducted a selection process for the channeling institution through an open tender process by involving the provincial and *kabupaten/kota satker*. The selection process was preceded by distributing an invitation to existing financial institutions such as PT Pos, BRI, BNI, Bank Mandiri, and Bank Jabar to submit a proposal to be become the channeling institution for BOS funds. Of the three institutions that submitted their proposals, namely PT Pos, Bank Mandiri and BRI, it was PT Pos that was selected as the channeling institution. The reason for choosing PT Pos is because their service network is the most extensive and covering all *kecamatan*; their service is available via giro accounts (without interest); and they provide a reporting system and a complaints box free-of-charge. In the province of Banten, PT Pos has 83 service points that consist of six representative post offices at the *kabupaten/kota* level and 77 branches that are mostly located at the *kecamatan* level.

In other regions, the appointment of channeling institutions was undertaken unilaterally by the provincial *satker*, after obtaining suggestions from the local governments, and taking regional interests as well as existing cooperative experiences into account. The appointment of regional development banks - BPD (Bank Jatim, Bank Sumut, and Bank NTB) was, in most cases, to maximize the utilization of regional assets and to improve the performance of the banks owned by these regions. This appointment was usually approved by the governor and regent/mayor. Other rationales for the appointment of Bank Jatim were because the local education office already established cooperation in channeling the funds of various education programs in the past and most schools held their accounts at this bank. For the *kabupaten* that have large areas, the appointment of Bank Jatim, which does not have a branch office in every *kecamatan*, made it difficult for schools to withdraw the BOS funds because the location of the bank office is relatively far and it costs quite a lot for transportation.

The appointment of Bank NTB as the channeling institution was assessed by many parties as not sufficiently taking into account the elements that very much determined the effectiveness and efficiency of the funds disbursement process, such as: bank interest, the bank's networks and facilities, mobility, as well as the bank's experience. Bank NTB initially promised to deliver the funds to each school, but this promise was never realized because of their limited branch offices at the *kecamatan* level. For the same reason, the distribution of funds in Kota Mataram was undertaken in the premise of the local education office. Some of the funds disbursement activities in Kabupaten Lombok Tengah were also done in the UPTD office. The delivery of funds in these government offices certainly increased the opportunities for the imposition of unofficial levies, although this study did not find such cases.

The appointment of BRI as the channeling institution in North Sulawesi was based on, *inter alia*, their experience in the previous cooperation with the local education office, especially in LPMG (Institute for the Enhancement of Teachers' Quality) activities. In addition, BRI also has a relatively larger number of service units compared with other government banks in North Sulawesi. Meanwhile, the appointment of Bank Sumut in

North Sumatra was undertaken on the directive of the provincial government with the consideration that Bank Sumut already had branches in all *kabupaten/kota* as well as in many *kecamatan*. For the services in the *kecamatan* where Bank Sumut did not have a branch yet, mobile service vehicles were provided. For the BOS service, in particular, Bank Sumut was willing to transfer funds to schools' bank accounts that had been kept at any bank, free-of-charge, and agreed that the funds would be transferred at the maximum of seven days after the funds credited to the account of the provincial *satker* and the data on the schools' bank accounts had been received by Bank Sumut.

2.3.3 School Bank Accounts

Because the channeling institutions had to transfer the funds directly to the school's bank accounts, all BOS recipient schools had to own a school bank account under an institutional name. According to the program guideline, this account could not be under a private name and had to be signed by the school principal and BOS treasurer. Accordingly, schools have to send the bank account number to the *kabupaten/kota satker* by filling in the available form. After that, the *kabupaten/kota satker* verifies and compiles the account numbers of all recipient schools and send them to the provincial *satker*.

The regulations regarding the opening of schools' bank accounts varied between regions depending on the policy of the *satker* and the appointed channeling institution. Some regions required schools to open their accounts at the pre-determined channeling institutions, but some others fully devolved the choice of the place to open the accounts to each school. In NTB, for example, for efficiency reason, all BOS recipient schools had to open a new account at Bank NTB to avoid additional costs such as clearing and transfer costs. This stipulation tended to put additional burden to schools because apart from having to provide special time and fulfill its administrative requirements, they also had to provide an initial deposit. Some parties considered that the requirement for schools to open accounts at particular financial institutions that had limited networks and facilities overlooked the effectiveness of the service that could be provided and would make it difficult for schools when withdrawing the funds.

In contrast to the NTB case, in North Sumatra, although the appointed channeling institution was Bank Sumut, schools were given the freedom to open accounts at the post office or other government banks and there was no requirement for schools to open new accounts. The majority of schools in North Sumatra opened accounts at BRI because BRI is a bank that was already accustomed to distributing funds for educational programs in the past and its service units are available up to the *kecamatan* level. The case in North Sulawesi was the same. There was no stipulation for schools to open accounts at the same bank as the channeling institutions; schools were not required to open new accounts. In accordance with the agreement between the provincial *satker* and the channeling institutions, in these two provinces, schools that opened accounts at other financial institutions were not charged with transfer fees.

In East Java, the cooperation between Bank Jatim and the local education circle have been established for quite some time. Since January 2004, that was when the implementation of the PSBMP commenced, all SD/MI and SMP/MT have had a bank account at this bank. The account for this PSBMP was also used for BOS Program so schools did not need to open a new account. However, *salafiyah*, did not yet have an account because they were not included as PSBMP recipients. So, they had to open a new account at Bank Jatim.

In Banten, the post office had created a giro account for all schools so they did not need to open an account. Nevertheless, because they had been unofficially informed that the BOS recipient schools were required to have a school account, many schools had already opened an account at BRI before it was announced that funds would be channeled through post offices. These BRI accounts were eventually abandoned although schools had already made an initial deposit in the range of Rp100,000 – Rp150,000. Furthermore, although a giro account had already been opened at the post office, schools were still asked to complete a form for the bank account number, which was then submitted to the *kabupaten/kota satker* through the post office. The post office also submitted a compilation of school account numbers to the provincial *satker*.

The stipulation that school bank accounts had to be signed by the school principal and BOS treasurer was not always well socialized to the channeling institutions and banks where schools opened their account. As a consequence, in Kabupaten Tapanuli Utara, some school accounts were only signed by the school principal. This happened because the banks where the schools opened the account did not know that this account was for the needs of a particular program and had to be signed by two people. The school accounts that are only signed by one person increased the chance of corruption.

2.4 ABSORPTION AND UTILIZATION OF FUNDS

By the end of December 2005, almost 99% of the BOS funds for the July-December 2005 period that were distributed by banks/post offices had been transferred to the school bank accounts of the BOS recipients in all sample provinces (Table 2.4). In all sample provinces, there were still BOS funds left over in the account of the provincial *satker*. However, the amount was, at most, approximately 1% of the total funds allocated. These funds originated from the surplus allocations in several BOS recipient schools and the funds that were not taken by schools that had rejected BOS Program. In Banten, in particular, the left over funds originated from the funds allocated for schools of the SMP level or the equivalent, while for SD level or the equivalent, the funds had been distributed in their entirety.

In North Sumatra and North Sulawesi provinces, there was no data available on the volume of funds that had actually been withdrawn by each school because schools could open an account at any bank and the school account was treated as a regular account. The bank where the account was kept was not obliged to report the withdrawal of funds by the schools. For that reason, the data for North Sumatra and North Sulawesi presented in Table 2.4 is the data on the balance of the BOS funds that were kept in the account of the provincial *satker*. In East Java, NTB, and Banten, the branches of the

channeling institutions routinely reported the disbursement of the BOS funds by schools where the school accounts were kept. In Banten, in particular, with a special giro account number for the BOS funds that was separate from other types of transactions, the post office could keep track of the amounts of funds that were already withdrawn by schools each time. The level of absorption of the BOS funds by schools in Banten up to the end of January 2006 (by 1 February 2006) was 98.8%, in Kabupaten Lebak 99.5% and in Kota Cilegon 96.6%. The level of absorption of the BOS funds by schools in Kota Cilegon was smaller than that by schools in other *kabupaten/kota* in Banten because several schools in this city did not withdraw the funds or rejected the BOS although the post office had prepared the accounts and transferred the funds for these schools. In Kabupaten Lebak, all schools withdrew the funds, and the remainder was only the savings balance in the form of funds allocation surpluses, especially for junior high schools.

Table 2.4 Allocation and Disbursement Realization of BOS Funds to School Bank Accounts in the Sample Provinces

Province	Central Allocation (Millions of Rupiah)	Amount Disbursed		Remaining Funds	
		(Millions of Rupiah)	%	(Millions of Rupiah)	%
East Java	783,414	N.A.	N.A.	N.A.	N.A.
Banten	220,678	219,792	99.6%	886	0.4%
North Sumatra*	374,965	370,965	98.9%	4,000	1.1%
North Sulawesi	45,693	45,599	99.8%	94	0.2%
NTB	109,755	108,591	98.9%	1,164	1.1%

*In early March 2006, the balance in the *satker* account was approximately Rp4 billion (according to Bank Sumut).

Source: Provincial *Satker* and channeling institutions, March 2006.

N.A.: Not available.

The management and usage of BOS funds that had been deposited to school accounts were under the responsibility of each school. This appraisal noted several problems in the management of BOS funds by schools, especially in regard to the capacity of schools in preparing RAPBS (school budgets), the regulation of funds withdrawals from school accounts, the use of funds, and the lack of clarity of regulations on bank interest and the payment of tax. The discussion below will present these problems.

2.4.1 Management of Funds at the School Level

There are at least two important issues that need to receive attention in association with the management of the BOS funds at the school level, namely in regard to the RAPBS that are mandated as the basis for the use of the BOS funds, and the local policy on the regulations for the withdrawal of funds from school's accounts.

Preparation of RAPBS

In most cases, each school prepared RAPBS in the July-August period after they received a request, either verbally or by letter, from the local education office to submit their RAPBS. Although RAPBS was a requirement that had to be fulfilled by schools in order

to obtain the BOS funds, most schools still experienced difficulty in preparing it and the preparation process also did not yet engage the parties that should be involved. Only some schools used to prepare RAPBS, especially those that had received funds from certain programs such as Direct Assistance Funds (DBL), Decentralized Basic Education Project (DBEP) or PSBMP. These programs not only stipulated an RAPBS, but also required schools that participated in the project to undertake training in RAPBS preparation.

In some districts, public schools were familiar with RAPBS preparation. However, in many other districts, the schools did not prepare RAPBS yet, although all schools should have made RAPBS and routinely reported to the local *kabupaten/kota* education office at the commencement of each academic year. Because of the lack of assistance and supervision, many schools did not undertake it, except with a special request. Several schools stated that they usually prepared RAPBS only in the form of a note in a book, to estimate the amount of the school funding need and determine the amount of school tuition.

When BOS Program demanded each school to submit an RAPBS, most schools had difficulty in preparing it, despite the provision of an example of the RAPBS format in the BOS operational guidelines. Apart from the reason that schools were not used to preparing RAPBS, this difficulty arose because schools had to adapt RAPBS contents to be in line with the requirements for the use of the BOS funds as stipulated in the operational guidelines. Usually schools could finalize their RAPBS after having several consultations with the local education office and discussions with other schools, especially with schools that were already familiar with the preparation of RAPBS. Schools in the urban area usually consulted directly with the *kota* education office, while schools in *kabupaten* areas consulted with the UPTD. To undertake this consultation, the schools located in remote areas had to spend a significant cost for transportation. In addition, the consultation took the time of the school principals or the teaching time of the teachers who were assigned to this task.

In the context of assisting schools in preparing the RAPBS, several *satker* or local education office issued special policies. The Provincial *Satker* of East Java, for example, requested the *kabupaten/kota satker* to provide guidance on the preparation of the RAPBS to school principals and treasurers in stages in each *kecamatan*. In Kabupaten Malang, this appeal was implemented through socializing and explaining the preparation of the RAPBS to the UPTD, which then undertook the same task for schools in their respective working areas. In North Sumatra, this effort was at the planning stage. In a workshop at the provincial level, there was a discussion on the possibility of conducting training on the preparation of the RAPBS simultaneously with a simple bookkeeping for primary school teachers as one of the 2006 programs to be funded by the provincial DIPA. The education office of Kota Pematang Siantar had also planned to conduct the socialization activity and training on the preparation of the RAPBS. Meanwhile, Kabupaten Tapanuli Utara obtained assistance from the USAID in the form of training on school development planning, including the preparation of the RAPBS and medium-term plans, for approximately 50 schools.

Apart from the weakness of not being able to prepare the RAPBS, schools were not engaging, or facilitated very little involvement of, teachers, school committees, and parents in RAPBS development. In most cases, the school principal with the involvement of the BOS treasurer prepared the school budget. Teachers who were involved in the preparation of the RAPBS were usually only the teachers who were appointed as the BOS treasurer by the school principal. Other teachers just knew of the RAPBS at the time of the school meeting with the school committee and parents to discuss the BOS and the plans for its use. In some cases, there were several schools that involved some teachers in the preparation of RAPBS. This was found more often in junior high schools than in the primary level. It seems that the size of the funding has impacted on the number of teachers involved. At the junior high school level, there were some schools that formed a special committee to manage BOS funds starting from the RAPBS preparation. In addition, there were also schools that involved several senior teachers with certain positions in determining the use of the BOS funds.

Usually, school committees, which were represented by their head of the committee, only contributed in signing the RAPBS that had already been prepared by the school principal, because it was required by the program, without real involvement in the preparation process. Most school committees did not have a copy of the RAPBS, but could obtain it if they asked for it from the school. In the preparation of the RAPBS in private schools, which some did not have school committees, there were schools that involved the foundation and some that did not. In schools that did not involve the foundation, the school only informed the foundation of the existence of the BOS funds and the plan for their use.

According to the program operational guidelines, the elements of the RAPBS consisted of the types and amount of school revenues to be obtained, as well as the type and amount of planned expenditure. Most sample schools included all revenue sources in the budget, both from BOS and from other sources. However, there were several schools that only put in the revenues from BOS, without including the revenues from other sources. As to the determination of the types of expenditure or use of the funds, schools more often referred to the funds utilization that were permitted in the operational guidelines, rather than the actual needs of the school. Several schools only prepared a budget that contained the overall revenues and expenditures while other schools completed the RAPBS with details on the types of expenses. The types of use that were included were, in general, decided by the school principal, and in only few schools was this also based on the inputs from teachers. The types of use that were included in the RAPBS for BOS funds and their details refer to the 11 types of uses of the BOS funds permitted in the operational guidelines (see Table 1.2).

Withdrawal of Funds from School Accounts

The operational guidelines only determined that the withdrawal of the BOS funds could be done by the person in charge the activity under the auspices of the school principal and the approval of the head of the school committee. The withdrawal could be done at any time according to the need, and by leaving a minimum balance in accordance with the regulation. So, the withdrawal could be done in the same manner as the withdrawal of funds from regular savings at the bank/post office, which was by taking a passbook and

completing a withdrawal form. The operational guidelines did not impose other requirements such as the financial reports, stipulations on the amount of funds that could be taken in a withdrawal and the frequency of withdrawals by the school. Nevertheless, in the implementation, several regions established certain requirements for the withdrawal of funds.

In North Sumatra and North Sulawesi, the provincial and *kabupaten/kota satker* did not impose special requirements regarding the withdrawals of funds. Schools were treated the same as other regular bank customers, so in withdrawing funds they only brought with them a passbook and completed a withdrawal form. In East Java, Banten and NTB, however, for surveillance purpose, the *kabupaten/kota satker* imposed additional requirements for funds withdrawals from school's accounts. This imposition is possible because in these three provinces, school's accounts were kept in the appointed channeling institutions. The requirements that were brought into effect were, among others, that the RAPBS or an SPJ (accountability report) for the use of the funds had to be enclosed. In addition, the withdrawals were also controlled so that the funds could not be withdrawn at once, but had to be withdrawn several times or once per month.

In East Java, schools had to have RAPBS as a requirement for the first withdrawal of BOS funds. For the following withdrawals, the education office obliged schools to submit an SPJ of the previous month withdrawal that had been checked by the *kabupaten/kota* education office. When the education office agreed to this SPJ, the school was provided with a '*kitir*' (coupon) that could be used to withdraw the funds. In this *kitir*, there was a stamp of the amount of funds that could be obtained by the school for a particular month.

In Banten, the post office and the provincial *satker* agreed that at the time of the first withdrawal of the funds, each school had to bring the RAPBS, a copy of the letter of appointment of the school principal and the treasurer, their identification card, the school seal and they had to fill in giro slips 1, 3, and 9. For the following withdrawals, there were differences in the requirements between Kota Cilegon and Kabupaten Lebak. In Cilegon, schools had to submit the SPJ for the use of the funds that had been withdrawn previously. In Kabupaten Lebak, schools were only required to submit the plans for the use of the funds to be withdrawn, while the SPJ itself was reported quarterly.

In NTB, schools had to obtain a letter of recommendation from the local education office or UPTD as a requirement for obtaining funds on the first occasion. For the following withdrawals, schools had to submit the SPJ for the funds already used, as it was required in Kota Cilegon. The preparation of the SPJ was usually supervised by the *kabupaten/kota satker*, so the schools often had to go back and forth to revise the SPJ document based on the corrections made by the *satker*. This process took ample of time and cost because schools had to go back and forth to meet the *satker* or go to the local education office. Although the special requirement for withdrawing the funds was undertaken with the aim that the use of the funds would be better controlled, this policy tended to create more bureaucracy as well as consume more time and money.

The operational guidelines required that withdrawals of the BOS funds be done with the approval of the head of the school committee. Nevertheless, because there was no stipulation or other requirement that accompanied it, most schools did not include or request the approval of the school committee in the withdrawal of funds. Of all the schools visited during this study, only one school in Pematang Siantar followed this stipulation in the withdrawal of BOS funds. This is because the school used their old school account that had been previously used for the Basic Education Project (BEP) Program. This account was signed by the school principal and committee treasurer, so for each withdrawal, the committee treasurer had to accompany the school principal.

The imposition of additional requirements for the withdrawal of BOS funds also impacted the frequency and stages of the withdrawals. In North Sumatra, whose *satker* did not impose a particular requirement for funds withdrawals, several schools that have few students tended to withdraw all funds in a single withdrawal, while in East Java, Banten and NTB, the withdrawals were done in stages, because of the requirements described above. In East Java, funds were withdrawn every month, except for the first withdrawal, which took three months allocation. In Banten, the *satker* and the post office suggested that the schools make a minimum of two withdrawals, whereas, in NTB, the *satker* stipulated that schools withdraw funds every quarter of a year. The requirement for schools to withdraw funds every certain period of time for a particular amount was considered inappropriate because the needs of schools each month are not always the same. In addition, there is quite a risk if the funds are not immediately used because their security is not guaranteed, especially for schools that obtained the BOS funds in large amounts.

In the technical and operational guidelines, there was no stipulation on the time limit for withdrawals and the use of the funds. Nevertheless, because the schools received BOS funds in accordance with the RAPBS for a semester, many schools thought that the funds had to be taken and spent before the completion of the relevant semester. This lack of clarity caused schools to spend the funds before the semester ended, although the expenditure was actually not in need. For that reason, by the end of December, most schools had withdrawn all their funds and left behind only the interest on the savings or the minimum savings balance.

All sample schools received the full entitlement to the funds in accordance with the allocation that had been determined. In each funds withdrawal, the schools were never levied with any deductions or asked to pay anything. The time needed for each withdrawal was also relatively fast, in much the same manner as the withdrawal of savings in general.

2.4.2 Utilization of Funds

The opinion of various parties regarding the stipulated 11 types of uses of the BOS funds varied. However, they mostly considered that these stipulations were too restrictive (limited) because they did not accommodate all of the needs of the schools. Several kinds of expenses that were usually funded by school tuitions but could not be funded by the BOS funds included the incentives for school principals, deputy principals, and homeroom teachers; the transportation allowances for permanent teachers; teachers'

refreshments; and the construction of school infrastructure. The stipulation on the uses of funds stated in the 2005 operational guidelines was also considered unclear, and therefore caused diverse interpretations. The differences in interpretation at the school level were, in general, influenced by the interpretation of the *kabupaten/kota satker* that were presented to the schools during the socialization event or consultation on the RAPBS and the usage of the funds. For an example, in Tapanuli Utara and Pematang Siantar, the BOS funds were not allowed to be used to purchase computers, chairs, and tables, because they were not considered consumables. In other regions, however, those kinds of expenditures were allowed because they were deemed as part of the costs of student activities or in the interests of teaching and learning process.

In practice, the use of the BOS funds that were mostly managed by the school principal with the assistance of the BOS treasurer was not always in accordance with the RAPBS and the 11 stipulated uses stated in the 2005 operational guidelines. Most schools adapted the uses of the funds to the needs of the schools although some were not in accordance with the regulations. Their reason was that the school had to fulfill some particular needs that until now had been funded by the school tuitions. Since the school received the BOS funds, school tuitions had been eliminated or reduced.

Based on the accountability reports of the BOS funds in the sample schools, the biggest proportion of the BOS funds was spent for the payment of teachers' honorariums, teaching and learning activities (KBM), procurement of stationery (ATK) and purchase of textbooks. The payment of teachers' honorariums took place in all sample schools. Quite a large proportion of payments for teachers' honorariums were found in private schools because almost all teachers in these schools were not civil servants (PNS). In total, payments of teachers' honorariums were the type of expenditure that took up most of the BOS funds. In approximately 83% of the sample BOS recipient schools, the payment of teachers' honorariums was included in the top five of expenditure types (see Table 2.5). Unlike in other districts, however, in two samples of *kabupaten/kota* in North Sulawesi, there were only three schools that had payments for teachers' honorariums included in the top five expenditure types. This happened because there were only a few teachers paid by honorarium in the sample schools in this district.

The KBM also consumed quite a lot of the BOS funds, and in 70% of the sample schools it was included in the top five types of funding. The large proportion of these KBM costs was, inter alia, because the KBM consisted of several funding units, including the costs of semester and daily tests, skills practices, student affairs activities, and upgrading courses/seminars. Meanwhile, the tendency of schools to purchase textbooks had as its own background; among the reasons were, for the needs of the school/students, the suggestion of the local education office, and also the offers of incentives from publishers or book shops in the form of price rebates in the range of 10–20% of the sales price. The textbooks being purchased usually became the property of the school library and were lent to each student for a certain period of time. The lending period of books varied between schools. There were some books that were only given out during school hours and some others were allowed to be taken home for one semester or one academic year. Although many parties complained about the regulation on the use of the BOS funds that they could not be used to pay for the incentives of principals and permanent

teachers, this study found that in reality the incomes of school principals and teachers, both teachers' paid by honorarium and permanent teachers, tended to increase after the BOS. This increase occurred because most schools issued a policy to raise the salary of the teachers paid by honorarium and the overtime compensation for all teachers. Although overtime compensation in several schools/districts was not allowed to be funded by the BOS funds, several schools could still use the funds by clasifying the overtime payment into other expenditure items. At the same time, in schools that followed the regulations, this type of expenditure could still be increased as long as the school was still charging school tuition from the students.

Table 2.5 Frequency of the Top Five Usage of the BOS Funds

Type of Use	Banten	East Java	North Sumatra	North Sulawesi	NTB	Total
	(N=8)	(N=7)	(N=9)	(N=8)	(N=8)	(N=40)
Teachers' Honorariums	7	7	8	3	8	33
Teaching and learning activities (KMB)	6	6	6	6	4	28
Stationery	6	3	7	7	6	28
Books	3	1	9	6	5	24
Building refurbishment	3	5	4	5	3	19
Extra-curricular	4	4	4	2	1	14
Purchase of goods	1	5	0	4	1	11
Water, electricity, telephone	2	2	1	1	2	8
Enhancing teachers' quality	0	3	3	1	0	7
Official travel, cost of meetings	2	1	1	1	1	6
Poor students	1	0	1	1	1	4
Computer	2	0	0	0	1	3
Others	1	0	1	3	4	9

Source: Calculated from the accountability report of the BOS funds in 40 sample schools.

The increase in the teachers' income could also be obtained from several other expenditure items, such as, from the expenditure for the KBM and the enhancement of the quality of teachers through the MGMP activities in junior high schools and the KKG activities in primary schools. In the KBM expenditure item, especially the daily and semester test activities, teachers receive honorarium for the preparation of test questions, as well as for administrating test and examining test results; whereas according to the technical guidelines for the BOS finances, for test-related activities, the BOS funds can be used for the procurement or provision of materials/goods and there is no statement in the guidelines which mentions that the BOS funds can also be used for teachers' honorariums for preparing test problems, administrating tests, and examining test results. As from the MGMP and the KKG activities, teachers received transportation and refreshments allowances, and pocket money. Although these activities were intended to enhance the quality of teachers, problems could arise if the implementation was not well supervised. For example, in one of the sample schools in North Sumatra, there were MGMP receipts that had been signed only by one teacher. The relevant school principal acknowledged that MGMP in this school had only been done internally, whereas the number of teachers for this particular subject was very limited. This raises the question as

to how the enhancement of teacher quality, which should be achieved through interactions between teachers, could come about.

Among the top five expenditure items that were funded by the BOS, it appeared that the expenditure specifically allocated to provide special assistance to poor students was very small. Only in four schools was the special allocation for poor students included in the top five allocations of the BOS funds, and it ranged between 9.2 and 19.8%; while in other schools that also provide special assistance for poor students, the funds allocated were relatively small so they were not included in the top five expenditure items.

In regard to the use of the BOS funds, it was found that several parties had made an attempt to obtain a personal gain by abusing their influence to persuade the procurement of particular goods (Box 2.2). In addition, this study also found the possibility for duplications to occur in the allocations of BOS funds and the allocation of funds from other sources. The duplication of expenses could occur because most schools received funds from various sources and not all funding sources required reports accompanied by evidence of receipts for expenditure. The regulations on the use of funds from various sources could also be the same, so the funds could be used for the same expenditure groups. Among the funding sources that were received by schools were school tuitions for schools that still levied them, funding from the regional government budgets (APBD), other educational programs, and from the foundations for private schools that were managed by a foundation. Several funding sources such as the BOS, the APBD for Operational Costs (BOP), and school tuitions could be used for paying school operational costs. Although, according to the requirements of the BOS Program, the RAPBS and the financial reports had to include all sources of school revenues, it appeared that the RAPBS and the financial reports of some schools only contained the BOS revenue.

Box 2.2

Infliction of Goods Procurement by Associated Institutions

In principle, the BOS funds were allowed to be used to purchase school books. However, in one sample *kabupaten* in this study, there were indications that the schools receiving BOS were indirectly directed to purchase schoolbooks from certain publishers by using the BOS funds. This started early in the 2005-2006 academic year, before the BOS funds were distributed. At that time schools were offered to “take” textbooks that were prepared by local teachers. The program for the composition of these books was one of the activities that were intended to enhance the capability of teachers in compiling study materials, and in these books contained a foreword from the head of the *kabupaten* education office. Because the books for primary schools were distributed through the UPTD (*kecamatan* level), and on their covers were written “for internal use,” schools thought that they were free of charge. It appeared that after the BOS funds were disbursed, which was several weeks after the books were collected, schools received an invoice or verbal notice from the UPTD to pay for the books. The schools did not have the courage to object, although they felt manipulated because they did not initially know that these books had to be purchased, and did not know their price. The schools also considered that the quality of these books was lower than similar books from other publishers that they usually used. There was a school committee that lodged an objection to the UPTD but their objection was rejected.

Although, according to the BPKP report, the purchase of textbooks in this *kabupaten* was only less than 60% of all the BOS funds received by schools, such practice was likely to reduce the effectiveness of BOS program.

In almost all schools, the availability of the BOS funds increased the school revenues. With this increase in revenue, it should have been easier for schools to manage their costs. The results of interviews with schools uncovered, however, that several schools were definitely confused in managing the funding allocation, especially for the BOS revenues in the second and subsequent semesters. This confusion happened because these schools usually obtained very small revenue from school tuitions. Apart from this, the regulations that limited the types of use of the funds made it less flexible for schools in managing school expenses. Meanwhile, the BOS revenue in the first semester of the 2005-2006 academic year has fulfilled all types of expenditure permitted by the operational guidelines and the local *satker*. Most of these schools had not yet even thought about a strategy or plan for enhancing the quality and facilities of teaching and learning activities in the medium to long-term, after receiving additional revenues from the BOS funds.

2.4.3 Savings Interest and Payment of Taxes

In all schools, the BOS funds were kept in the schools' savings accounts for quite some time, both because schools intentionally plan to withdraw them in stages in accordance with their needs and because there was a regulation on the withdrawal of funds that had been stipulated by the provincial and *kabupaten/kota satker*. With the exception of Banten, where school giro accounts at the post office do not give interests, the money in school savings will receive savings interest. The stipulations of this savings interest were not yet clear: whether it was the entitlement of schools or it had to be returned to the state treasury. As a consequence, the treatment of this entitlement to saving interests varied between regions. There were schools that could take the interest on their savings, but there were also those that could not do it because the bank froze it.

The saving interests of the government program funds, according to the government regulation on the financial management of government program, should be returned to the state treasury. However, not all the BOS managers knew about this regulation because it had not been well informed. Moreover, not all the banks that were appointed as the channeling institutions for the BOS funds and where schools opened bank accounts knew about this regulation.

The payment of tax had been regulated in the operational guidelines, by referring to the existing taxation regulations. The types of expenditure that would be subject to tax were the payment of teachers' honorariums that would be taxed at 5%, and the procurement of goods/materials/equipment/books at the value of above Rp1 million that would be subject to a value-added tax (PPN) of 10% and value-added tax (PPh) of 1.5%. This regulation has not yet, however, been well socialized so the level of understanding of schools and, even, regions varies. In general, the payment of tax for teachers' honorariums was relatively easy for schools to understand. However, the payment of tax for the provision or procurement of goods was still confusing. The stipulated 10% PPN should already have been included in the sales prices of goods and had to be paid by traders to the state treasury, if the taxation system had been well managed. It means that, for the purchases of any value, this tax will be imposed on the buyer. In addition, the PPh of 1.5% indeed was an additional obligation on the buyers for purchases valued at more than Rp1 million.

Due to the unclear understanding of schools, the payment of tax varied. Regarding the tax on teachers' honorariums, several schools paid tax of all types of teachers' incomes, both the incomes for teachers paid by honorarium and other teachers' incentives, including the ones for MGMP or KKG activities and the test-related incomes. There were also schools that only imposed and paid tax for teachers' paid by honorarium, while other teachers' incentives were not levied tax. Meanwhile, for the payment of purchases or procurements of goods above Rp1 million, there were more variations, which were the payment of tax of 1.5%, 5%, 10% or even 11.5%.

At the beginning of the program implementation, most schools felt that the process and management of tax payments were more onerous compared with the value of the tax that had to be paid. This is because almost all schools did not know about the regulations and mechanism of tax payment. Besides that, the tax levy that has to be paid is relatively small, except for schools that receive the BOS funds in rather large amounts and use the large proportion of it only on several types of expenditures. When making payments, schools had to go to at least two agencies, the post office or the government bank to pay the tax, and the tax office to deliver proof that the tax has been paid. In several regions, the local tax office had not even known about the tax obligation in regard to the BOS funds so they could not provide an adequate guidance (Box 2.3). For the majority of schools that are quite far from the post office and the tax office that is usually located in the capital city of the *kabupaten/kota*, the distance and time also became an obstacle.

Box 2.3

Various Schools Difficulties in Tax Payment Related with the BOS Funds

Schools are obliged to pay tax of the purchase of goods and services using BOS funds, and several schools experienced difficulties in fulfilling this obligation. Among the cases that caused schools to feel like they were ping-ponged when wanting to pay tax were:

- When the schools went to the post office to pay tax, the schools were asked to pay it directly to the tax office. When they went to the tax office, the official whom they met there did not know where the school should lodge the payment;
- When the schools wanted to submit proof to the tax office after paying the tax at the post office, they did not know which section to submit it to;
- When the schools tried to make the payment at the post office, they were asked to make the payment through the bank. However, the bank refused because they had not filled in the NPWP (tax number) in the deposit form. Most schools did not have an NPWP and did not know whose NPWP to use;
- As schools made an effort to fulfill the tax payment regulation, but when they lodged the payment the electricity went out, so the schools were asked to pay on another day. When they returned the following day, the schools again could not pay the tax because the tax cashiers were only opened during certain hours.

For schools that were located close to the agency, cases like these were not too much of a problem. However, for most schools whose location was quite far away, it was very inconvenient and was quite costly.

As a result of these various obstacles, as of the end of the first semester, there were still many schools that had not yet fulfilled their tax obligation, although they had already left aside the funds. In addition, there were also a lot of schools that made an attempt to avoid the payment of tax by manipulating the value or the payment receipt. Of the schools that made procurements of more than Rp1 million, there were some that tried to break down the receipt into several receipts. Each receipt was valued below Rp1 million, so for the purchase of one type of goods of high value, there could be dozens of receipts. This was, indeed, quite beneficial for the schools. Of each Rp1 million, schools could save Rp15,000. Furthermore, schools could also save time, labor and transportation cost for the tax payment. However, the attempt to avoid the tax obligation is of course considered dishonest and inconsistent with the moral responsibility of education.

2.5 REPORTING

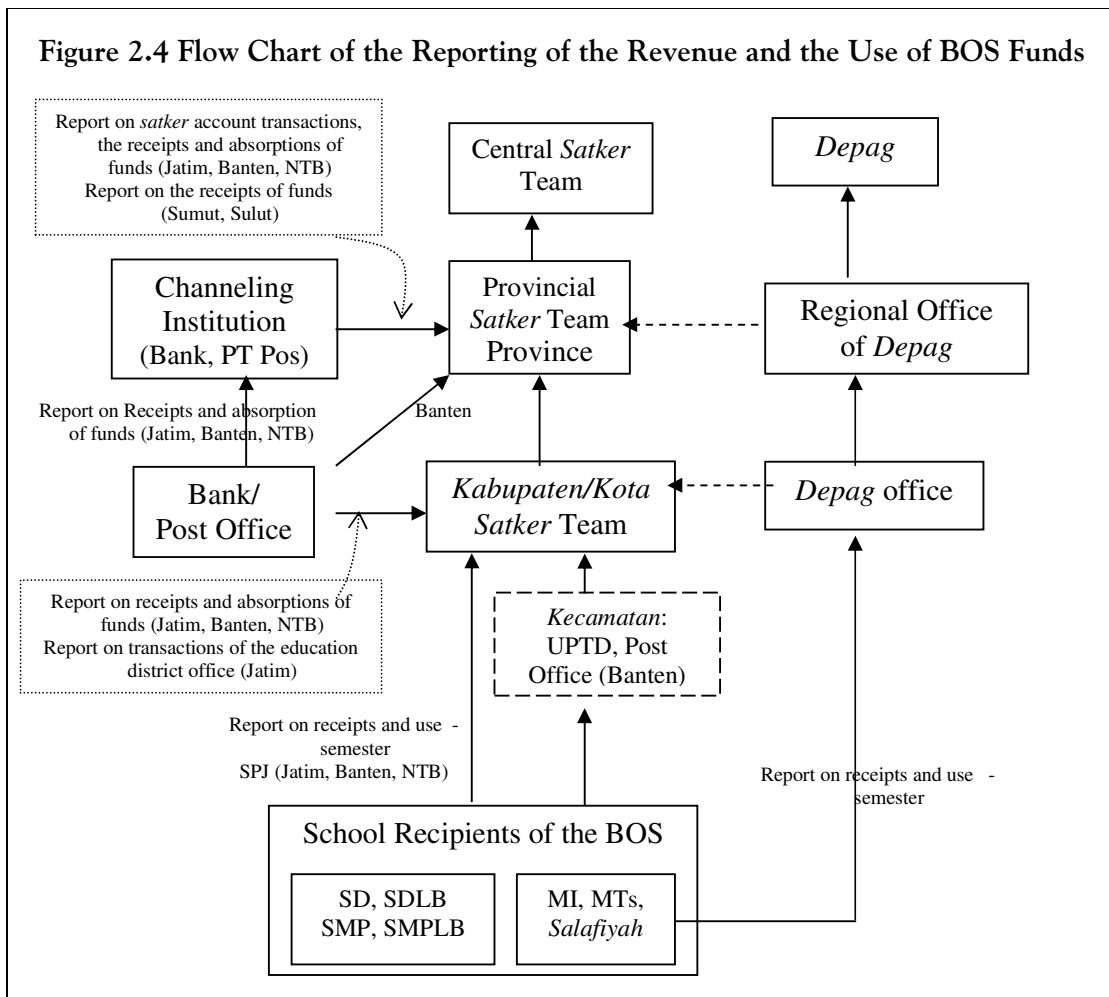
Based on the 2005 operational guidelines, program implementers at the center, province, *kabupaten/kota* and school levels were obligated to report their activities to associated parties. The issues that had to be reported by the managers at each level were as follows:

- Center and province: statistics of the program recipients, reports on the absorption of program funds, reports on the results of monitoring and evaluation, reports on the handling of complaints, reports on other activities (including socialization and training) and a final report that contained all activities related with the planning and implementation of the program;
- *Kabupaten/kota*: statistics on program recipients, reports on the outcome of assistance, results of monitoring and evaluation, and reports on complaints;
- Schools: the names of students who received the assistance, the amount of funds managed by school and a report on the use of funds, a record of questions/criticisms/suggestions, and a record of complaints.

At the time of this study, the reports that had been prepared in most regions were the reports on the recipients of assistance, especially related to the funding allocation, the data on the number of students, and the schools that received BOS, as well as the reports on the program preparation that covered the activities in the socialization. There were not, as yet, reports on the results of monitoring and evaluation because most of the monitoring activity had just been conducted in January-February 2006. Reports on the use/benefits of the assistance from the *kabupaten/kota* to the province have not yet been made because the *kabupaten/kota satker* had not yet recapitulated the reports from schools. Most schools already submitted a report on the use of the funds, but there were several schools that still had to revise their report. Besides that, the reports on the handling of community complaints, at the school, *kabupaten/kota*, and provincial levels in all sample regions had not been composed. The reports on the handling of community complaints and monitoring and evaluation will be discussed in Sub-section 2.6. This sub-section only discusses the report on the use/benefits of the BOS funds. In particular, the following discussion will present the step-by-step reporting mechanism that was implemented in various sample regions, the problems that were faced by schools in preparing the financial reports, and the issue of transparency of the schools report on the use of the funds.

2.5.1. Reporting Mechanism

According to the operational guidelines, the reporting of the revenue and the use of BOS funds should be made in steps, starting from school level up to the Central *Satker*. The reports prepared by the schools should be submitted to the *kabupaten/kota satker*. The *kabupaten/kota satker* then wrote a report on the implementation of the program and submitted it to the provincial *satker*. Finally, the provincial *satker* compiled it and submitted the report to the Central *Satker*. As of early March 2006, the provincial *satker* had composed and reported technical preparation activities and the list of schools that received BOS funds to the Central *Satker*. The preparation that was undertaken by the provincial *satker* included meetings in the context of data validation, socialization, formation of a technical team, and related institutional arrangements. In addition, the provincial *satker* also sent the BOS funding allocations for each *kabupaten/kota* as well as a report on the distribution of funds to all schools based on the report from the appointed channeling institutions, which were the banks or the post offices. The flow of reports in the sample regions of this study was quite varied, but the general illustration of the flow of these reports is presented in Figure 2.4.



The provincial *satker* periodically obtained the report on financial transactions of the *satker* account from the bank/post office and this reporting was running smoothly and reliable. The reports from the channeling institutions varied between provinces. As presented in the sub-section on the absorption of funds, the channeling institutions in the provinces of Banten, East Java and NTB regularly reported the absorption of funds and/or the withdrawal of funds from schools' bank accounts, in addition to the financial transactions of the provincial *satker*. In East Java, specifically, Bank Jatim also provided a report on the financial transactions of the account of the *Kabupaten/Kota* education office, because the BOS funds from the province were transferred to this account before distributed to school accounts. Meanwhile in North Sumatra and North Sulawesi provinces, the channeling institutions (Bank Sumut and BRI) only provided a report on the distribution of funds to school accounts and the financial transactions of the account of the provincial *satker*. These two banks could not report the withdrawals of funds from each school's account because the schools were free to open their account at any bank, so their transactions were out of their monitoring coverage.

In regard to the reports on the use of BOS funds, schools submitted reports to the *kabupaten/kota satker*. Schools in urban area usually sent their report directly to the office of the *kota satker*, while schools in the *kabupaten*, especially primary schools, usually submit their report through the UPTD that was located in their respective *kecamatan*. The relatively far distance to the office of the *kabupaten satker* did call for the role of UPTD as an intermediary between schools and *kabupaten satker*. In Banten, in addition to the UPTD, the *kecamatan* post office could also function as an intermediary in the delivery of this report. Religious schools (MI, MTs and *salafiyah*), in addition to having to send an accountability report to the *kabupaten/kota satker*, also had to send the report to the office of the Ministry of Religious Affairs.

The *kabupaten/kota satker* has to send reports to the provincial *satker*. At the time of this study, the reports that had been submitted by the *kabupaten/kota satker* were the reports on the preparation of the program and the statistics of the BOS recipients in the form of initial data on schools and the number of student that received BOS. Subsequently, the provincial *satker* prepared a report on the implementation of the program to be sent to the Central *Satker*. At the same time, the *kabupaten/kota* office of Ministry of Religious Affairs that supervised *madrrasah* and *salafiyah* schools also prepared a report on the implementation of the program to be sent to the provincial office of the Ministry of Religious Affairs, with a copy to be sent to the *kabupaten/kota satker*. The provincial office of the Ministry of Religious Affairs also prepared a report to be submitted to the head office of the Ministry of Religious Affairs, with a copy submitted to the provincial *satker*. The submission of duplicate reports from religious schools and the Ministry of Religious Affairs offices tended to reduce the efficiency of the joint-management approach of BOS Program.

2.5.2 Reports Preparation at the School Level

The operational guidelines determined that the reporting by schools should be done every quarter, semester, and year. The reports had to include the RAPBS, a copy of the bank account, and a report on the cashbook as well as evidences of expenditure. To make it easy for schools to prepare the report, the operational guidelines provided a template

for the report. The BOS-K1 was for preparing the RAPBS, the BOS-K2 for detailing the uses of the funds for each type of expenses and BOS-K3 for making a cashbook. With these examples, it was expected that schools would not have any difficulty in preparing the financial reports.

This appraisal found that the reporting period in the sample regions varied depending on the stipulations of the *satker* in each region. In East Java, NTB and Banten, the provincial *satker* determined that schools had to make a quarterly report. As presented in the section on funds disbursement, in these three provinces, for the withdrawals of funds in the following stages, schools were required to submit an accountability report (SPJ) on the funds that had been withdrawn. For that reason, in East Java, for example, the SPJ report had to be prepared on a monthly basis. Contrary, in the other two sample provinces, North Sumatra and North Sulawesi, the financial accountability report was only prepared at the end of the semester, the majority of which were late and had just been completed in February 2006. The policy on the reporting schedule was affected with the delay of the funding disbursement in these two provinces. The BOS funds in these two provinces were received by the schools at the end of September, so the reports could not be made in accordance with the schedule determined in the operational guidelines.

According to the majority of schools, preparing a detailed report on the use of the funds by budget type was quite complicated and time consuming. This was caused by schools having to report the use of funds exactly in accordance with the operational guidelines, which was not always the same as how the funds are actually used. The difficulty in synchronizing the real uses of the funds with the expenditure items that were permitted by the operational guidelines, and the limited understanding of schools on the requirements for the use of the BOS funds, have resulted in the reports being revised several times. To provide details on the use of funds by budget item, schools were forced to modify the report so that it was in accordance with the regulation, and their supervisory agencies or other parties that would audit the program would not blame them. For example, the funds used for 'building MCK⁹ facilities' was reported as being used for 'minor building maintenance'. The payment of 'permanent teachers allowances' was changed to 'procurement of ATK'. In other words, schools were forced to manipulate the reports, an act which is not proper for educators to do.

To overcome difficulties in the report preparation, schools usually consulted the education office or the staff of the Ministry of Religious Affairs office, both at the *kecamatan* and *kabupaten/kota* levels. Several schools took the initiative to request the *kabupaten/kota satker* to arrange training on report preparation. In East Java, the education office of Kota Pasuruan arranged training on preparing SPJ that was conducted over three days. In addition, the local city *satker* also scheduled consultations time for schools between 12.00 and 17.00. In other regions, the *kabupaten/kota satker* stated that consultations could be undertaken at any time. However, it appears that when schools came for a consultation, the *satker* officers, especially the program manager, were not present although the visit was made during working hours.

⁹MCK: *Mandi, cuci, dan kakus*: Public bathing, washing, and toilet facilities.

For consulting the report, schools had to incur a cost, at least for transportation. A *salafiyah* in Banten, for example, needed to expend transportation costs of between Rp 50,000 and Rp 100,000 for each consultation. Several other schools also incurred costs for typing and printing reports, although there was actually no regulation that reports had to be printed. In addition, schools also complained about the amount of time that was needed to prepare this report. They needed to spend time to go back and forth (between three and ten times) to the education office to revise the report. For that, they often lost their private time because they had to do overtime or were forced to use their teaching hours.

Although most schools still experienced difficulty in preparing the report on the first phase of this program, it appeared that some schools that had participated in assistance programs, such as the DBEP, did not experience any difficulties. These schools were able to prepare their financial report because in the DBEP they had been trained in preparing financial reports on the use of funds. Several schools that received assistance from these programs informally 'spread' their knowledge on how to prepare reports, including the accountability reports on the use of BOS funds, to other schools.

2.5.3 The Transparency of School Reporting

Report on the use of funds was usually prepared by the school principal and the BOS treasurer, and then they submitted it to the *kabupaten/kota satker*. There were, however, schools whose reports were only prepared by the school principal without the involvement of the treasurer. If there was a teacher involved, it was usually only the teacher who had been appointed as BOS treasurer, while other teachers were not involved. Most teachers also did not know the content of the report although most of them knew that the principal and the BOS treasurer were preparing or had prepared the report. Nevertheless, they did not object to it because, apart from the fact that the principal acts like a "small king" in the school and, therefore determining teachers promotion, there was also a fact that the BOS funds had have real impact on various aspects such as the availability of school facilities.

The school committees, which were supposed to be the partner of the school, were generally not involved in the report preparation. Moreover, several of them did not know of the existence of the BOS report at the school level, although they signed the RAPBS early in the program implementation. There were only a limited number of school committees that could access the report. They were usually school committees that were active in visiting schools.

In general, the school only provided information to parents that the school is a BOS Program recipient. It was rarely found that the school reported the use of funds to parents in detail. Several schools, especially in East Java, reported the use of the funds verbally to the students' parent at the time when the student evaluation reports were distributed. The SMERU team only found two schools that delivered the report openly to parents. One school placed the summary report on the use of the BOS funds on the school notice board, so whoever was visiting the school had access to the information on the realization of the use of the funds. There was another school that invited representatives of parents and delivered a verbal report to them and, in turn, they were expected to tell other parents about the information. Although still limited in their scope, these two

means could certainly provide models for other schools in their effort to ensure transparency in the management of funds in schools. It is unfortunate that the program's operational guidelines only regulated the reporting mechanism from schools to *satker* and did not oblige schools to report the use of funds openly to parents and the general public. Because there was no such requirement, many schools did not consider that it was necessary to present the report to the parents.

Although most schools were not transparent, most parents did not make an issue of whether there was a report on the use of the BOS funds or not. It seemed that parents 'did not care' about administrative issues with the use of the funds. They tended to believe that schools were using the funds properly. Many of the parents were apathetic because, even if the schools delivered the report, they usually did not provide a positive response if the parents were critical. In addition, the disinterest of parents was also encouraged by the facts that they felt the benefits of the BOS funds in the forms of the exemption from or reduction in school tuition and from the cost savings on the purchase of textbooks. Parents, in general, hoped that with the BOS funds there would no longer be an obligation to pay school tuition, as informed through the media (radio/television), or to purchase textbooks.

2.6 MONITORING, EVALUATION, AND COMPLAINTS HANDLING

In the operational guidelines for the 2005 BOS Program, it was stated that the monitoring and evaluation (*monev*) of the program would be conducted internally and externally. The technical guidelines on *monev* highlighted the aim of the *monev* activity as providing the basis and information for decision making in the context of refining the program, encouraging transparency and accountability among program managers as well as enhancing the quality of program managers' performance. The program implementers conducted internal *monev*. In the structure of the *satker* at the central, provincial, and *kabupaten/kota* levels, there is a *monev* section that consists of elements from the Ministry of National Education/education offices and the Ministry of Religious Affairs. This internal *monev* section had the task of undertaking observation, supervision, guidance, and problem resolution. Program components that were monitored included: (i) allocations of funds of recipient schools; (ii) the distribution and absorption of funds; (iii) community complaints and service provision; (iv) financial administration; and (v) reporting.

External monitoring, according to 2005 the operational guidelines, was considered part of supervision. According to these guidelines, external monitoring and evaluation for the PKPS BBM Education Sector Program (BOS and BKM) could be conducted by competent supervisory institutions, including:

1. Independent monitoring teams: higher education institutions, the DPR, BIN¹⁰ or special government-appointed independent teams;
2. Community elements: the education councils, NGOs, BMPS¹¹ and other education/community organizations;
3. Supervisory agencies: BPK, BPKP, General Inspectorate (*Irjen*), and the provincial and *kabupaten/kota* Regional Inspectorate Board (*Bawasda*);

¹⁰BIN: *Badan Intelijen Negara*: State Intelligence Agency.

¹¹BMPS: *Badan Musyawarah Perguruan Swasta*: Private School Councils.

4. Community complaints units in schools/*madrasah*, *kabupaten/kota*, provinces and central government.

In general, this study found several weaknesses in the system and implementation of *monev* that had been developed to safeguard the program. According to many parties, internal *monev* was still unsatisfactory, while external *monev* was not effective enough. The quality of the implementation of internal *monev* was still in question and gave more of an impression of being conducted just for formality. Meanwhile, the external *monev* was too open, so too many parties, including parties that were not competent and irresponsible, could conduct it. Furthermore, there was not yet a system that could compatibly combine internal *monev* and external *monev* so the results could effectively safeguard the program and provide inputs for sustainable program improvements. For that reason, many schools questioned the effectiveness of the *monev* activity, both the one undertaken by the *satker* (internal) and the one by parties outside the *satker* (external). The results of the *monev* activity did not provide 'feedback' for schools and other management institutions useful enough to improve the implementation of the program. Moreover, in fact in several regions, some irresponsible parties utilized the *monev* to obtain personal gains.

The weaknesses in this *monev* system also impacted on the weakness in the complaints handling system that was one of the tasks of the internal and external *monev*. This study uncovered that the system for receiving and handling complaints was still not well organized, although many parties had been involved. The discussion below provides an explanation on the implementation of the *monev* and the complaints handling in the sample regions of the study in more detail.

2.6.1 Implementation of Monitoring and Evaluation

Internal Monev

Up to the time this study was conducted, there were no sample *kabupaten* that had a report on the internal *monev* result. In most cases, the provincial *satker* as well as the *kabupaten/kota satker* carried out monitoring of the implementation of the BOS through a routine mechanism and sporadically made visits or inspections if there were complaints. Not all regions were undertaking special internal *monev* activities. Four sample *kabupaten/kota* that have conducted internal *monev* through the use of questionnaires were Kabupaten Lebak, Kabupaten Tapanuli Utara, Kabupaten Lombok Tengah, and Kota Pasuruan, but the data was still being processed. In Kabupaten Lebak, questionnaires were distributed to sample schools through the UPTD and the *kecamatan* office of Ministry of Religious Affairs. In Kabupaten Tapanuli Utara, questionnaires were distributed to all schools through the UPTD. In Kabupaten Lombok Tengah, questionnaires were also distributed to all schools, but the schools were invited to the UPTD office to fill in the questionnaires, so the UPTD did not actually visit the schools. In Kota Pasuruan the *monev* was rather more in-depth. The monitoring was undertaken through the UPTD and it involved school supervisors. The scope of the monitoring included all schools and the respondents consisted of a member of the school committee, a teacher, three students and three parents.

The conduct of this *monev* was generally late because of the late distribution of funds for the *monev* that had been budgeted through the Ministry of Religious Affairs. Apart from

the *monev* funding that was considered too little, the *monev* activity in several regions was impeded by the difficulty in the coordination between the education office and the office of the Ministry of Religious Affairs. In several regions, the cooperation on *monev* between the staff of the education office and the Ministry of Religious Affairs office ran well. In several other regions, however, the education office was more active in conducting the *monev* activities, while the staff of the *Depag* office were considered less active. This gave rise to jealousy and rumors about the lack of transparency of the Ministry of Religious Affairs offices in managing *monev* funds.

Because of these various factors, the internal *monev* activity was in general considered inadequate. Many parties felt that *monev* activities were carried out as a formality in adherence to the regulations for the management of the program. The data collection was not reliable, for example, because it was found that the *monev* officials did not make direct visit to schools, but only waited for the school principals to come to the education office at the *kecamatan* level. In addition, the results have not yet be used as the basis for policy making because the completed questionnaires that were collected were only kept at the office of the *satker* or the Ministry of Religious Affairs officed without being processed and analyzed, and it was not yet known when the report will be finalized.

External Money

In all sample regions, many institutions conducted *monev* with different qualities, depths and scopes. Several non-government institutions such as the education councils, NGOs, BMPS, the mass media, and some mass organizations, as well as some regional government supervisory elements such as the *Bawasda*, the *Irjen*, and the DPRD, were among the institutions that had undertaken the monitoring since BOS Program commenced. In addition, at the time of this study, the BPKP was also undertaking financial audit in several sample schools. All the institutions outside the *satker* were strategic partners of the *satker's* *monev* section in conducting investigations, facts finding, and resolving various corruption cases. If necessary, the internal and external *monev* are expected to provide recommendations on sanctions to the police (legal sanctions) or regional heads (administrative sanctions) for proven acts of corruption.

Among the various institutions that undertook the *monev*, most of them did not undertake the activity in a well-structured and coordinated way. Quite a lot of institutions visited schools directly, without the knowledge of the *satker* and clear reporting system. Moreover, the results of their supervision were not informed or reported to the *satker* at any level. Only a few institutions such as the BPKP, *Bawasda*, DPRD, education councils, higher education institutions and NGOs who were quite competent, communicated and coordinated with the *satker* or the education office. The BPKP conducted audits directly and they were facilitated by the provincial and *kabupaten/kota satker*. They also reported their results to the *satker* at all levels. The *Bawasda* and the DPRD in almost all sample regions also coordinated with the *satker* in conducting supervision to follow up reports or community complaints. In addition, the education council in Kabupaten Tapanuli Utara, an NGO in North Sumatra, and Muhammadiyah University in Malang, for example, also conducted an independent *monev* in their respective regions, which was well designed, and their results were also submitted to the *satker* and other related institutions.

Box 2.4
The Central Independent Monitoring Unit (CIMU)

The CIMU was formed to undertake the monitoring of the implementation of the Social Safety Net (JPS) Program for the Education Sector that was provided in the form of scholarships and operational assistance funds (DBO), and the Dutch Grant Program. It was one of the external monitoring models that was arranged to monitor the implementation of the program. This independent team had special authority and was centralized. The presence of this unit was officially socialized to all program stakeholders at all levels. This unit had an investigation division that periodically collected, organized, and documented complaints from various sources, and undertook investigations via its regional independent monitors (RIM). The results of these investigations were submitted to the institutions with the authority to pursue legal processes, if necessary. In addition to the routine monitoring activities through regional monitors, the CIMU also periodically undertook studies on various issues and aspects associated with the program. This study aimed at evaluating the performance of the program and make improvements in future phases. The results of the monitoring and study were published in the form of a bulletin that was distributed to all program managers, so they could be used both as the dissemination of information and learning mediums.

The existence of this institution appeared to have very much supported sustainable improvements of the program. This institution, however, had a unique position because it was an institution that existed outside the structure of program managers, but had direct access to coordinate with program managers, especially at the central level. The success of this institution had to be supported by competent personnel and sufficient funding.

With a number of institutions participating in supervising the implementation of the program, all program managers, especially at the school level, became very careful and attempted to follow the program regulations. On the one hand, this had a positive impact and suppressed the opportunities for corruption; but, on the other hand, it also generated a lot of fear among program managers at the school level. In almost all places, however, there was veiled extortion in the “supervision” activity that was conducted by unscrupulous journalists or others who claimed to come from NGOs. Several schools that were visited by these people were eventually forced to give money for transportation or food to them. Although the value of the money given to each was not large, for schools that were visited by many, the total amount of money became quite large. Schools made many complaints about such practices because the money they gave had to be “arranged in such a way” that it could be borne by the BOS funds. In addition, because many institutions visited the schools, it had disturbed the teaching and learning activities and took up the time of the school principal. A lot of the information that was given by unscrupulous person also appeared to have been inaccurate, so a lot of confusion arose, especially as the schools did not yet have a good understanding on the various program regulations. There was also a concern in particular regions that the supervision conducted by DPRD members had political intentions and was used as a means to pressure the replacement of the school principal.

Considering the large scale of the program, the potential for corruption of the funds and the diversity of the roles of program managers from the central to the *kabupaten/kota* levels, the presence of an external monitoring unit was quite important. However, various factors that were found in the field have shown the inefficiency of the external monitoring system that had been operating. The existing system did indeed guarantee the access of the community in general through various institutions, but it appeared to be very vulnerable in that the

monev activity was likely to be misused by some irresponsible parties. Compared with the external monitoring system that was introduced by the CIMU (Central Independent Monitoring Unit) at the time of the JPS (Social Safety Net) Program for the Education Sector in the past, the existing external supervisory system is not effective enough to guarantee the link between the results of the monitoring and the effort to systematically improve the program performance at various levels, from the central to the school levels.

2.6.2 Complaints and Problems Resolution

As explained in the early part of this sub-section, according to the design of BOS Program, complaints handling was an integral part of the *monev* system that consisted of internal and external *monev*. Therefore, complaints could be submitted to the *satker* at various levels, to the schools and to various institutions that conducted external *monev*. According to the stipulations of the program's operational guidelines, the *monev* section as well as the schools had to document the complaints, the follow up of the complaints handling by type of case, the scale of the case, and the status of resolution based on the template provided in the operational guidelines. It appeared that in all sample regions of this study, the complaints cases and their resolutions were not well documented at any management level. Only in the *Mapenda* section of the regional office of the Ministry of Religious Affairs in East Java was there a complaints report. In this document, a number of complaints were reported, with information on each case, including the origin of the complaint, the subject of the complaint, the content of the complaint, and the follow-up to the complaint. The follow-up column, however, only contained a letter of order from the head of the regional office of the Ministry of Religious Affairs to the lower level agencies to conduct a field check, and there was no information on the status of resolution of these complaints. In several other provinces and *kabupaten/kota*, the *satker* only had a clipping of newspaper reports on various complaints and other issues that were associated with BOS Program, including various socialization activities.

Without adequate documentation, information on the types of complaints and the means as well as the handling of the complaints could only be obtained from newspaper clippings and interviews with various parties who received or handled the complaint. From these various sources, it can be discovered that among the various issues of complaint, most were associated with the transparency in the use of BOS funds in schools and the imposition of (additional) tuitions from students. These issues were generally brought up by the community and teachers. Other complaints such as the late distribution of funds by the bank and provincial *satker*, the system of accountability reporting that tended to burden schools, additional requirements for fund withdrawal, the manipulation of student numbers, and the inconsistency between the funding allocation received and the number of students, were the subject of complaints that were often expressed by schools. In addition, some local media that was compiled also revealed a number of issues, such as the insensitivity of the government in cases of corruption of the BOS funds that was allegedly done by a member of Commission X of the DPR,¹² the case where the name of the *bupati* was profited in order to receive the BOS funds,¹³ and the reports on the possible misuse of the BOS funds in Tapanuli Utara.¹⁴

¹²Fajar Banten, 23 February 2006.

¹³Fajar Banten, 22 February 2006.

¹⁴Sinar Indonesia Baru, 24 February 2006 and Metro Indonesia, edition 106, 30 January – 05 February 2006.

Complaints about the collection of tuitions from students were often not well responded because they were considered to be parents' lack of understanding on the program requirements. In Kota Mataram, for example, the local *satker* argued that the decision to increase tuitions or levies were based on the agreement of the school committee that represented the interests of parents or the community so they felt that they did not have the right to intervene, let alone cancel the decision. Unfortunately, not infrequently, this kind of decision was a unilateral decision that was taken by the school principal or school committee that was not appointed through an election or was chosen by groups of wealthy parents at the school.

In almost all implementation phases, the research team found several problems that actually could have been used as complaint subjects. However, these problems, such as the cases of the non-fulfillment of promises by channeling institutions to distribute funds directly to schools and the regulations on the purchase of textbooks, were not being brought up as a complaint either by the schools that were the party being disadvantaged or by program managers at the *kabupaten/kota* level.

In general, the complaints submission and handling process can be categorized into three groups, namely: (i) complaints via *satker*, (ii) complaints via schools, and (iii) complaints via external *monev*.

(i) Complaints through the *Satker*

Conceptually, the complaints and problem handling was the responsibility and authority of the *monev* section, which was under the control of the *satker*. This status is conflicting with the principles of objectivity and independence of the efforts to conduct fact finding, investigate, and resolve, the complaints and problems of the suspected program misuse. Who would have the authority to conduct investigations if the complaint is about the performance of the program managers? Could the *monev* section be neutral and independent in doing the fact-finding activities or investigations on the suspected corruption that involved their own internal elements? Could the provincial *satker* take over the investigation process on cases that involved program managers at the *kabupaten/kota* level? The technical measures and stages to proceed when the complaints resolution process is conflicting with internal interests of related institutions are not clearly regulated.

In practice, the handling of a complaint submitted to the *satker* was often undertaken solely by the head or a member of the *satker* without setting up or appointing an investigation or fact-finding team and was more informal in nature. As it was found in NTB, several complaints received directly by the *satker* head via SMS were handled individually. Although the reaction was quick and direct, the complaint and the resolution process were not well documented. There was also a concern that this kind of partial and ad-hoc handling would be unfair and unclear, both for the complainant and for the subject of the complaint because the investigation process was not undertaken in a transparent, comprehensive, and integrated way.

(ii) Complaints through Schools

According to the operational guidelines, schools also had to provide a complaints handling service and recorded all complaints that came in on the BOS-10 form. This study, however, did not find any notes and documentation of complaints that had ever been received by the sample schools. Nevertheless, in interviews with parents, teachers, and school committees, it was not uncommon to hear complaints, protests, and criticisms on the management of funds by the principal. Unfortunately, their protests and complaints were not expressed to the school, not only because of concerns that it would have an impact on their son's or daughter's school reports, but also because there was no mechanism available for submitting complaints freely that could guarantee the anonymity of the complainant. In many schools, the research team found no complaints box. There was no clear stipulation on the technical mechanism for the submission of complaints via a complaints box and the appointment of particular institutions/persons such as school committees and community leaders who are considered neutral in handling complaints. This condition also had an influence on the community's lack of courage in submitting complaints and criticisms to schools.

(iii) Complaints through External Monitoring and Evaluation

In almost all sample regions involved in this study, there were a large number of institutions outside the *satker* and schools that took part in receiving and channeling complaints, and even in handling the resolution of the complaints. Several institutions that were actively involved in this complaints handling effort included the DPRD, NGOs, and the local media. The DPRD of Kabupaten Malang, for example, opened a *posko* (post) to handle all complaints related to the implementation of the PKPS BBM that covered six programs, namely the SLT, BOS, BKM, Askes Gakin, Raskin and BKG. Through the press, the existence of this unit was announced to the public, complete with a telephone number that could be accessed. In Banten, the post office, as the channeling institution of the BOS funds, provided complaints boxes numbered 6000 to 6006 for general public. In Kabupaten Tapanuli Utara, a local NGO voluntarily followed complaints up by conducting investigations on the suspected inflation of student numbers and arrangement of textbook purchases. The findings of these investigations were reported to the DPRD, local legal authorities, and even to the provincial *satker* and the Anti-Corruption Commission (*Komite Pemberantasan Korupsi: KPK*).¹⁵ In Kota Pematang Siantar, a private radio station broadcasted a live program on community complaints that also put many complaints on the implementation of the BOS on air. In this way, the relevant institutions, including the *satker* and DPRD, could undertake field checks and resolve the problem if the complaint was proven true. In Kabupaten Lombok Tengah and Kota Mataram, there was an NGO that actively received complaints and submitted them directly to the members of local DPRD.

Institutions that participated in external *monev* were mostly active and reactive on the complaints received. Nevertheless, most of these institutions worked voluntarily and did not have clear authority to handle the complaints they received. The institutions that had quite strong authority were the supervisory bodies such as the *Bawasda*, *Irjen* and

¹⁵*Sinar Indonesia Baru*, Friday 24 February 2006, page 5.

DPRD. For that reason, many other community based institutions such as the NGOs, mass organizations and education councils directed complaints that had been received to those institutions. If it was felt that the substance of the complaint was related to program managers or person's who were politically above criticism, these complaints were published in local or national newspapers as a means to pressure the authorities so that they would handle and process the complaint more transparently. Nevertheless, this system is not yet well coordinated and does not provide sufficient guarantee for adequate handling of the complaint.

The unclear role of community elements has resulted in the follow-up of complaints becoming unfocused such as the cases and complaints that occurred in NTB. The NGOs and the local media in Lombok Tengah received a number of complaints regarding suspected deviation in the use of BOS funds in several schools, but they did not know where to lodge these complaints. They were worried that if it was submitted to the program manager in the education office and the Ministry of Religious Affairs office, there would be a negative reaction and it would endanger the complainant. In a hearing with members of the DPRD of Kota Mataram, an NGO submitted a complaint regarding the increase in tuitions in several schools that received the BOS funds and asked the DPRD to pressure relevant agencies to cancel this tuition increase. Until now, however, there has not been any follow-up of this complaint. There was a strong suspicion that the minimal response of relevant agencies was due to the lack of a clear role of external supervision. Relevant agencies did not have obligation to follow up complaints that are submitted by NGOs and the local media. Because of that, in several focus group discussions in Kota Mataram and Kabupaten Lombok Tengah, there was a strong endorsement for NGOs and local media, to be formally included in the supervision unit of BOS Program.

In general, various cases and the means of complaints handling that were found in the field described above indicated the weakness or unavailability of an effective and integrated complaints handling system at all levels, including the Central *Satker* level, provincial and *kabupaten/kota* level and the school level. In addition to the inadequate performance of the internal complaints handling and channeling unit and the lack of clarity on the role of external *movev* in complaints handling, the lack of socialization of the existence of the complaints unit also affected the complaints handling and channeling system. The position of the complaints unit that is integrated with the *satker* at the provincial and *kabupaten/kota* levels does not appear to have been socialized, either to the community or to schools. This was also the case with the complaints unit's email, post box, and telephone number that were not well socialized and, in practice they are difficult for the community to access. Based on the number of complaints that were received by the Central Satker, most complainants who submitted criticisms, questions, and complaints to the toll-free number 0-800-140-1299 came from Java while users outside Java still appear to have difficulty accessing this facility (suspected due to technical obstacles). In Banten, for example, the community and schools did not know of the existence of the complaint post box that was provided by the local post office.

The difficulty of accessing the complaints unit at the provincial-level *satker* had encouraged schools to utilize the UPTD as the place for expressing complaints and seeking solutions on the BOS as it was often found in Banten, North Sumatra, and NTB. However, the UPTD

was not formally included in the program management. Apart from the difficulty of accessing the formal complaints unit, there was a low level of community trust to the internal unit. This was indicated by the number of community members and teachers who submitted complaints about problems in the management of the BOS funds to the NGOs. The general public rarely made complaints because they did not know about the full design of the BOS Program, felt quite satisfied with the reduction/elimination of school tuition or the reduced obligation to purchase books, and did not know of the existence of the complaints unit. Parents were also concerned that their complaints would impact their child's education performance.

2.7 INSTITUTIONAL AFFAIRS

As explained in the general overview of BOS Program in Chapter I, in general, BOS Program management consisted of a combination of elements from the Ministry of National Education or education offices and those from the Ministry of Religious Affairs under a joint-management arrangement. The cooperation of these two agencies was needed because the management of public schools and religious schools (*madrasah*) are separated, each of which are under the control of the *Depdiknas* and the *Depag*¹⁶ respectively. For that reason, the choice of forming a joint-management for BOS Program was in principle quite appropriate from the perspective of government bureaucracy. In its implementation, however, the effort to join autonomous institutions (education affairs/public schools) and vertical institutions (religious matters/*madrasah*) appeared to have faced various obstacles.¹⁷

The PKPS-BBM Education sector *satker* as the form of joint-management between two different agencies should work as a team unit. In reality, however, they tended to work separately. At all levels of government administration, the SMERU research team found that staff from each agency in most *satker* not only work separately in the respective offices, but also did not develop the good communication and coordination activities, so several forms of jealousy and friction had arisen in the management of the program (Box 2.5).

¹⁶The management of public schools by *Depdiknas* has been decentralized, while the management of *madrasah* (religious) by the Ministry of Religious Affairs is not decentralized. Political intervention treats school operational issues differently to those of *madrasah*, whereas the two of them are not substantially different.

¹⁷In government administration in Indonesia, the technical term is "sectoral ego" that is reflected in the difficulty of inter-departmental coordination. One way of overcoming this is by appointing a "Coordinating Minister". The coordination obstacle also occurs between autonomous agencies in the regions. The difficulty in fulfilling their tasks, such as the BOS Program, gets worse when this program has to be operated under the coordination between autonomous agencies and vertical agencies.

Box 2.5
Problems in the Joint-management of the BOS Program

The following are several examples of problems that were uncovered in the field, as a result of the lack of coordination and communication between personnel of the education and religious agencies.

1. Each agency, especially at the sample provinces and *kabupaten/kota*, complained about the inequity in the distribution of work and responsibility. The education offices felt that their work was too onerous because the number of public schools was far more than that of *madrasah/salafiyah*, and they also still had to be involved in managing *madrasah*, while religious institutions did not assist in public school matters.
2. Religious offices felt that the management of the BOS Program was dominated by the education offices. They said they were rarely invited to meetings and were only asked to collect data on *madrasah/salafiyah*.
3. In several *kabupaten/kota*, education authorities questioned the use of the monitoring and evaluation (*monev*) funds. For example, in a sample province, there were 13 *kabupaten* whose education offices did not obtain the support of *monev* funds from religious offices.
4. The joint-management loses its purpose when the results of the BOS Program *monev* were kept separately by the education offices and the religious offices. In addition, *madrasah/salafiyah* and the Ministry of Religious Affairs offices had to prepare and send reports to two “supervisors”, namely the PKPS-BBM *satker* and the Ministry of Religious Affairs (internal) office.
5. The Ministry of Religious Affairs regional offices questioned the use of the socialization funds because during the socialization phase, the religious offices did not get special funds and the opportunity to meet with the *madrasah/salafiyah* management to explain about the BOS Program.

2.7.1 Structure and Personnel of the Working Units (*Satker*)

In general, the structure of the organization and the number of BOS Program management personnel were arranged without considering the number of public schools and *madrasah/salafiyah* in each region. In *kabupaten/kota* that had very few *madrasah/salafiyah* (Table 2.6), the number of personnel in the structure of the *satker* was made balance between the staffs from the education office and the staffs from the office of the Ministry of Religious Affairs, so the personnel structure was the same as what is set by the operational guidelines of the program. In several regions, there were also a number of personnel who were found to be incompetent. They were usually officials who had been recently appointed as a leader of a work unit, when, in fact, they did not entirely understand the problems faced by their working unit. This problem is actually rooted in the national operational guidelines where the institutional arrangement are set without taking into account the composition of schools, the work unit, and the personnel who handle the education matters. In reality, these factors vary significantly between regions.

The education office as the leader of the *satker* tended to dominate the management activities of BOS Program. This domination was felt down to the schools and *madrasah*, because in its implementation, the *satker* often utilized the UPTD. The UPTD, especially in *kabupaten*, had a role in almost all phases of the program. In most cases, they were the right-hand of the *satker* in performing direct contact with schools and *madrasah*, although institutionally they were not included in the structure of the *satker* of BOS Program. In the process, several *madrasah* managers said that they felt they were receiving more attention from public education offices rather than the religious offices, which are their “supervisors”. Unfortunately, the UPTD was not supported with comprehensive

information and knowledge on the program, so many schools had to discuss their problems with the *satker* at the *kabupaten* education office.

Table 2.6 Comparison between the Numbers of Public Schools and *Madrasah* in the Sample *Kabupaten/Kota*

<i>Kabupaten/Kota</i>	Public Schools	<i>Madrasah</i>	Ratio of schools to <i>madrasah</i>
Kab. Tapanuli Utara	442	6	73.7
Kota Pematang Siantar	190	13	14.6
Kab. Lebak	844	272	3.1
Kota Cilegon	198	58	3.4
Kab. Malang	1,435	505	2.8
Kota Pasuruan	83	61	1.4
Kab. Minahasa Utara	239	2	119.5
Kota Manado	344	16	21.5
Kab. Lombok Tengah	627	386	1.6
Kota Mataram	178	39	4.6

So far, the SMERU Team sees that the UPTD plays an important role as an intermediary/liaison between the *satker* and the schools/*madrasah* and that it is also the partner/facilitator of the schools/*madrasah* in managing BOS Program. Providing authority to UPTD to make decisions in connection with the program, however, needs to be avoided because the greater the simplicity of the bureaucratic system of a program, the more successful the program tends to be. Nevertheless, the UPTD needs to be provided with sufficient knowledge and funds so they can perform the task as a liaison and a facilitator seriously and effectively.

2.7.2 The Role of School Committees and Education Councils

In managing public funds, both from government sources and from the community, there were many schools that have not yet made an effort to develop professional behavior, honesty, transparency, and accountability. This rapid appraisal found a number of RAPBS that were prepared solely by the school principal or with the involvement of particular teachers, without consulting parents. There were also schools that had an organization of parent representatives, such as a school committee, however, its head was appointed unilaterally by the school management. As a result, the school committee only played the role as a “rubber stamp” for the interests of the school manager. The SMERU Team found two types of school committee heads whose characteristics were extremely different, but their influence on the school committee’s activities was the same. On the one hand, there were schools whose committee head certainly did not understand the organization and the details of the schooling activities so he/she was incapable of performing a critical attitude to various issues at school. On the other hand, there were schools whose committee head was an official/scholar/community figure who has many commitments in many other places, which means that he/she did not have the time to scrutinize various events at school. In fact, several private schools that were visited during this study did not form a school committee yet.

The assessment on the roles of education councils at the *kabupaten/kota* level in their relationship with education authorities, showed a condition that was much or less similar to the position of school committees to school management. In connection with BOS Program, the role of the education councils tends to be a “rubber stamp” for the interests of education authorities. In the preparation of the list of schools and the numbers of students that were submitted for BOS Program, the education councils only signed the drafts that had already been prepared by the education offices, without any opportunity to check their accuracy. The education councils also tended to be “elitist” in nature; they more often gave attention to education issues at the *kabupaten/kota* level. They tried to develop contacts with officials of the education offices, members of the DPRD and regents/mayors, but do not devote much time to issues that occur in schools and school committees.

Exceptions were the education councils in Kabupaten Tapanuli Utara and Kabupaten Minahasa Utara. In Kabupaten Tapanuli Utara, the education council was pro-active in taking in complaints, conducting field checks and mediating the resolution of problems related with BOS Program. The education council also had already started monitoring of BOS Program by distributing questionnaires and visited several sample schools. All of these activities were paid by the operational funds of the education council that were obtained from the Depdiknas.

In Kabupaten Minahasa Utara, with a subsidy of Rp 25,000,000 from the central government for the 2005 budget year, the education council organized several activities for all school committees in this *kabupaten* to socializing the functions and tasks of school committees. A reason for conducting this activity was because the formation of school committees is different from the BP3 in the past. The BP3 board in the past only consisted of parents, while the school committee consists of parents and other community members.

In relation with the introduction of BOS Program, the education council of Kabupaten Minahasa Utara also organized a socialization program, which was carried out together with other activities. In this activity, the education council stressed that BOS was part of the revenue sources of the RAPBS, but the revenue sources of the RAPBS were not only from BOS. In this regard, the education council wanted to emphasize that there was still a need for the participation of various parties in the implementation of education, and education financing could not be restricted merely on BOS. For that reason, the education council was very concerned about the local government policy that exempt the students from paying the school tuition after the introduction of BOS.

In addition, the education council of Kabupaten Minahasa Utara actively participated in the formulation of the Education Strategic Plan of the *Kabupaten* (*Rencana Penyusunan Pendidikan Kabupaten: RPPK*) and the Education Strategic Plan of the Province (*Rencana Penyusunan Pendidikan Provinsi: RPPP*). The education council was also active in campaigning for school autonomy or school-based management. In addition, the education council attempted to optimize their function in providing consideration, input, and support for the realization of education and being a mediator between schools, the community, and the government.

2.7.3 Institutional Bureaucracy in the Management of BOS

BOS Program that is currently funded by the central government, is managed through the deconcentration mechanism. In this system, the central government delegates the program management to provincial governments. For that reason, the accountability, which is in the form of a final report, is only made by the provincial and Central *Satker*. In the management of a program like this, the *kabupaten/kota satker* is responsible, in principle, only to the provincial *satker* and, then, to the Central *Satker* or the Depdiknas and Depag. Program proposals are also submitted to the provincial and Central *Satker*, so there is a possibility that regional governments and the DPRD do not know of the existence and progress of the program.

Since education is one of the responsibilities of the regions, the provincial and the *kabupaten/kota* governments also made budget allocations and programs in the education sector, and several of them also provided operational assistance to schools. The Bappeda in several *kabupaten/kota* complained about the lack of coordination and information on the size of the funds and the benefits of BOS Program in the first semester of its implementation, which made it difficult for local governments to arrange or adapt their education program funded by local governments to make it more effective. This is a common issue in the implementation of deconcentration programs. For that reason, several Bappeda of the *kabupaten/kota* suggested that the Bappeda should join in signing the proposals that were submitted by the education office (*satker*), or that the BOS funds be merged into a DAU with a specific condition of its usage, or be funded through DAK mechanism, to improve coordination and accountability at the regional level.

2.8 THE IMPACT OF AND THE LEVEL OF SATISFACTION ON PROGRAM IMPLEMENTATION

Through BOS Program, the central government has provided a large-scale assistance of education funds, which is expected to produce a significant impact on the increase in the performance of education institutions. There are, however, several concerns that the expected impact cannot be achieved at an optimal level due to a variety of factors. Although BOS Program has been running for only a semester, this study attempted to assess the potential and the indications of the impact of the program: whether they are positive or negative. The discussion below will talk about these issues, based on the facts found in the course of this rapid appraisal. In addition, the last parts of the following section will, in particular, discuss the perceptions of stakeholders in the education sector regarding the various phases of program implementation. These perceptions were revealed in various focus group discussions, which were conducted in all samples of *kabupaten/kota*.

2.8.1 Potentials and Indications of the Program's Impact

In principal, BOS Program was aimed at increasing community access, especially for the poor, to quality education. This target was expected to be reached through the reduction of education costs paid by parents as the government funds most school operational costs and the cost of increasing the quality of teaching and learning

activities. Given the large amount of funds provided for schools, BOS Program has strong potentials to produce significant impact. This impact, however, will be very much determined by the program management regarding school revenues, the quality of teaching and learning activities in schools, and the education costs beared by parents.

Because BOS Program has just been implemented for a semester and the process of socialization was only implemented after the commencement of 2005-2006 academic year, it was expected that the impact of the program would not be optimal and clearly visible yet. Nevertheless, of the various data that was collected in this study, there were indications of the program impact. The discussion below attempts to highlight the impact of the program on school revenues and the increases in the quality of education; participation in education, especially for the poor; the participation of the community in funding education; and the budget allocations and programs development of the regional governments.

Impact on School Revenues and the Quality of Education

In almost all schools, the BOS funds have increased school revenues. For schools with a large number of students, the value of the increased in revenue is quite significant. In schools that previously set low school tuition, the BOS funds have resulted in school revenues rising severalfold compared with previous revenues. As an example, in several sample primary schools that previously set school tuition between Rp1,000 and Rp5,000 per month, with the BOS funds of Rp19,583 per student per month, the schools' revenues rose approximately fourfold to twentyfold. The revenue increases could be even greater because not all students have paid school tuition in the past. Of the sample schools, only one junior high school (in Kota Cilegon) experienced decreasing revenues after the introduction of BOS. This occurred because of an appeal from the Mayor that schools no longer allowed to charge school tuitions from parents; whereas the student tuitions in these schools before BOS were actually greater than the allocation of the BOS funds per student.

The level of change in school revenues after the introduction of the BOS varied between schools. Of the 32 sample schools that provided data on revenues before and after the introduction of BOS, revenues in 13 schools (41%) rose by more than 100%, revenues in six schools (19%) rose between 50%-100%, revenues in 10 schools (31%) rose between 10%-40% and in two schools (7%) by less than 5%. At the same time, revenues of one school in Cilegon fell by approximately 15%.

Table 2.7 School Revenue Categories Before and After BOS

School Revenues (millions of rupiah)	After Receiving BOS								
	< 10	10.1-25	25.1-50	50.1-100	100.1-200	200.1-500	500.1-1000	Total	
Before Receiving BOS	SD/MI								
	< 10	1	5	2	1	0	0	0	9
	10.1-25	0	1	3	1	0	0	0	5
	50.1-100	0	0	0	1	0	0	0	1
	100.1-200	0	0	0	0	1	1	0	2
	200.1-500	0	0	0	0	0	2	0	2
	500.1-1000	0	0	0	0	0	0	1	1
	Subtotal	1	6	5	3	1	3	1	20
	SMP/MTs								
	< 10	1	0	0	0	0	0	0	1
	25.1-50	0	2	1	1	0	0	0	4
	50.1-100	0	0	1	2	1	0	0	4
	200.1-500	0	0	0	0	1	0	0	1
500.1-1000	0	0	0	0	0	1	0	1	
> 1000	0	0	0	0	0	0	1	1	
Subtotal	1	2	2	3	2	1	1	12	
TOTAL	2	8	7	6	3	4	2	32	

Note: Of the 43 sample schools that received the BOS, only 32 schools provided adequate information on school revenues prior to the introduction of BOS.

The number of sample schools based on the changes in revenue group before and after receiving BOS is presented in Table 2.7. From this table, it can be seen that there were more SD/MI schools that experienced revenue increases than SMP/MTs. There were 18 SD/MI schools, or approximately 90%, which revenue had increases, while, for the SMP/MT schools, there were only eight schools, or approximately 66.7%, which had increases in revenue. There were also more SD/MI schools that experienced jumps of revenue group by two levels compared with the SMP/MT schools. The schools that experienced increased in revenues were mostly public schools, especially rural SD/MI schools, which usually levied very small school tuitions and obtained very minimal amounts of operational funding from local governments, or private schools that had a lot of students who came from families that are less well-off.

With the increase in school revenues after obtaining BOS, the school expenditures for operational costs have generally increased. The increase in expenditures happened because of the increase in the value of previously existed expenditure items, such as the MGMP/KKG activities, the procurement of teaching materials, honorariums for overtime, teachers' honorariums, and extra-curricular activities. In addition, there were new expenditure items, such as the honorariums for preparing test problems, the marking of tests, exam supervision and the procurement of textbooks. This expenditure increase was also triggered by the schools' understanding that BOS funds that had been received in the first semester had to be used in the first semester.

From the enhancements in the schools financial capacity and the increase in expenditure, there were indications that the quality of education will improve, with several conditionalities. Some indications of the improved quality of education could be seen from:

1. The increased intensity of activities such as the MGMP and the KKG which were associated with increasing teachers quality. It needs to be noted, however, that the impact of these activities would be maximized if the quality of these activities can be maintained. This study has not yet examined the quality of these activities thoroughly, but there were several cases that indirectly provided indications of weakness in the control of the quality of these activities (see Sub-section 2.4.2);
2. The increased teacher incomes, both via increases in the honorariums of non-permanent teachers and from additional revenues for permanent and non-permanent teachers, due to the increases in the teaching and learning activities. With this increased in income, there were indications that the motivation of teachers to teach increased. There were also complaints in several schools, however, that the motivation of permanent teachers was somewhat decreased because they did not receive any of the BOS funds, which they knew had a large value. In fact, these teachers could previously received allocations from school tuitions, which were far smaller in value;
3. The increased in the availability of teaching equipment and materials, both consumables, such as chalk, and non-consumables, such as maps, balls, skills development tools, rulers, etc. In several poor schools, this increase was very significant because the operational funds before the introduction of BOS were very minimal. In fact, the stock of chalk was very limited so teachers rarely wrote on the blackboard and students also were rarely directed to do their tasks on the blackboard. For that reason, teaching and learning activities became very boring. With the increase in teaching materials and equipment, teachers became more motivated and are free to apply various teaching techniques. The increase in the quality of these teaching and learning activities, however, certainly needs to be accompanied with an increase in the capability of teachers;
4. The increased collection of books in schools, both handbooks for teachers and core textbooks and supplementary textbooks. Almost all schools made a rather large allocation for the purchase of books. The collection of library books was minimal because the purchase of books was quite a burden for parents and rebates were provided as incentives for purchases. The factor that needs to be given attention to in this matter is the quality of the books being purchased and the possibility of enforced purchases such as the case described in Box 2.2 in Sub-section 2.4.2;
5. The increased intensity and number of types of extra-curricular activities. Several schools improved the quality of extra-curricular activities by hiring special teachers or special trainers and by adding to the types of extra-curricular activities because the school could provide additional incentives for teachers who supervised these activities. In this regard, the quality of the activities certainly needs to receive attention so that their benefits can be really felt by the students and they are not created just to use up the funds.

Although there were many indications that BOS Program would enhance the quality of education, there were concerns that the program administration at the school level would take up too much time and attention of school principal and the teacher who is appointed as BOS treasurer. The shortage of time and attention experienced by the school principal, in particular, could have a bad impact on the quality of teaching and learning activities in general. At least in the initial phase of the program implementation, which was during the first semester of 2005/2006, almost all schools complained about the administration and reporting that was considered to be quite onerous and time-consuming. There was a possibility that this occurred because schools did not yet fully understand the program management and reporting system, so it was expected that in the following semesters it would not take up a lot of time and attention. However, because the role of the school principal is crucial in the management of teaching and learning activities, there is a need to provide administrative staff in all schools so that the program administration will not be too time-consuming and demanding on the attention of school principal and teachers.

Impact on Enrollment and School Dropouts

At the time this study was undertaken, the impact of the program on children participation in education, which is usually measured by the net enrollment rate (APM), gross enrollment rate (APK), school dropout rate, and the transition rate, could not yet be observed because BOS Program had only been operating for a semester. However, several education offices stated that there were indications of a positive impact. The Education Office of East Java, for example, declared an indication of a decrease in the dropout rate, especially for rural, isolated, and outlying areas. Based on the information from the Education Office of Kabupaten Malang, the dropout rate in primary schools fell from 0.43% in the 2004/2005 academic year to 0.39% in semester I of the 2005/2006 academic year; and in junior high schools the dropout rate fell from 1.57% in the 2004/2005 academic year to 1.52% in semester I of the 2005/2006 academic year. It needs to be noted in this case that the province of East Java implemented the PSBMP Program starting in the 2004/2005 academic year (see footnote no. 4), and in Kabupaten Malang poor students have been freed from school tuition since the 2004/2005 academic year.

In Kabupaten Lebak, the education office also reported that the APK in primary schools rose from 98% (2004/2005) to 108% (semester I, 2004/2005). It is suspected that the increase in the APK occurred because of the increased participation in several outlying regions. In junior high schools, the APK also rose from 52% (2004/2005) to 65.4% (November 2005) and the school transition rate from primary to junior high schools rose from 70% to 81.3%. The rise in the APK for junior high schools and the school transition rate, however, could have occurred because of the construction of several new public and private junior high school buildings. In other sample regions, at the time of the study, the latest education participation rate data were not yet available.

Although quantitative data cannot yet present an estimate of the impact of BOS on education participation, the results of the qualitative analysis from FGDs and interviews gave an indication of a positive impact, with the exception of decreasing the dropout rate in junior high schools. From the results of interviews in schools, there were indications

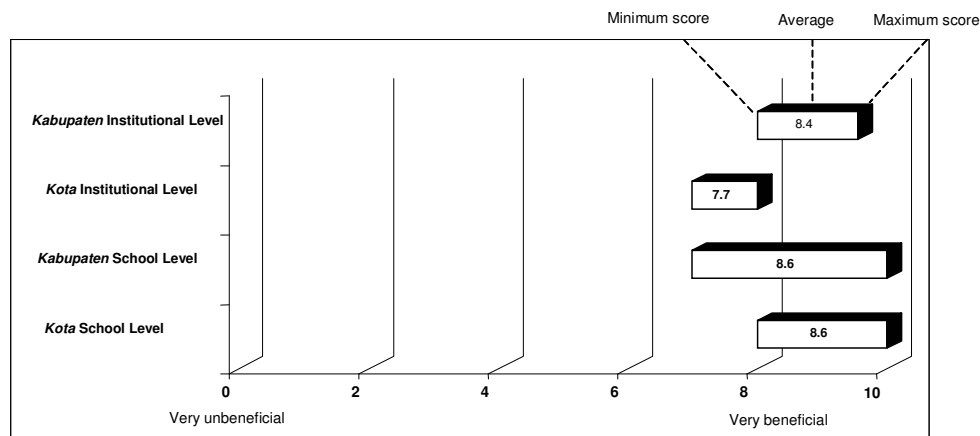
that BOS Program improved the motivation of students to study, especially those from poor families, and encouraged students to stay in school. This was observed from their tendency to be more diligent in going to school because there was no concern of being asked to pay for school tuition and their need for schools supplies were met.

All education sector stakeholders who participated in the FGDs also assessed BOS Program as being very beneficial for the poor (Figure 2.5). When asked to give an assessment within a range between 0 (of no benefit) and 10 (very beneficial), most gave the score of more than 7. In general, discussion participants were of the opinion that the program was very beneficial for the poor because of the low cost of education. They believed that the poor obtained quite a significant benefit, although only a few schools provided special assistance for poor students (see Sub-section 2.1.1). Without obtaining special assistance, with only the decrease in school costs or, in fact, the exemption from school tuition in most schools in rural areas, the poor would have the courage to send their children to school.

Nevertheless, stakeholders in the city, in general, assessed the program as relatively poor. In their opinion, in the urban situation where quite a lot of parents are economically well-off, providing equal subsidies from BOS Program (based on school policy) is considered to reduce the value of the benefit for poor students. Because quite a lot of urban schools before BOS Program had school tuition that was greater than the value received from the program, these schools are still charging school tuition, and very rarely do schools specifically exempt poor students from school tuition. Therefore, the level of program benefits for the poor under the current method of implementation is considered not too high. For that reason, there was a suggestion to put more emphasis on the need to give priority on the assistance of poor students or, in fact, to allocate part of the BOS funds to providing scholarships for poor students.

In connection with the efficacy of BOS Program in preventing student dropouts, particularly in junior high schools, the results of this study found an indication of the weak impact of the program in preventing dropouts in junior high schools. The results of interviews with parents that have children who dropped out of school, several of which had just recently dropped out in the academic year of 2005/2006, showed that most of them were unaware of the existence of BOS Program in their children school. The results of the interviews with schools and discussion in FGDs revealed the fact that schools were not aware that BOS Program was aimed at preventing students from dropping out. This was not highly emphasized in the socialization and in the agreement on the receipt of assistance (contract on program implementation). For that reason, schools tended not to make a special effort to prevent dropouts. In addition, the problem of dropouts, particularly in junior high schools, was not only caused by economic incapacity, but also due to other factors, such as student delinquency and the attraction of working.

Figure 2.5 Results of the Assessment of FGD Participants in the Sample Kabupaten/Kota on the Benefits of BOS Program for the Poor



Impact on Community Participation in Education

As the capability of schools in fulfilling their operational costs increased, several cost components that are usually funded by school tuition (committee fund, BP3 or SPP), or other levies, were no longer charged on parents. This certainly impacted on the decline in education costs paid by parents. The decline in the cost of education included, among others, the reduction or elimination of school tuition, and the availability of some core and supplementary books at school, so parents did not need to buy several types of books. The amount of cost reduction enjoyed by parents varied between schools and between parents in the same school. This variation was resulted from the different decisions made across schools on the use of BOS funds and because there were schools that provided special assistance for students who were deemed poor or who were in need. Even if the amount of cost reduction was the same, the value of the benefit that was felt by parents from lower, middle, and higher income groups would be different because the value of benefits for poor parents tended to be higher.

On the one hand, the decline in or exemption from school tuition can be deemed a positive impact that is consistent with the objectives of the program, as it was outlined in the 2005 program operational guidelines. On the other hand, several parties raised concerns that the exemption from school tuition and the provision of assistance in large amounts will increase the dependency of the community and reduce the community's self-reliance. Opinions on the impact of free or reduced student tuition on the participation of parents in encouraging their children to study also varied. Some claimed that parents' support for their child was increasing, but there were some who also stated that there were indications that parents did not pay too much attention to or were not too supportive of their child's study because they did not have to pay the school tuition anymore.

Because of the great emphasis on free schooling and the tendency of schools to treat all students equally, irrespective of their parents' economic capability, the participation of parents in the education funding tended to decrease. This decrease did not really reflect

the decreasing will of the well-off or wealthy parents to participate. From the results of the interviews with the relatively well-off parents, quite a lot were actually willing to continue paying school tuition but schools had already taken unilateral decision to exempt or reduce the tuition. The large volume of funds provided through BOS Program also raises concerns that it will reduce participation of the broad community, both individually and corporately, in the education funding. In one sample MTs school that usually received contributions from a large company in its area, it appeared that in the 2005/2006 academic year this school no longer received any contribution. Although there was no official explanation from the company, this was possibly influenced by the introduction of BOS. For that reason, several parties considered the introduction of BOS Program to be inconsistent with the effort to encourage school-based management because under the latter system, the role of the community is very much emphasized.

Impact on the Regional Education Program and Budget

In many regions, the total BOS funds received by schools in a *kabupaten/kota* were far greater than the education budget allocated by the *kabupaten/kota* regional government. For that reason, there were concerns that the *kabupaten/kota* government would likely to divert their budget allocations from education to other sectors. At the time of this study, the RAPBD (local government budget plan) in the sample *kabupaten/kota* had not yet been passed, but from interim information and data, there were indications that of the ten sample *kabupaten/kota*, eight *kabupaten/kota* did not plan to reduce their budget allocation for education. In fact, two city administrations intended to increase their education budget. This increase would be allocated to support BOS Program in providing matching funds or undertaking supporting activities such as training on school-based management for school principals.

In two other sample cities, however, there were indications that the local budget allocations for education would be reduced. In Kota Cilegon, although the local government had provided allowances for the transportation and welfare improvement of teachers, the planned allocation for the education budget tended to decline from approximately Rp75.4 billion (2005) to Rp74 billion (2006). The sample schools in this city also stated that after the introduction of BOS, they had not yet received the BOP funds but there were no explanation whether those funds had been eliminated or were just delayed. In Kota Mataram, there had also been a decline in the allocation of funds for education in the APBD, because in the previous year, specifically at the time of the *pilkada*, education funding rose sharply and was used, among others, to build three high quality primary schools. For that reason, the budget allocation for education in the APBD of this city fell from 44% in 2004 to 36% in 2005, and continued to fall to 32% in 2006.

These changes in the budget allocations for education were influenced by various factors and it had not yet been proven whether the introduction of BOS caused local governments to reduce budget allocations for education. Nevertheless, it appeared that BOS Program has influenced the local governments' program planning in the education sector. Several examples of *kabupaten/kota* administration programs that were adapted to BOS Program include, inter alia:

- In Kota Pasuruan, the city administration provided supplementary funds for BOS of Rp10,000/student/month for primary schools and Rp20,000/student/month for junior high schools. The use of these funds was relatively more flexible than the BOS funds so they could be used to cover expenditure items that were not included in BOS Program. In addition, the city administration of Kota Pasuruan also allocated Rp13.4 billion to rehabilitate school buildings. Of that amount, 50% came from the central government, 30% from the provincial government, and 20% from the local administration.¹⁸
- In Kota Cilegon, the local administration provided grants for teachers in the forms of transportation and welfare allowances.
- In Kota Manado, the local administration provided an additional subsidy to schools so the total funds (BOS and the local subsidy) received by schools was Rp22,500/student/month for primary schools and Rp47,500/student/month for junior high schools. In addition, the local government also provided assistance of Rp50,000/teacher/month for all teachers.
- In Kabupaten Minahasa Utara, the local government also provided additional supplementary funds for the BOS for each student in the public junior high schools, and additional operational funds of Rp400,000 for each school principal.
- In Kota Pematang Siantar, the local administration provided an allowance of Rp25,000 per person for both state and non-government teachers, and a welfare allowance for all city officials, the amount of which depended on their level.
- In Kabupaten Tapanuli Utara, the local government planned to provide a teacher's welfare allowance of Rp50,000 per person per month.

2.8.2 The Level of Satisfaction on the Program Implementation

The BOS Program was undertaken hastily, without sufficient preparation. This gave rise to various problems in its implementation. The intensity and scale of the problems differed between regions because the technical aspects of the program's implementation were also influenced by local policies and different interpretations of the operational guidelines. In general, the results of the school and institutional FGDs, which are presented in Figure 2.6, show that FGD participants were not that satisfied with the implementation of several phases of the program. The average score from all FGDs (total FGDs was 20) for the seven implementation-phases ranged between 5.4 and 6.6.¹⁹

Of the various phases of the BOS implementation, in general, the FGD result showed that socialization was deemed as the least satisfactory. Various parties participated in the discussions considered the socialization to be a very important phase, as it determined

¹⁸This compensation has been provided since the introduction of PSBMP because East Java has provided a large contribution to the central government from cigarette excise. The allocation of funds for the program to rehabilitate school buildings in East Java reached Rp1.087 trillion for two budget years.

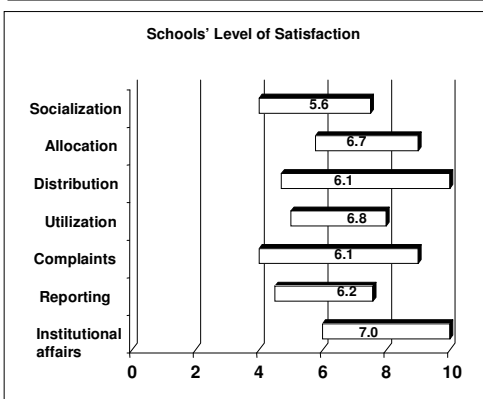
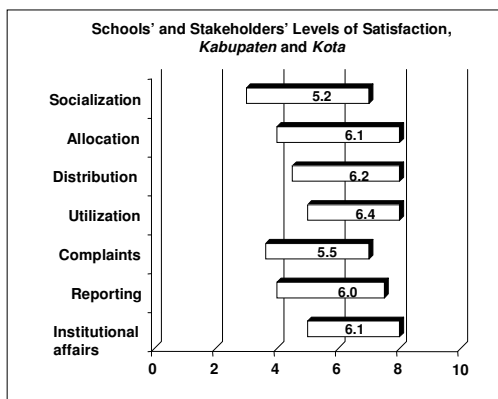
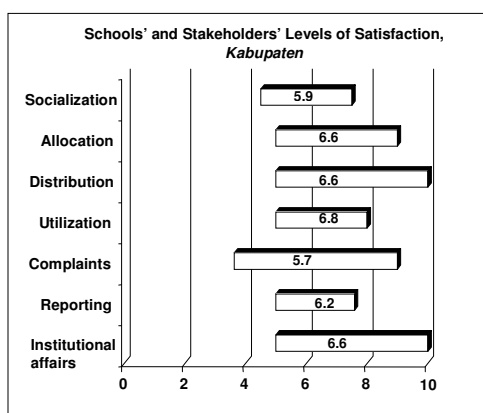
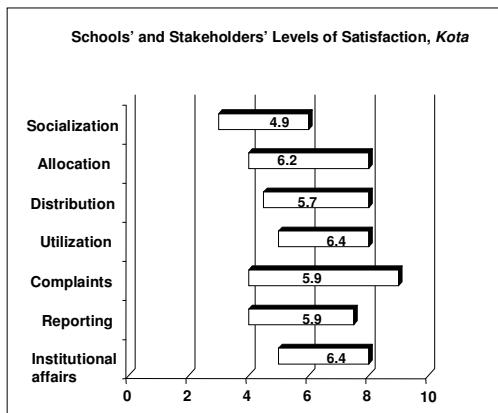
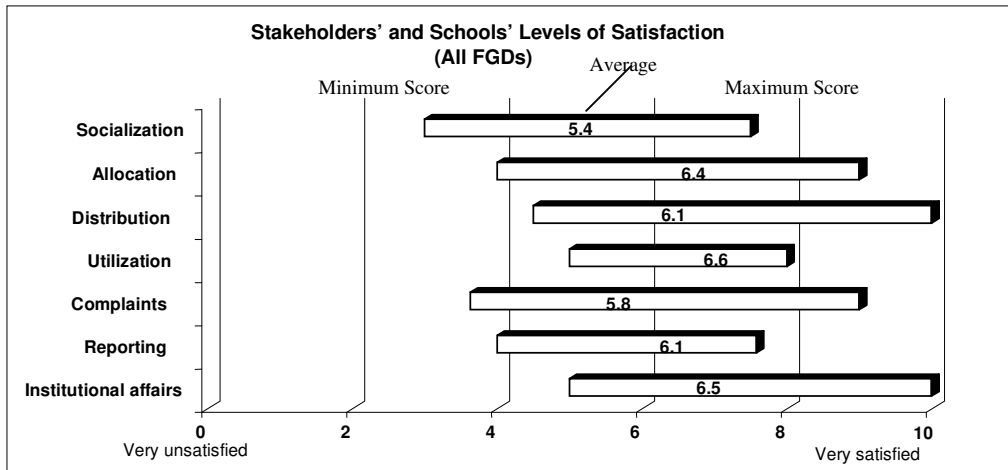
¹⁹The average mark of all FGDs was calculated on the basis of the algebraic average of all participants and this average was discussed to reach an agreement among FGD participants after they saw the distribution of scores of each participant. The score ranged between 0 (very unsatisfactory) and 10 (very satisfactory).

the success and smooth running of the subsequent phases. Because the socialization of this program was conducted in stages, this result indirectly indicated a shortfall in the mechanism for the delivery of material/communication from the central government level to the provincial level, from the provincial level to the *kabupaten/kota* level and from the *kabupaten/kota* to the program implementers in schools. In addition, the socialization problem that was mostly often raised was regarding the inconsistency between the message delivered through the mass media and the internal socialization material of the program, particularly on the exemption from school tuition. The very limited funds, time, and media for the socialization that had been conducted were also considered to be the root of the problems in several other implementation phases, including in the utilization of funds, reporting, monitoring and evaluation, and the handling of complaints.

Following socialization, the other most unsatisfactory phases were complaints handling, the distribution of funds, reporting, and monitoring and evaluation. Many parties considered that the handling of complaints lacked transparency, and non-government parties, particularly, had difficulty in directing complaints that they had received. Furthermore, many were not sure that several complaints had been adequately followed up. The problem with the distribution of funds that was mostly highlighted was the delay in the receipt of funds in school's account. This delay caused funds utilization to be less effective, and even caused schools to provide reports that were not in accordance with their realization as discussed in the sub-section on the utilization of funds and reporting from schools. Meanwhile, in the reporting, and monitoring and evaluation, the problem that was most often voiced was the difficulty of schools in preparing financial reports and the large number of institutions which undertook the monitoring and evaluation activities, as well as the abuse of monitoring and evaluation activities by unscrupulous and irresponsible people (see the sub-section on monitoring and evaluation).

Schools, which were represented by principals and school committees, tended to give higher scores compared to stakeholders at the *kabupaten/kota* level. This indicated that most schools felt relatively more satisfied with the implementation of the program than the stakeholders at the *kabupaten/kota* level. In general, all stakeholders at the *kabupaten/kota* level, which consisted of the *satker*, relevant government institutions, the DPRD, community elements from the education council, observers, NGOs and foundations in the education sector, and the local media, were more critical in highlighting problems in various phases of the implementation. Meanwhile, schools were more concerned with the problems of the delay in the receipt of funds that disturbed school operational activities, the socialization of the program that led to misunderstanding between parents and schools on the matter of school tuition and levies, as well as the channeling of complaints.

Figure 2.6 Range and Average Level of Satisfaction with the Implementation of BOS Program



If the FGDs in the *kabupaten* and the FGDs in the city were differentiated, it appeared that, in general, the *kabupaten* FGDs gave higher scores, or were more satisfied with the implementation of the program compared to the FGDs in the city. The most striking differences between the two were the problems of socialization, the distribution of funds, and reporting. Inconsistencies in the explanation about BOS Program, in particular, had caused more problems in the city because the community received a lot of information

from various media, including newspapers, radio, and television. The statements that were made by the regional government officials were also often incorrect. Therefore, they caused some misunderstanding between schools and school committees or parents. This situation was worsened by the fact that in the cities there were still many schools that were not exempting from school tuition, because the past school tuition was greater than the BOS funds. Meanwhile, in the *kabupaten*, there were only a few community members who access information from the mass media and most schools have abolished school tuition.

The level of parents' satisfaction was only explored through in-depth interviews with the parents of students and the parents of school dropouts who lived in the vicinity of the sample schools. These interviews uncovered that most parents, especially those who are poor or almost poor, were quite satisfied with BOS Program because the school tuition for their children became cheaper or even free after the introduction of BOS. They have been significantly benefited by the removal of admission fee and by the decrease in the number of books to be purchased. This statement was consistent with the assessment of the level of benefits for poor students revealed in the FGDs as mentioned previously. The level of benefits from the introduction of BOS Program for parents who were less than or not well-off tends to be higher than that for those who were well-off. Moreover, some well-off parents stated that the benefits of BOS were not significantly felt and they thought that this program would be better if the funds were directed towards students who were really poor or not well-off. Well-off parents feel that they received only little benefit from the program. This can be understood because the value of assistance received was probably far smaller than the total cost of education that still had to be borne or paid.

Almost all parents whose children previously received a BKM scholarship appeared to prefer BOS Program. The reasons for this were, among others: they did not receive the BKM in cash and were often still charged for payments that could not be covered by the BKM funds; the BKM was only received for a semester because it was given in turns; and if a parent had more than one child in school, then usually only one of them could receive BKM for reasons of equity. In addition, several parents also questioned the criteria for selecting the students who were eligible as BKM recipients because the schools' selection criteria and mechanism were considered to be unclear and not transparent.

III. RECOMMENDATIONS

3.1 CONCLUSIONS AND GENERAL RECOMMENDATIONS

In general, the results of this rapid appraisal show that BOS Program is very helpful in assisting teaching and learning activities in schools and, within certain limits, has reduced the burden of education costs that are borne by parents. Although the impact of the program cannot yet be evaluated thoroughly, the results of this study uncovered the potential benefits of the program in enhancing community access, particularly of the poor, to better quality education. Nevertheless, this study also found several problems that could potentially reduce the effectiveness of the program or caused the benefits of the program to be less optimal in enhancing community access, particularly of the poor, to quality education. In order to optimize the benefits of the program, there is still a need for improvement in the concept and technical aspects of the program, as well as in the support for enhancing the quality of the implementation of all phases of the program. The results of the study show the strategic position of schools as the spearhead of the program. Therefore, enhancing the capacity of school institutions, in the area of administration as well as in the internal control mechanism (checks and balances) will also greatly determine the effectiveness of the program.

By taking into account the benefits that have been realized and the potential benefits of the program in the future, it is suggested that BOS Program be continued with various conceptual and technical refinements. Suggestions for technical refinements in the various phases of the program implementation will be presented in the following sub-section. In the following sections, there will be discussions and suggestions on program concepts, especially those related with: (i) the debate on the choice between “free schooling” and “subsidies for poor students” and (ii) the program implementation mechanism from the center to the regions.

(i) “Free Schooling” or “Subsidies for Poor Students”

Conceptually, BOS Program, which is currently implemented, attempted to increase the access of the poor to education by means of exempting them from the cost of education. To realize this intention, there was a stipulation that schools whose tuition was less than the BOS funds had to give exemptions, while those whose school tuition was higher than the BOS funds were still allowed to charge the tuition. In relation with the mandate of Law No. 20 of 2003, Sections 5 and 11 (see Sub-section 1.2 page 10), this requirement tended to be in opposition to this law because it “imposed” differences in the education financing between schools. This requirement will directly cause discrimination or differences in the quality of service between schools. This is worsened by the notion that schools exempting school tuition, or implemented “free schooling”, may not impose any levies at all and do not need assistance from other parties outside the government, whereas, in fact, the funds provided through BOS Program will not be sufficient in providing quality education services.

This problem is very much a dilemma; on the one hand, equal dispensation from school costs will reduce psychological impediments for poor parents to send their children to school, while, on the other hand, the exemption from school tuition for poor students only, whose poor student status is determined by schools, does not provide sufficient assurance for parents from poor backgrounds that their child will be exempted from school costs. Past experience showed that schools often discriminate against poor students, or require various identity documents that cost money to obtain. For that reason, there is a need for a clear formulation on what role BOS Program really plays in funding schools, so ambivalence does not arise in its implementation. This decision should be grounded on political choices regarding the program's objectives, namely whether it is intended: (a) for fulfilling the right of all citizens in obtaining education, so all people are considered to have the same right to receive subsidies, or (b) for guaranteeing the poor's access to education services so subsidies have to be provided only to poor students.

BOS Program in its implementation tends to be in the middle of these two choices, and more often puts the decision in the hands of the school, giving rise to confusion. To overcome this problem, courage to affirm one's position is needed.

If this program is politically intended for objective (a), the alternative suggestion is to position BOS Program as government assistance for the implementation of a minimum basic service in education. With this choice, all schools can be obligated to dispense with fees that are used to fund the type of education service that is determined as the minimum service. For funding the services outside this minimum service standard, schools can obtain funding from outside BOS Program, including from parents, community's donations, or other government assistance that is voluntary in nature.

However, if the program is intended to meet objective (b), basic changes should be made in the program design, particularly by adopting a clearer targeting mechanism. There are several alternative methods, among which is through the targeting of regions and individuals. In the regional targeting, it can be determined that the schools that receive the program are located in poor regions and these schools have to implement free education. This method will be effective for regions where the poor lived in groups, but ineffective if their locations are spread out. The individual targeting can be undertaken by identifying poor or less well-off families, whose children are suitable recipients of a free education. The selection should not be done solely by schools, but also by independent officials. Another alternative is through the provision of conditional subsidies, where poor families are given a card to obtain a free education and schools will charge the government for the provision of the service to the poor students.

Although the suggestions presented above are divided into two, there is still a possibility of both being implemented together in the form of two different programs. Whatever choice is made, however, the position of BOS Program in this education funding has to be delivered clearly and widely, both to the program managers and to the general public.

(ii) Program Implementation Mechanism

Given the limitations in the quality of data collection as well as the capability of program managers at all levels, the deconcentration mechanism is quite appropriate at the present time. As time passes, the entire experience of implementing and fulfilling the demands of BOS Program will become a valuable lesson for the stakeholders. Based on that experience, in the long run, program managers at the regional level will become increasingly skillful and capable of handling various organizational impediments and the administration of the program. Eventually, when the quality of the school and student data has been developed well, there needs a measure to explore the possibility of the BOS funds to be managed through routine mechanisms by various stakeholders as their main task and function. The steps and towards this direction are supported by several practical as well as legal grounds.

The practical reasons are:

1. This assistance program is in practice managed by the working units of education offices, including schools and *madrrasah*. In this regard, whether there is operational assistance or not, the routine duty of these offices is to guide and manage schooling activities, especially regarding the operationalization of schools and *madrrasah*;
2. Until now, despite the various limitations, the community and local education offices have met the responsibility of providing school operational funds. Therefore, BOS Program should be truly treated as “assistance”, not “substitution”, in the effort to strengthen the ability of the community and education offices to operate schools and *madrrasah*.

The legal foundations include:

1. Law No. 32 of 2004 on Local Government Administration which sets out a regulation that education, including the school operational funding, is the mandatory authority of the autonomous regions (provinces and *kabupaten/kota*);
2. Section 108, paragraph (1) of Law No. 33 of 2004 on Fiscal Balance between Central and Regional Governments which states: “Deconcentration Funds and Emergency Assistance Funds that are part of the budget of the state ministries/institutions which are used to conduct matters that, according to regulations are regional authorities, should be diverted in phases into Special Allocation Funds.”

The desire to change the institutional aspects of BOS Program into the routine daily tasks and functions of education offices needs the diversion of deconcentration funds for the education sector/affairs into DAK funding. At the same time, this diversion will deliver political message on the seriousness of the central government in implementing the decentralization and regional autonomy policy in the manner mandated by the government regulation. The change to the DAK certainly requires good preparation and arrangement because so far the DAK has only been used for infrastructure development although actually there are no laws and government regulations which state that the DAK can only be used for this purpose. Government Regulation number 55/2005 only states that the DAK can not be used for paying the administration cost of the program, the preparation of physical activities, research, training, and official trips

(Section 60, article 3). Consequently, the central and regional governments should provide funds for program support and safeguarding separately as complementary funding.

In this regard, the *madrasah* issue becomes a dilemma. Given that *madrasah* is not included in the authority of autonomous regions (provinces and *kabupaten/kota*), the central government cannot legally demand local governments to allocate funds for *madrasah* affairs in the APBD although they are originated from the DAK funds. Section 39, paragraph (1) of Law No. 33 of 2004 states: "The DAK funds are allocated to certain regions to fund special activities that are under regional duties." One way out of this dilemma is through the stakeholders having the courage to consider decentralizing *madrasah* so that *madrasah* become the responsibility of autonomous regions in the education sector, as it is the case for public schools. With this delegation of authority, it is expected that regions will give the same attention to *madrasah*, though the Ministry of Religious Affairs can still provide special assistance.

3.2. RECOMMENDATIONS FOR EACH IMPLEMENTATION PHASE

Based on the field findings that were analyzed in Chapter 2, several recommendations have been formulated based on the phases of the implementation of the program:

1. Data Collection and Allocations

- i) There needs to be a manual and schedule for better data collection so that the data collection process does not cause delays in the distribution of funds. One of the alternatives is by using student data as of 31 August of the previous academic year as the basis of determining allocations. This date is chosen because by that time student numbers are usually relatively stable and will not change much during the academic year. However, because the number of students always changes, the authority needs to be given to the provincial and *kabupaten/kota* offices to re-allocate funds at the *kabupaten/kota* and school levels. The adjustment to the data on student numbers that is used to determine the funding amount that the school is entitled to is based on the number of students by 31 August of the relevant academic year. This data is the result of the verification conducted by the *kabupaten/kota satker* and should be announced by the local media as well as be placed on the school notice board. The data collection process also needs to be backed up with better capability of data and information management and its supporting tools, such as computerization down to the *kecamatan* level, especially for *kabupaten* that have large numbers of schools and a large geographical area.
- ii) In order to keep the allocation process as simple as possible, the allocations of funds should continue to be based on the number of students. However, schools which have few students, many teachers paid by honorarium and many poor students, and are located in isolated places need to obtain special allocations/programs from the APBN or APBD. Although there were many suggestions on the need for weighting based on isolation or price index, this is not recommended, because it often provides space for lobbying and causes inefficiency.

- iii) The provision of BOS for *salafiyah* tended to be problematic due to the weaknesses in the data collection and monitoring, the limitations in the administrative capacity of managers, the unbinding nature of *salafiyah*, and the fact that some of its students attend other formal schools. However, because many *salafiyah* support students from poor families, consideration should be given on providing assistance in the form of special programs outside the BOS.
- iv) To guarantee that schools and foundations do not take unilateral decisions to reject BOS, rejections by schools should be accompanied by a written declaration on the results of consultation between the school and the council of teachers, school committee, and parents' representatives.

2. Socialization

- v) Program managers need to be better informed. Socialization for program implementers should be provided in the form of training. Training for all institutional levels needs to be improved by providing an adequate allocation of time, material, and methods that support the technical skills (for example, the preparation of the RAPBS and financial report). Apart from this training, capacity building for program managers needs to be supported by a consultant team located at the *kabupaten/kota* level. This team should have the task of assisting schools, providing explanations on the management of the program and, at the same time, serving as a channel for complaints.
- vi) The socialization material for the community needs to be revised so the information is consistent from the central level down to the regions and in all media so conflict does not arise as a result of different interpretations. Socialization to the community also needs to be conducted through various channels, including: schools, electronic and printing media, and the distribution of brochures and posters. In addition, there needs to be informal socialization from the schools and other program implementers, such as through village meetings and religious activities.

3. Channeling and Absorption of Funds

- vii) The appointment of channeling institutions should be undertaken transparently and give priority to the convenience of the services for schools. Channeling means and schemes that are agreed between the *satker* and channeling institutions have to give priority to flexibility in obtaining and adding funds if necessary, and minimize the cost and opportunity of misuse when funds are being withdrawn.
- viii) Schools should be given the freedom to open accounts at any financial institution. Financial institutions have to be informed of the requirement that accounts have to be in the name of the school and be signed by two people, that is, the school principal and treasurer. This requirement has to be implemented by the financial institution where the school account is kept. For that reason, socialization needs to be provided for banks/financial institutions where school accounts are opened.

- ix) Funds should be deposited in school accounts early in the semester so that schools can utilize them in accordance with the RAPBS. To support the smooth running of the distribution of funds, there needs to be a tight scheduling of the implementation phases (see recommendation (i)). Consideration of a special mechanism is also needed to anticipate the occurrence of unforeseen events resulting from natural disasters or political instability, for example, by delegating authority to the higher level *satker* (from *kabupaten/kota* to province and from province to central government) if, at a particular time, the *satker* in a region cannot function.
- x) The distribution of funds should not be burdened with additional requisites that prolong the bureaucracy, with the exception of what is already set out in the operational and technical guidelines.
- xi) There is no need for regulating a time limit for withdrawing funds, given that the needs of schools are not always the same each month. In addition, it needs to be affirmed that the distribution and use of funds are not limited to only one semester.

4. Utilization of Funds

- xii) The stipulation on the 11 permitted uses of the BOS funds needs to be reviewed so it can be more flexible and capable in accommodating school programs that are set out in the RAPBS. There also needs to be flexibility so the use of funds can be based on a regional agreement and, therefore, adjusted to the existence and uses of other funding sources, including the one from the APBD. The agreement of each region has to be reported to and obtain the approval of the provincial *satker*.
- xiii) To ensure that all stakeholders at the school level (teachers, committee, parents) will be involved in the preparation of RAPBS, RAPBS has to have the minutes of the parents' meetings and list of attendees attached. The education office and its officials at the *kecamatan* level have to provide guidance so schools are able to prepare a good RAPBS.
- xiv) There needs to be more emphasis on providing priority in the use of funds for poor students and this needs to be socialized to the public. The allocations should not be established only for transportation costs but could also be provided to fulfill other needs related to the study process such as books, uniforms, and shoes. In addition, there is a need to introduce a general regulation on the process of determining poor students.
- xv) The government regulation that states that the interests on the BOS funds have to be returned to the state has to be socialized properly to all program managers, especially schools and channeling institutions, as well as banks where the schools open their accounts.

- xvi) The payment of tax should be socialized to all parties and managed by the associated tax authorities in the region so the procedure for their management and payment is simpler and does not cause difficulties for schools.

5. Reporting

- xvii) To guarantee the transparency and accountability on the use of funds, schools should be required to submit the accountability report to school committee. In addition, they should also inform the community, at least, by attaching a summary of the report on the school notice board and distributing copies to parents and teachers.
- xviii) The reporting from schools should be conducted every semester so it will not become a burden for schools and disturb the teaching and learning activities of the schools.

6. Monitoring, Evaluation, and Complaints Handling

- xviii) The external monitoring and evaluation can only be undertaken by the competent institutions and should be accompanied by a reference letter from the mandated agency. The results of this activity have to provide clear feedback to management institutions.
- xix) Big programs such as BOS need a professional and independent monitoring and evaluation (*monev*) team that has the authority to do audit and investigation. This independent *monev* unit also undertakes the function of complaints handling. This unit should be independent and separate from the program management team so conflicts of interest do not arise and can be better in guaranteeing the anonymity of the complainant. The unit should be located at the central and provincial levels and have the authority to receive complaints from various sources, undertake investigations, and handle their resolution, including their channeling to legal authorities or institutions with the authority in the regions (such as *Bawasda*) or the provinces (*Irwilprop*) in order that legal steps can be taken or sanctions can be issued if the unscrupulous party is proven guilty. This independent monitoring team actively organizes, collects, and analyzes all forms of complaints that are received through various channels, such as the print and electronic media, NGOs, and other institutions. Furthermore, this team undertakes fact-finding and investigation activities, and recommends solutions to the associated authorities. The monitoring team also functions to ascertain whether complaints that came in have been followed up or not and periodically monitor the handling process. In addition, this team should also function as a mediator and facilitator between the implementing parties (*satker* and schools), external monitoring parties and complainants in cases of enmity between them.
- xxi) The existence of the unit and the complaints medium needs to be broadly informed to the community and schools. The socialization of the unit and complaints medium at various levels should be involving local media and NGOs

so that it can reach the community at large. In addition, the delivery of information on the follow-up effort or the resolution of each complaint has to be provided to the reporter. This is necessary to build community trust in service effectiveness of the available complaints unit.

- xxii) Information on the existence of the complaints unit and medium should be as complete as possible, including a number that can be accessed (telephone, fax, post office box), a clear address that can be easily reached, the team that is responsible, the grace period for the expected resolution, etc. In addition, the ideal and optimal complaints handling process requires a number of aspects: a complaint handling paradigm that guarantees the anonymity of the complainant, a handling process that relies on team work (not individual task), and determination of a timeline on handling.
- xxiii) Complaints can be submitted through various means, such as the print and electronic media, NGOs, consultation teams and legislative institutions, and they are then referred to the independent complaints unit that was mentioned at point (xx) above.
- xxiv) A complaints service should also be developed and undertaken by schools so that problems in schools can be overcome as quickly as possible. Therefore, it is recommended that schools provide a type of complaints box that is opened every certain period by the school committee together with the school management. Complaints also have to be documented and efforts should be made to follow them up. This is important to do so that the follow-up process and the serious resolution efforts can provide a positive effect on community participation (in the form of criticisms and suggestions) and develop the community's trust.

7. Institutional Affairs

- xxv) The structure of the PKPS-BBM for the BOS team at the provincial and *kabupaten/kota* levels should not be rigidly determined, and the regions were given freedom to arrange themselves by considering the competencies of the members of *satker* and the composition of school types in the relevant district.
- xxvi) Program management should be delegated to the Ministry of National Education. Program management at the regional level should be transferred to the offices that handle education affairs. The Ministry of Religious Affairs should be involved in the entire management of the program as a member of the *satker*, particularly in connection with the data collection on *madrrasah*.
- xxvii) Steps need to be taken to prepare for the shift in the program management mechanism from deconcentration to DAK funding. In the mean time, the coordination at the *kabupaten/kota* and provincial levels should be enhanced, at least, by providing information on the allocation plan in the beginning of the budget year so that programs can be better coordinated.

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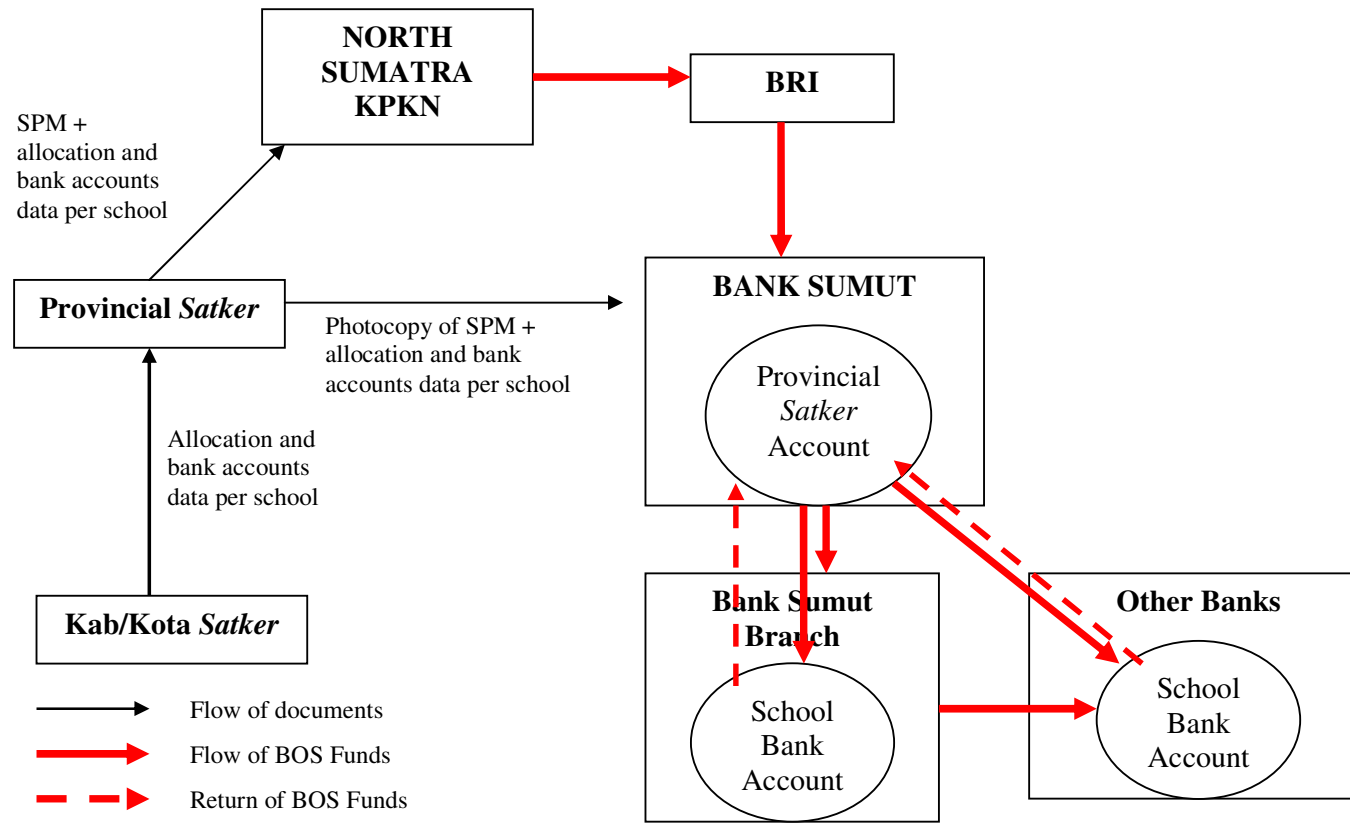
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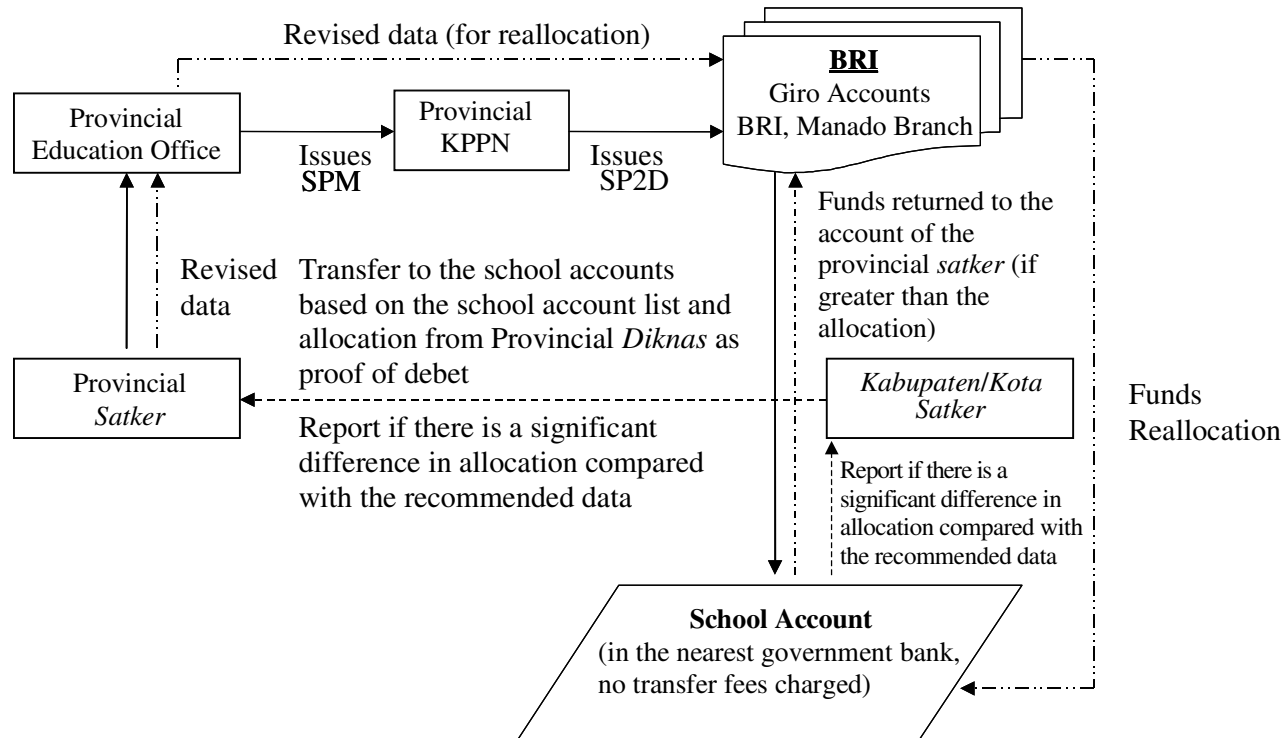
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APPENDICES

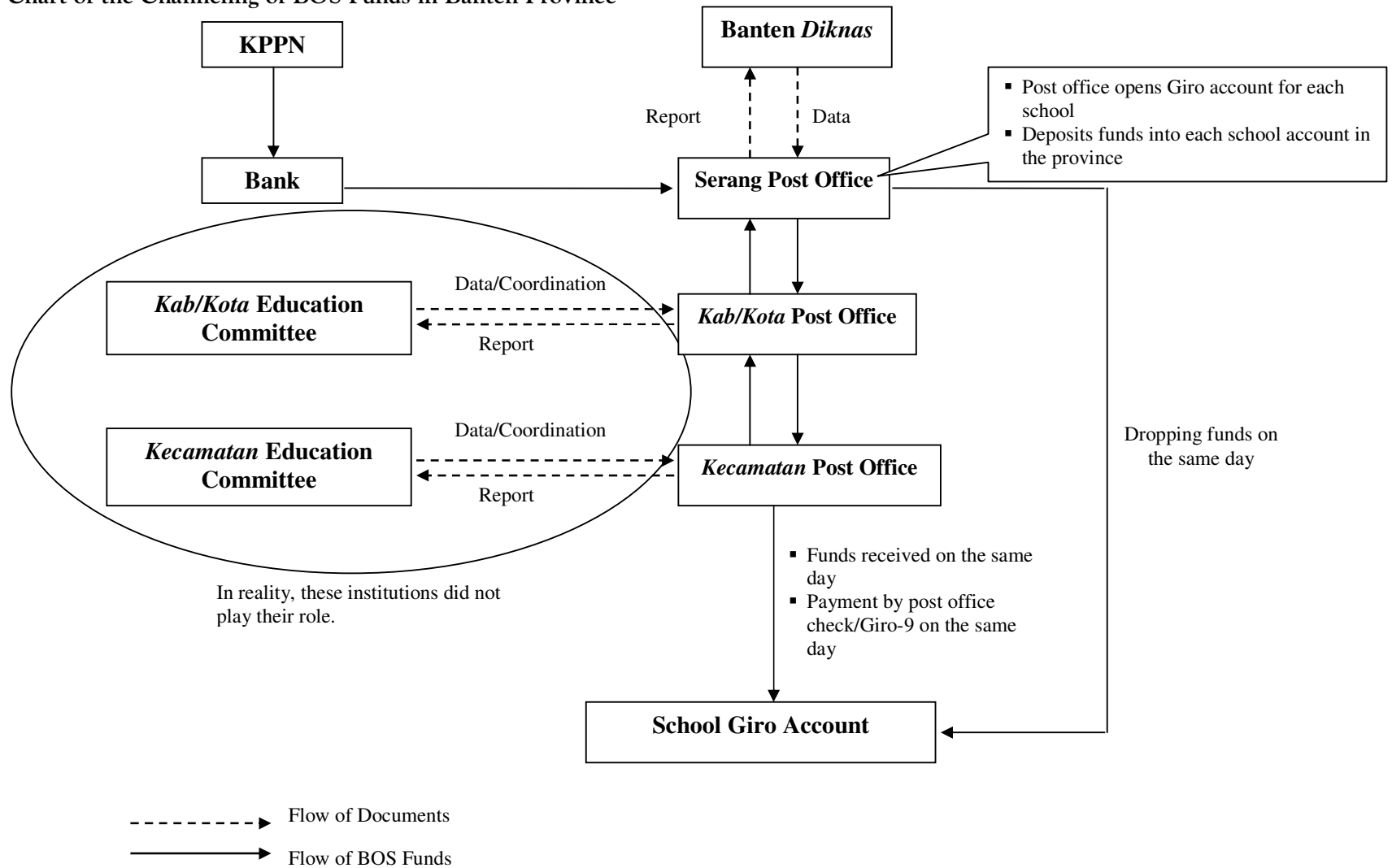
Appendix 1.
Flow Chart of the Channeling of BOS Funds in North Sumatra Province



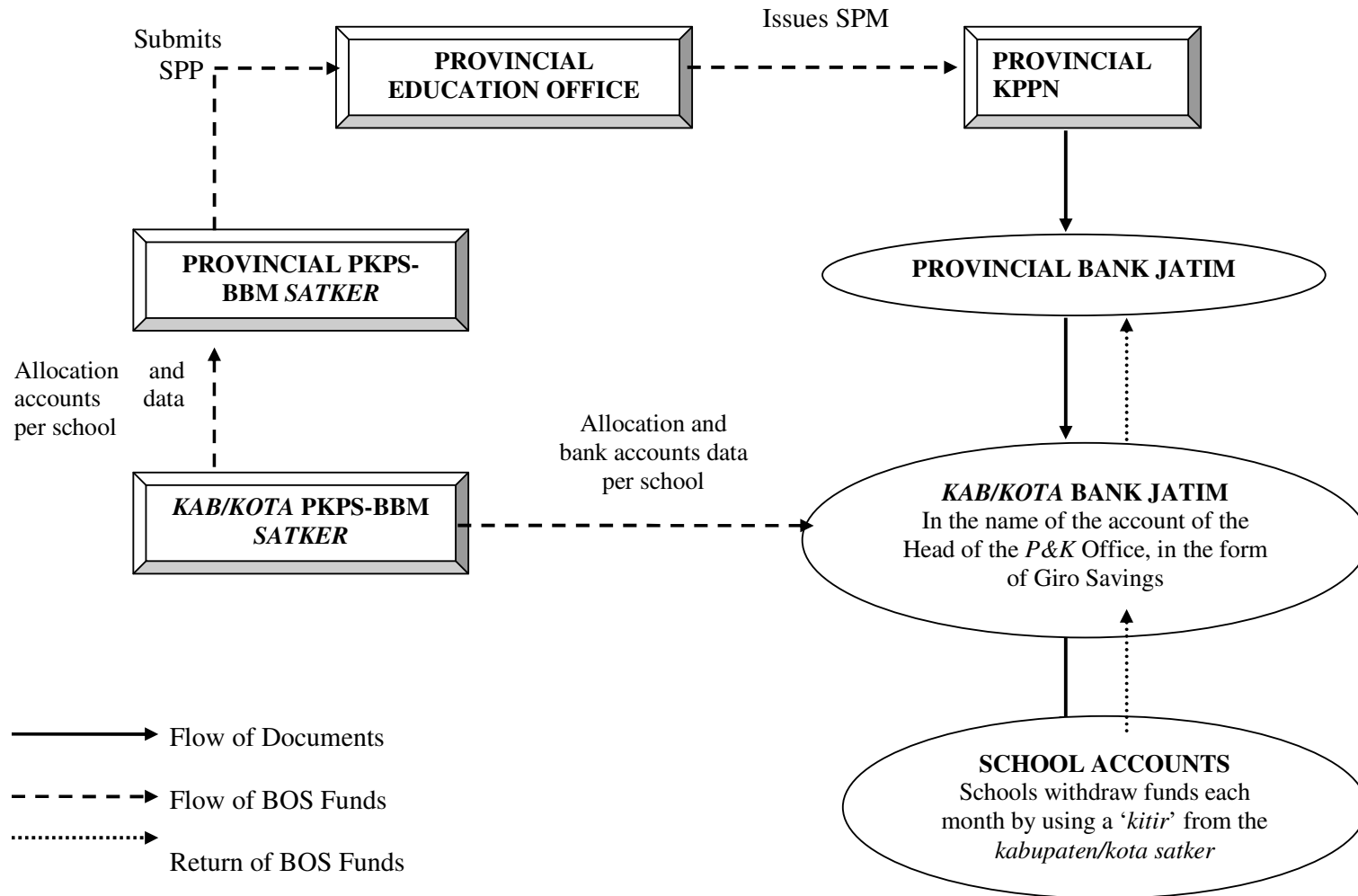
Appendix 2.
Flow Chart of the Channeling of BOS Funds in North Sulawesi Province



Appendix 3.
Flow Chart of the Channeling of BOS Funds in Banten Province



Appendix 4.
Flow Chart of the Channeling of BOS Funds in East Java Province



Appendix 5
Flow Chart of the Channeling of BOS Funds in West Nusa Tenggara Province

