

**PARTNERSHIP FOR TRANSPARENCY FUND**  
**INDONESIA: BUILDING CITIZEN MONITORING SYSTEM ON BUDGET EXPENDITURE**  
**ACCOUNTABILITY IN THE EDUCATION SECTOR**  
**PROJECT COMPLETION ASSESSMENT**

**I. Background**

In 2005 Indonesia launched *Biaya Operasional Sekolah* (BOS – School operational Aid), an innovative program designed to address issues of dropout and access in elementary and secondary schools. Funding for BOS is very significant and amounted to Rp 16.8 trillion (\$1.8 billion) in 2011. BOS funds are deposited directly into the accounts of the schools and strict rules govern their use; both public and private schools are covered<sup>1</sup>. The funds are controlled by the school headmasters and at each school a school committee is expected ‘to know about the use of funds’. The program has been praised for the direct assistance it provides to schools and for improving participation rates. At the same time there have been growing allegations of misuse of funds. Greater accountability was in fact an important feature of a 2008 World Bank project supporting the BOS program that was financed with a loan of \$600 million<sup>2</sup>. It has also been recognized that reliance on official systems of accountability (government audits and so on) would not be sufficient and that there was a need for monitoring by civil society.

This is the background for a request the Partnership for Transparency Fund (PTF) received from the Centre for Regional Information and Studies (PATTIRO) to support a project entitled Building Citizen Monitoring System on Budget Expenditure Accountability in Education Sector (the Project) that was to develop a monitoring network in Bandung West. In February 2009 PTF approved a grant of \$25,000 for the project with PATTIRO providing counterpart funds worth \$8,700.

Project implementation started in May 2009 and was completed in January 2011. The project was implemented as a partnership between PATTIRO and the Bandung Institute of Governance Studies (BIGS); the project team consisted of two BIGS staff members based in Bandung. A project completion report was received on 14 January 2011. This project completion assessment was prepared following a visit to Jakarta in February 2011 during which discussions were held with key officials from PATTIRO and BIGS. The report assesses whether the

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<sup>1</sup> Some private schools reportedly decline BOS funding as they do not like the constraints on tuition levels and the link up with government bureaucracy.

<sup>2</sup> This was followed by another World Bank loan of \$500 million and the World Bank is presently considering a third loan of \$250 million.

objectives of the project were achieved and whether they are likely to be sustained. It also suggests follow-up actions

## **II. Project Activities**

The overall goal of the project was, as its name suggests, setting up a 'citizen monitoring system' that would improve active participation of civil society in the monitoring of BOS fund management. The project area was the Bandung West regency (Kabupaten<sup>3</sup> Bandung Barat). Three specific objectives were adopted for the project:

1. Identify fund abuses and develop a monitoring model;
2. Improve the capacity of community organizations to monitor BOS; and
3. Improve the capacity of community organizations to reveal various violations.

The project design includes 11 activities that would be undertaken to achieve these objectives. In the following an assessment is first made of the work accomplished for each of these 11 activities before returning to the three project objectives.

### **1. Conduct Research on BOS at School and District Level.**

The purpose of this activity was to provide a diagnostic of the use of BOS funds and to track expenditure. A research report was prepared based on a sample of five elementary and five secondary schools (out of over 700 schools in Bandung West). Interviews were conducted with principals, school treasurers, teachers, and parents. Although based on a small sample, the research report is well prepared and provides a clear insight into the patterns of abuse. The concept of abuse is broader than that of corruption and covers any use of BOS funds in violation of the BOS guidelines. This also includes violations such as delayed disbursements, use of funds for purposes not allowed under the guidelines (e.g. building works), and the charging of tuition fees. The research report did not track education expenditure for West Bandung.

Because of the small sample it was not possible to quantify the extent of abuse. E.g. it is not known how many schools continue to charge tuition fees in violation of the rules. A very cautious estimate is that 20-30% of BOS funds are used for purposes other than those covered by BOS. An unknown part of this would be plain corruption, where funds are diverted for private gain.

### **2. Conducting Research on Capacity of Community Organizations to monitor BOS fund**

The purpose of this activity was to assess the available capacity in existing organizations in Bandung West that might form part of monitoring model. Focus group discussions were held

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<sup>3</sup> Administratively Indonesia is divided into provinces, kabupaten (districts/regencies), kota (districts/municipalities), kecamatan (subdistricts), and villages.

with organizations in the regency. A major finding of this work was that of 16 CSOs listed very few are really independent of the government. Some are called 'red-plated'; they have been formed by the government and work for it. The so-called 'black-plated' CSOs are those that in fact blackmail government officials; i.e. they threaten to reveal violations in exchange for payments. Some journalists are reportedly also involved in this practice.

Unfortunately this activity did not result in a specific list of community organizations that could form the nucleus of a citizen monitoring system.

### **3. Conducting Focus Group Discussions to Increase the Capacity of Citizen Organizations**

This activity, meant to increase monitoring capacity, was to cover not only civil society organizations but also school committees and parent organizations. There are no quantitative data available on the number of groups or individuals covered and the focus of the activity was primarily on public information on the rules that govern the BOS and a further exploration of constraints to and abuses of BOS funds. Specifically, there is no evidence that any capacity was built.

### **4. Conduct Training on Monitoring BOS Fund Management**

This was a two-day training program held in October 2009 that involved 28 participants from different groups: teachers, school committees, CSOs, parents, private religious institutions and university students. The training program resulted in the rudiments of a citizen monitoring system. An Education Society Participation Forum was set up that was expected to become the focal point of the citizen monitoring system or network with responsibilities such as sharing information and experience, and coordinating BOS monitoring in Bandung West. A five-person team was formed to organize the network consisting of one representative each from the schools, CSOs, temporary teachers, school committee and community leaders.

While a promising start, three observations should be made. First, much more work is needed to flesh out the network as the Forum and Team only form its apex. The regency has 15 kecematans – should there be monitoring at the subdistrict level? How should monitoring be organized at the school level? Second, the role and responsibility of the Forum and its relationships with the local education office (Dinas) and with the local government has not been defined. Thirdly, and most worrisome, while the Forum was set up it apparently has not been very active.

### **5. Making Guidelines on BOS Fund Monitoring**

These were prepared and presented during the training. They are apparently still very rudimentary, consisting essentially of a checklist of questions to ask about the situation in a

particular school. More work is needed to cover aspects such as the role of the school committee in monitoring; what to do with the findings; how to deal with reluctant school principals; etc.

## 6. Giving Technical Assistance to CSOs to Monitor BOS

This was approached by selecting three of the fifteen *kecamatan*s of Bandung West where working groups were set up to actually do the monitoring (Rongga, Cipatat and Cihampelas). The program team traveled from Bandung to the three sub-districts to form and then guide the working groups. Apparently there are no active local CSOs that could be relied on to take the lead in this. Some of the findings that were reported by the working groups are:

	<b>Problems</b>	<b>Solution</b>
1. Kecamatan Cipatat	<ul style="list-style-type: none"> <li>Community groups do not have enough information on BOS fund utilization in schools in kecamatan Cipatat.</li> </ul>	<ul style="list-style-type: none"> <li>Building solid network of community to actively ask questions to schools and relevant parties of BOS fund utilization.</li> </ul>
	<ul style="list-style-type: none"> <li>Unavailable communication among community and local government, in this case Education Service and local legislatives, on education issues in the region.</li> </ul>	<ul style="list-style-type: none"> <li>Hearing with Head of Education Service and local legislative members, particularly Commission D, on monitoring of BOS fund utilization.</li> </ul>
2. Kecamatan Rongga	<ul style="list-style-type: none"> <li>Lack of necessary capacity of school committee and other community groups for monitoring on BOS fund utilization.</li> </ul>	<ul style="list-style-type: none"> <li>Capacity strengthening for community members to enable them to monitor BOS fund utilization.</li> </ul>
	<ul style="list-style-type: none"> <li>They don't have enough information on BOS fund utilization in schools in kecamatan Cipatat region.</li> </ul>	<ul style="list-style-type: none"> <li>Asking schools and relevant parties to make BOS fund utilization-related data transparent.</li> </ul>
3. Kecamatan Cihampelas	<ul style="list-style-type: none"> <li>Minimum amount and quality of supporting facilities, such as road, lighting, and sanitary facilities<sup>4</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>Raising the issue of facilities-lacking by building intensive interaction with other <i>kecamatan</i>s that are relatively</li> </ul>

<sup>4</sup> There are still schools that have no toilets and no good access roads. Some villages are still without electricity.

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Clearly only a beginning has been made and there is need for more capacity building at the sub-district level. Also, a clear process should be developed for what to do with monitoring findings. The intention is to take on an additional three kecematans this year but no details were available on this.

#### **7. Conducting Dialogue among Stakeholders to Formulate Solutions on Misuse of Funds**

This took the form of a workshop held in January 2010 in Bandung. About 30 participants were involved representing school committees, part-time teachers, CSOs, private schools, headmasters, government officials and the three working groups at sub-district level. Discussion focused on the legitimacy of civil society monitoring, the inadequacy of formal accountability systems in the government, and the need for greater transparency of BOS funds.

#### **8. Local Policy Advocacy**

This activity entailed a series of meetings with the local government, including the bupati (head of the kabupaten) and local legislative, as well as education and planning officials. It was reported that these are all open to an active role of civil society and are welcoming proposals to improve education services.

However, in the absence of specific proposals to these various parties for a citizen monitoring network and for policy changes it appears that only a broad expression of support was received.

#### **9. Regional Seminar**

The objective of this seminar was to reach 'initial agreement' to continue or strengthen the citizen monitoring model. When the project was designed it was presumably expected that at this point such a model would be available, but that was not the case. The 60 or so participants in the seminar seem to have focus on the broader subject of how to improve education services in the kabupaten and the role in this of civil society (do they have a right to monitor?) and the local parliament.

#### **10. Newsletter**

BIGS has a regular publication and two issues were devoted to BOS monitoring. A leaflet was designed to explain the BOS program to citizens and a book is under preparation reporting on the research undertaken under the project (activity #1).

## 11. Supporting Activities

Two internal workshops were held, one at the start of the project to coordinate project implementation and one at the end to share experience and learning.

PTF received a detailed statement of project expenditures which appear to be in order. These are subject to an external audit as part of the annual audit of PATTIRO accounts.

## III. Achievement of Project Objectives

The project design placed strong emphasis on gaining a better understanding of BOS abuses, raising awareness about these abuses and developing a citizen monitoring network that would on an ongoing basis monitor the use of BOS funds, identify abuses, proposing solutions and taking these up with the government. A review of project achievements suggests that the research component of the project can be considered as having been satisfactorily completed, although actual fund flows were not tracked. Through the various workshops and seminars awareness about abuses has been raised in West Bandung and it is also important that a dialogue was started with the government and that the latter showed itself receptive to a role of civil society in this area.

Perhaps the most significant shortcomings of the project were that a citizen monitoring network was not developed and that no local CSOs were identified to carry this activity forward. The fact that the Education Society Participation Forum has not become an active driver of the network is of special concern.

In my assessment three factors explain the shortcomings:

- There was insufficient recognition *ex ante* of the weakness of civil society on the ground in West Bandung,
- PATTIRO's approach to the project appeared to have been focused more on research than community organization, and
- The inability of PTF to provide on-the-spot guidance.

*My overall conclusion therefore is that the three project objectives have only been very partially achieved.*

## IV. Future Prospects

The project constitutes not the only attempt to monitor BOS funding. There are similar projects funded by the European Union in Malang, by SIAP/USAID in 10 cities, and by the Brookings Institution in 3 cities. In addition, the World Bank has funded BOS through two loans of \$600 million and \$500 million and is considering a third loan of \$250 million. The World Bank is

monitoring BOS implementation by the Ministry of Education and is also piloting a 'social campaign' that seeks to provide information on BOS, targeting parents and the media specifically.

This year the Ministry of Education is implementing significant changes in the BOS allocation mechanism. The principal thrust is to channel the funds to school accounts through local government entities. In the case of private schools this would be the treasury office of each kabupaten (with each school signing a memorandum of understanding) and in the case of public schools this would be Dinas, the district office of the Ministry of Education. The new BOS regulations also require that allocations from the Ministry of Finance to each of the 500 kabupaten are made public, and that the allocations to each school are published in local papers. At the school level the BOS funding received and the quarterly BOS expenditure are supposed to be published on the school's notice board.

## **V. Sustainability and Follow-Up Actions**

Clearly the BOS mechanism is seen as an important tool in providing education services. At the same time there must be serious doubt whether the work accomplished to date in Bandung West can be sustained. The monitoring network is not yet well-defined and limited practical experience is available in only three subdistricts.

It seems to me that all those involved in civil society BOS monitoring need to meet urgently to compare notes on how this can best be tackled. The purpose of such a meeting would be to

- define the architecture of a citizen monitoring network at kabupaten level,
- standardize training materials and guidelines,
- discuss the various forms of abuse encountered and the best ways of dealing with such abuses,
- discuss the relationship between civil society and government authorities at kabupaten, kecamatan and school levels, and
- consider the implications of the recent changes in the BOS allocation mechanism for civil society monitoring.

A one-day workshop should be sufficient to cover this ground. Since most participants would come from Jakarta the cost should be minimal, but if PTF support for this is needed I recommend that it be granted.

Geert van der Linden

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