

Rahman, Muhammad Adi

**Research Report**

## Low-cost Private School – Study Case in Jakarta

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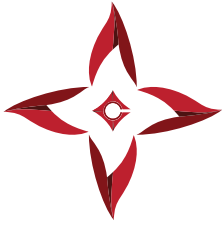
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# Low-Cost Private Schools A Case Study in Jakarta

By Muhammad Adi Rahman

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**Low-Cost Private Schools**  
**A Case Study in Jakarta**

**Author:**

Muhammad Adi Rahman  
Center for Indonesian Policy Studies (CIPS)

**Jakarta, Indonesia**  
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## Executive Summary

The existence of low-cost private schools providing accessible education to low-income families in developing countries has generated a special interest in research that measures the existence of such schools in Indonesia. Their affordable tuition fees as well as satisfying quality is arguably the better alternative for marginalized families to access formal education since government initiatives on education have limited success in providing good-quality and accessible education. This paper presents an initial study of low-cost private schools in Indonesia and covers the location, cost, and quality of some of these schools. It argues in the end that the government should encourage the creation of more low-cost private schools so that they create a competitive pressure on government schools to increase their performance and their operational efficiency.

In 2015, the proportion of private schools in Jakarta reached 57.08 per cent of all of the total of 5.659 schools from primary level to secondary level. Contrary to the popular belief, not all of those private schools are exclusively for the upper middle class. Some of them even play a crucial role in providing formal education to families in impoverished areas.

The low-cost private schools are considered accessible by poor parents in terms of their fees, distance, and enrollment requirements. Most of the schools charge inexpensive monthly tuition fees ranging from only Rp.30,000 to Rp.130,000 per student. Besides, the schools are located nearer to the students' residence sparing their parents from additional transport costs and from worrying about their childrens' safety when going to school. Enrollment requirements, such as birth certificates and minimum graduation scores for secondary schools, are less strict than in public schools and are another reason why low-cost private schools are considered accessible by Indonesian parents.

Meanwhile, the average monthly operational cost per student in low-cost private schools is 34 per cent lower than in public schools within the same districts and low-cost private schools also do not provide lesser quality. Students in schools that were covered in this study had significantly better national exam scores in mathematics and only slightly lower reading skills than public schools.

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## Low-Cost Private Schools in This Study

Education is key to improve income and living standards, yet there is no consensus on who should be the primary provider of school education. Some hold the government entirely responsible for the task of providing school education nationwide. Others count on the initiative of individuals and communities.

UNESCO statistics show that government expenditures on education as a percentage of GDP in several countries have increased in the last ten years<sup>1</sup> but this has not resulted in universal school education in developing countries.<sup>2</sup> Governments are trying to fill the gap but public schools are just one provider of school education. Many of the poor send their children to affordable private schools, which often just charge school fees of 1 USD per week. Many countries have experienced a significant increase in the number of these schools over recent years.<sup>3</sup>

Low-cost private schools are defined as schools that usually charge parents fees for at least part of their running and development costs and they maintain a degree of financial independence from the state.<sup>4</sup> Since they serve communities with low-income households their fees need to be small and affordable. Individuals, communities or corporations usually found low-cost private schools for religious, philanthropic, humanitarian or for-profit reasons. Some schools are officially registered or accredited while others are unrecognized and operate unofficially. The recognized schools often receive government subsidies, which blurs the distinction between private and public schools.

James Tooley has pioneered studies of low-cost private schools in some African countries, India and China.<sup>5</sup> According to his research, parents send their children to these schools, not only for their low tuition fees and the schools' proximity to their homes, but also because the schools provide better quality of education compared to public schools where teachers' absenteeism is relatively high. The World Bank reported that, in Africa, teacher-absenteeism rates are 15-25%.<sup>6</sup> In Indonesia, teacher absenteeism has significantly reduced over the years but remains around 10% in 2013.<sup>7</sup>

In 2015, the number of primary and secondary schools in the Indonesian capital Jakarta was recorded at 5,659 schools. These schools provided access to education for 1,783,652 school-age Jakartans. The 3,230 private schools outnumbered public schools and constituted 57.08 per cent of all schools. This number implies that the initiative of the private community has provided access to education for a large number of citizens.

“Many of the poor send their children to affordable private schools, which often just charge school fees of 1 USD per week.”

**Figure 1**  
Number of Schools and School-Age Citizens in DKI Jakarta

No	Municipality/Regency	Number of Schools		Number of School-Age Citizens
		Public	Private	
1	Kab. Kepulauan Seribu	25	1	521
2	Central Jakarta	300	313	163,227
3	South Jakarta	578	699	379,711
4	North Jakarta	307	567	305,841
5	West Jakarta	490	809	424,305
6	East Jakarta	729	841	510,047
Total		2,429	3,230	1,783,652

Source: Ministry of Education and Culture, 2015<sup>8</sup>

An initial study by the Center for Indonesian Policy Studies focused on four districts in Jakarta, namely Tambora and Kalideres in West Jakarta as well as Cilincing and Penjaringan in North Jakarta. The four districts were chosen as they have higher percentages of citizens with incomes below the poverty line, namely 90,900 people in the districts in North Jakarta and 83,200 people in West Jakarta.<sup>9</sup>

“Within these communities there are usually individuals who initiate the process and the existence of low-cost private schools is closely connected to the spirit brought about by these initiators.”

Private schools play an important role in providing access to education in the four districts. Out of a total number of 609 schools, there are 374 private schools (61.4%) while there are only 235 public schools (38.6%). In other words, private schools are key provider of school education for the majority of the poor.

Most of the schools were initiated by local citizens in order to provide formal education to the communities. Laksa Bhakti primary school, for example, was established in 1968 by several private tutors who taught children in their neighborhood in Jalan Bakti in Tambora, West Jakarta. As attendance of their learning sessions grew, those teachers were inspired to initiate a school that could provide formal education to children who mostly come from low-income families.

Quite similarly, MI Tunas Karya<sup>10</sup> was established in 1957 by a leading religious figure in the poor and heavily populated area of Sawah Lio in Tambora, West Jakarta. This school went through a similar phase as Laksa Bhakti where the local community contributed immensely to the school's main activities. Despite its highs and lows, Tunas Karya has become one of the largest Islamic primary schools with 327 students in Tambora.

Indonesian private schools are generally in line with the National Education System Law that gives local communities a right to establish schools in order

to provide formal education for their children.<sup>11</sup> Within these communities there are usually individuals who initiate the process and the existence of low-cost private schools is closely connected to the spirit brought about by these initiators. Interviews with 64 schools founders scattered in several regions which were considered as slums and remotes areas demonstrated that an important reason why they initiate the schools is because they want to provide accessible education for the children of impoverished households in their neighborhood.

This study set out to analyze the role of low-cost private schools in providing access to education, the quality of education provided by these schools and their efficiency in utilizing financial resources. Findings in Jakarta were compared to the situation of 64 low-cost private schools in six different provinces of Indonesia in which the Center for Indonesian Policy Studies conducted a regional survey. Most schools charge monthly tuition fees ranging from Rp 5,200 to Rp 468,000 per student while some even provide their education services for free. Most of the low-cost private schools are registered and some of them are also accredited.<sup>12</sup>

**Figure 2**  
Surveyed Low-Cost Private Schools in the Six Provinces

Regions	Number of Schools
Aceh	12
Lampung	8
Jakarta	15
Central Java	7
North Sulawesi	12
East Nusa Tenggara	10

Source: Interviews with school principals and managers, 2015

Based on CIPS interview with the school principal of Catholic Elementary School of St. Philipus Tanajea, the school was initiated by a Dutch missionary in 1922, decades before Indonesia's independence. He wanted to introduce the local people in the hinterland of Flores, East Nusa Tenggara, to formal education. Back in the days, the nearest schools could only be reached by a two-days walk and, even now, the next public school remains 7 kilometers away. Without St. Philipus Tanajea School many parents would have no choice but to ask their children to help them working in the field. Apparently, accessibility is not only a critical matter for the school in Flores but also for others, such as in Bintang Timur Elementary School in Lampung and Darut Taqwa Islamic Senior High School in Central Java.



## Private Schools in Indonesia

According to statistics provided by the Ministry of Education and Culture, there are more public schools than private schools, especially on elementary and junior secondary levels. However, the number of private schools exceeds that of public schools on senior secondary and vocational school levels (see Figure 3). Unfortunately, the government statistics do not differentiate between expensive and low-cost private schools.

**Figure 3**  
Number of Schools in Indonesia

No	Degree and School Status	Years	
		2009	2014
1	<b>Elementary School</b>	<b>144,228</b>	<b>148,272</b>
	Public	131,490	133,874
	Private	12,738	14,398
2	<b>Junior Secondary School</b>	<b>28,777</b>	<b>35,488</b>
	Public	16,898	22,356
	Private	11,879	13,132
3	<b>Senior and Vocational Secondary School</b>	<b>18,354</b>	<b>24,135</b>
	Public	6,800	9,177
	Private	11,554	14,958
4	<b>Total</b>	<b>191,359</b>	<b>207,895</b>
	Public	155,188	165,407
	Private	36,171	42,488

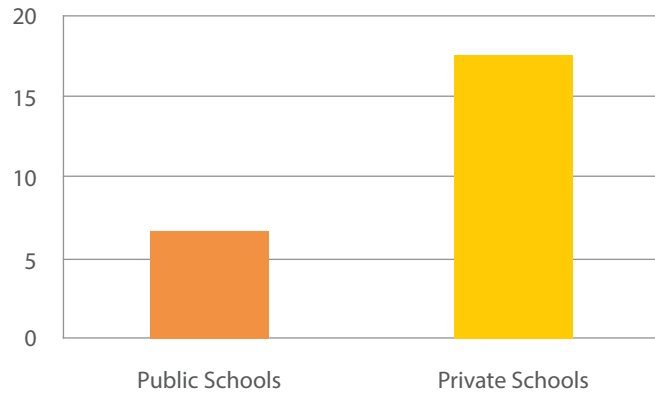
Source: Ministry of Education and Culture, 2015<sup>13</sup>

Due to the governments' priority on elementary schools, the total number of public schools is far above that of private schools. The number of private schools does, however, increase much faster than that of public schools. Between 2009 and 2014, public elementary schools increased by 1.81% compared to a growth of 13.03% in private schools.

There is a different situation on the secondary school levels. Here, 31,533 public schools held only a slim majority of less than 53% over 28,090 private schools in 2014. The government runs far more junior secondary schools, while the private sector dominates on the senior secondary and vocational school levels. Public secondary schools have been increasing by 33.06% while there were 19.87% more private secondary schools than 5 years before.

All in all, the 6.58% growth of public schools was outdone by the 17.46% growth rate of private schools (see Figure 4). The share of private schools among all Indonesian schools increased from 18.9% in 2009 to 20.4% in 2014.

**Figure 4**  
The Growth Rate of Public and Private Schools from 2009 to 2014



Source: Ministry of Education and Culture, 2015<sup>14</sup>

The government statistics do not differentiate between different types of private schools, i.e. those charging little or high fees and catering to wealthy or impoverished households. In order to gain specific insights into the operations of low-cost private schools, therefore, the Center for Indonesian Policy Studies conducted several surveys and field trips to low-cost private schools. The focus was on understanding their impact on the general access to education, the quality of education provided by these schools, as well as their efficiency of using school funds.

### Access to Education

It was found that low-cost private schools play an important role in providing access to education for low-income households in Tambora, Cilincing, Kalideres, and Penjarangan districts of Jakarta. This is due to the affordability of school fees, the proximity of these schools to low-income households, and the more lenient enrollment requirements such as birth certificates and minimum graduation scores.

### Low-Cost Private School Fees

Despite a common concern that private schools burden parents with expensive tuition fees, the 9 private schools in Jakarta that were surveyed in this research either charge no school fees at all, or they only charge monthly fees between Rp. 30,000 and Rp. 130,000 or between USD 2 – 10 (see Figure 5). This amount can be considered affordable, also by parents of low-income families.

Some private schools charge fees but also provide free education for those in need. According to the principal of MI Nurul Bahri in Muara Angke, Penjarangan District, his school charges fees of Rp. 130,000 for those who are able to pay, while students from low-income households will study for free.

“the 9 private schools in Jakarta that were surveyed in this research either charge no school fees at all, or they only charge monthly fees between Rp. 30,000 and Rp. 130,000 or between USD 2 – 10.”

**Figure 5**  
School fees in 9 Low-Cost Private Schools in Jakarta

No	School Names	Districts	Registration Fees (Rp)	Monthly School Fees
1	MI Al-Ifadah	Penjaringan	25,000	40,000
2	MI Nurul Bahri	Penjaringan	Free	130,000
3	SD Islam At-Taufiq	Cilincing	50,000	30,000
4	SD Islam Nurul Huda	Cilincing	75,000	30,000
5	SD Islam Rabiatul Adawiyah	Cilincing	Free	Free
6	MI Zahrotul Ummah	Kalideres	10,000	30,000
7	SD Laksa Bhakti	Tambora	200,000	60,000
8	SD Islam Al-Hurriyah	Tambora	100,000	45,000
9	MI Tunas Karya	Tambora	Free	Free

Source: Interviews with the school staff, 2015

Monthly fees charged by the surveyed schools in 6 other Indonesian provinces show a much higher variation, ranging from only Rp 5,200 up to Rp 468,000 (see Figure 6).

**Figure 6**  
Monthly School Fees in 13 Low-Cost Private Schools in Six Provinces

No	School Names	Provinces	Monthly School Fees (Rp)
1	SD Al-Alaq Dewantara	Aceh	74,000
2	MAS Jabal Nur	Aceh	468,000
3	SD Bintang Timur	Lampung	5,200
4	SMK Yamaco	Lampung	79,300
5	MI Zahrotul Ummah	Jakarta	27,300
6	MI Nurul Bahri	Jakarta	120,900
7	SDK Kenalan	Central Java	41,600
8	MTs Hidayatul Athfal	Central Java	23,400
9	MTs Nur Hidayah	North Sulawesi	278,200
10	SD Viriya Kurana	North Sulawesi	18,200

No	School Names	Provinces	Monthly School Fees (Rp)
11	MTs Al-Inayah	North Sulawesi	5,200-18,200 <sup>15</sup>
12	SDK St. Philipus Tanjea	NTT	11,700
13	SMA Swasta Karya Nangapanda	NTT	157,300

Source: Interviews with the school staff, 2015

Charging monthly tuition fees sets those private schools apart from public schools, which are officially free of charge. Often, however, public schools also charge a range of fees to cover their operational costs<sup>16</sup>. As reported in Kompas (2016), several public schools in East Java allegedly collected illegal funding which amounted to around Rp.200.000 to Rp.1.770.000 depending on the level of education. Moreover, since public schools are not as close to poor neighborhoods than private schools, parents also need an extra budget for transport costs and pocket money, if they want to send their children to a public school. Parents of children at the MTs Al-Inayah in North Sulawesi reported that sending their children to a public school would burden them with monthly costs of Rp 373,100. With a monthly salary of only Rp 928,200 this is hardly affordable.

Besides charging school fees, most private schools in Indonesia also receive government subsidies to support their operations. The School Operational Assistance / *Bantuan Operasional Sekolah* (BOS) has been introduced by the government in 2005 and there are other subsidies in the Special Allocation Budget/*Dana Alokasi Khusus* for school infrastructure.

The Indonesian government has massively increased the budget for school education following the Indonesian constitution that mandates the government to spend 20% of its expenditures on education.<sup>17</sup> With a huge amount of available funds the government is providing subsidies, not only to public schools but also to low-cost private schools.

**Figure 7**

The Amount of School Operational Assistance (BOS) Subsidy per Annum

Education Level	Amount in IDR
<b>School with less than 60 pupils</b>	
Elementary School	48,000,000/School
Secondary School	60,000,000/School
<b>School with minimum 60 pupils</b>	
Elementary School	800,000/Student
Secondary School	1,000,000/Student

Source: Directorate General of Basic Education, 2015<sup>18</sup>

Besides expenditures by the central government, local governments also contribute to the subsidies on education. Jakarta, for instance, issued a voucher-like aid for education. The Jakarta Smart Card / *Kartu Jakarta Pintar* (KJP) reaches out directly to students in impoverished households. Money provided on the KJP pays, not only for tuition fees but also for uniforms, books, and other school-related items. Monthly KJP subsidies amount to Rp 210,000 for elementary school students, Rp 260,000 for junior high school student, and Rp 375,000 for senior high school student.

While the BOS assistance covers monthly operational costs of the schools, the KJP is a government subsidy that is directly delivered to low-income families. Together, they allowed the low-cost private schools to charge low monthly school fees or to provide school education free-of-charge. Some schools also receive donations from either individuals or non-government organizations.

**Figure 8**  
Sources of Funds in 9 Low-Cost Private Schools in Jakarta

No	School Names	Government Assistances (BOS)	Donations from Institutions or Individuals	Parents Contribution and KJP
1	MI Al-Ifadah	60%	-	40%
2	MI Nurul Bahri	50%	-	50%
3	SD Islam At-Taufiq	50%	-	50%
4	SD Islam Nurul Huda	50%	-	50%
5	SD Islam Rabiatul Adawiyah	60%	Foundation 40%	-
6	MI Zahrotul Ummah	50%	-	50%
7	SD Laksa Bhakti	40%	-	60%
8	SD Islam Al-Hurriyah	40%	-	60%
9	MI Tunas Karya	100%	-	-

Source: Interview with school staff, 2015

The financial support by the government brings along an element of uncertainty. When subsidies are being granted, schools consider lowering the fees and relying, instead, on government funds. MI Al-Ifadah in Jakarta covers 60% of its expenses with BOS subsidies and has reduced its school fees after the government funding started. However, according to CIPS interview with Mr. Musthofa, the principal of MI Al-Ifadah, in November 2015, he said that the disbursement of BOS can be delayed by bureaucratic obstacles and the school principal finds it impossible to tell the parents they will have to increase the school fees again.<sup>19</sup> Such inconsistencies in the subsidy disbursement harms the schools' financial management and defers school payments, such as teachers' salaries.

### Location of the Low-Cost Private Schools

According to interviews with several parents of school children in Jakarta reported sending their children to low-cost private schools because they are located adjacent to their homes and can be reached through walking.<sup>20</sup> They would be worried for the safety of their children, if they had to send them through heavy traffic to public schools located further away. Dropping off and picking up their children at school is not an option as they are too busy at their work as cleaners, vendors, guards, trash pickers etc. A parent of a school child in SD Islam Al-Hurriyah responded that public schools were so far away that, if she sent her child there, she would be burdened with additional transport fares and pocket money for her children.<sup>21</sup>

The close proximity of private schools is related to their higher density in the four poor districts of Jakarta where the survey took place. 61% of 608 schools on primary and secondary levels were private schools in 2015, while there were only 39% public schools (see Figure 9). Only on the primary level in Kalideres and Cilincing the number of public schools exceeded that of private schools.

**Figure 9**

Number of Primary Schools (SD/MI), Junior High Schools (SMP/MTs), Senior High Schools and Vocational Schools (SMA/SMK/MA) in 4 districts of Jakarta, 2015

Districts	Number of Schools							
	Primary		Junior Secondary		Senior Secondary and Vocational		Total	
	Public	Private	Public	Private	Public	Private	Public	Private
Tambora	28	42	4	29	2	18	34	89
Kalideres	71	38	11	38	4	41	86	117
Penjaringan	38	34	6	32	2	30	46	96
Cilincing	60	34	7	25	7	7	74	66
<b>Total</b>	<b>197</b>	<b>148</b>	<b>28</b>	<b>124</b>	<b>15</b>	<b>96</b>	<b>240</b>	<b>368</b>

Source: The Indonesian Central Bureau of Statistics, 2015<sup>22</sup>

### Enrollment Requirements

Enrollment requirements, such as legal documents and minimum graduation scores, can be barriers for children to access formal education. According to the Decree of the Head of the Provincial Education Board of Jakarta Province No. 105 /2015<sup>23</sup>, parents need to submit birth certificates and family or household registration cards<sup>24</sup> to enroll their child. A study of Australia Indonesia Partnership for Justice (AIJP) showed that 46% of school-aged children were required to provide birth certificates. Without this certificate they were not likely to attend junior secondary schools. In 20 Indonesian districts AIJP found that almost all of the schools required birth certificates as a mandatory prerequisite for student enrolment.<sup>25</sup> Besides these barriers, Indonesia has no significant difference in the enrolment of male and female students. The balanced proportion can be seen in figure 10.

In the private schools that were part of the CIPS survey in Jakarta, the school managers have simplified the requirements of the recruitment processes. MI Tunas Karya and several other

schools would accept any child of appropriate age with or without birth certificate. Afterward, they help the parents to go through the process of applying for birth certificates.

**Figure 10**  
Gender Composition of Students in Nine Low-Cost Private Schools in Jakarta

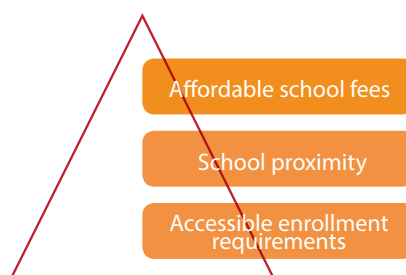
No	School Names	Gender Proportion		Total
		Boys	Girls	
1	MI Al-Ifadah	209	219	428
2	MI Nurul Bahri	218	205	423
3	SD Islam At-Taufiq	218	177	395
4	SD Islam Nurul Huda	203	141	344
5	SD Islam Rabiatal Adawiyah	47	51	98
6	MI Zahrotul Ummah	109	118	227
7	SD Laksa Bhakti	68	57	125
8	SD Islam Al-Hurriyah	64	66	130
9	MI Tunas Karya	165	162	327

Source: Interview with the school staff, 2015

Besides the barrier of documents requirement in public secondary schools (SMP and SMA), prospective students also need to meet a minimum graduation score to be accepted by the public school. The more preferred the schools, the higher score to be met by the prospective students. The average minimum graduation score to be accepted in a public junior high school in Jakarta in 2013 was 6.5.<sup>26</sup>

According to our interviews with parents, the three major reason why they sent their children to private schools were that their children did not pass the minimum score required for public school entry, that the public schools were far away from home, and that school fees in private schools were affordable.

**Figure 11**  
Three Main Reasons Why Parents Choose Low-Cost Private Schools



## The Quality of Low-Cost Private Schools

As mentioned earlier, low-cost private schools in our research do not charge expensive tuition fees. Parents are concerned, however, that this might come at the expense of the quality taught in this type of schools. Our study did not confirm these assumptions.

Even though the private schools in our research charge affordable fees, they do not compromise on the quality of their education. Taking the latest exam (Ujian Nasional) scores in mathematics and literacy (Bahasa Indonesia) as the baseline, the mathematics score of the majority of low-cost private school students in our research area exceeded the score of public school students by an average of 23.84 per cent (See Figure 12). The literacy scores of the low-cost private schools in Cilincing and Penjarangan were also higher than those of public school students. However, on average the literacy scores of public school students was slightly higher by 4.27 per cent. This confirms results of the research by James Tooley that the quality of low-cost private schools is likely to be higher than that of public schools.

**Figure 12**  
Comparison of National Examination Scores  
between Low-Cost Private Schools and Public Schools

No	Districts	School Names	Registration Fees (Rp) Monthly School Fees		Difference between Private and Public Schools	
			Mathematics	Reading	Mathematics	Reading
1	Kalideres	MI Zahrotul Ummah (Private School)	7.78	7.06	-11.09%	-16.55%
		SD Negeri Semanan 09 Pagi (Public School)	8.75	8.46		
2	Tambora	MI Tunas Karya (Private School)	7.28	5.75	21.74%	-17.39%
		SD Negeri Tambora (Public School)	5.98	6.96		
3	Cilincing	MI At-Taufiq (Private School)	7.07	7.36	49.47%	13.76%
		SD Negeri Cilincing 04 (Public School)	4.73	6.47		
4	Penjarangan	MI Al-Ifadah (Private School)	7.14	6.99	35.23%	3.10%
		SD Negeri Penjarangan 07 (Public School)	5.28	6.78		
<b>Average</b>					<b>23.84%</b>	<b>-4.27%</b>

Source: Author's own tabulation from questionnaires, 2015



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“the mathematics score of the majority of low-cost private school students in our research area exceeded the score of public school students by an average of 23.84 per cent.”

The fact that most Indonesian schools started receiving subsidies from both central and local governments has not significantly improved the quality of school education in Indonesia. According to Al-Samarrai and Cerdan-Infantes (2013) the performance of Indonesian students remained stagnant when it came to science and mathematics while reading skills improved significantly. The Programme for International Student Assessment (PISA) confirmed this for the years 2003 – 2009 and two other international tests, the Trends in International Mathematics and Science Study (TIMSS) and the Progress in International Reading Literacy Study (PIRLS), for the years 2007 – 2011. Test results of Indonesian school children in general fall far behind their peers in neighboring countries, such as Malaysia, Thailand, and Singapore.<sup>27</sup>

This overall lack of education quality continued even though the government invested increasing amounts of funds into teacher salaries and allowances. Increasing allowances was done with the assumption that it will make teachers more motivated and this leads to better education outcomes. Increasing teacher allowances and giving them more financial security should allow them to focus more on teaching in their schools rather than looking for additional jobs elsewhere. Between 2006 and 2009, the World Bank calculated that real government spending on teachers increased by \$7 billion and about half that amount went into the payment of an increased number of teachers and giving them a number of allowances.<sup>28</sup> However, increasing the number of teachers and thereby reducing the student-teacher ratio in Indonesia has had only a weak effect on learning.<sup>29</sup>

Moreover, teacher certification programmes were started in 2005 and meant to improve the quality of teachers. A study by De Ree et al. for the World Bank showed, however, that by 2012 the certification may have raised the teachers' motivation but this did not translate into better student learning outcomes. At the time of that study, the certification programme had reached 35 per cent of teachers and absorbed about 9 per cent of the overall funds that were earmarked for education in the national budget.<sup>30</sup>

In the case of low-cost private schools, our study found that government funds could even have harmful consequences on the schools' financial management. MI Al-Ifadah for instance experienced serious problems when the disbursement of BOS subsidies was delayed by 11 months.<sup>31</sup> This problem significantly irritates the school's finances because the school had to defer payments such as teacher salaries and it had to cut some operational costs. The principal of MI Al-Ifadah even stated that he would rather not receive BOS because of the uncertainty it creates. As long as an inefficient bureaucracy affects the disbursement process, becoming dependent on government subsidies may harm schools.

## School Efficiency and Funding

A school, whether it is a public or private school, is an education institution which requires significant amounts of investment and operational funds. The schools' capability in utilizing its financial resources is one of the most essential factors that will determine its success (or failure) in providing education to its students. Low-cost private schools included in Figure 13 apparently showed a more efficient use of their financial resources compared to the public schools within the same districts.

**Figure 13**  
Monthly Operational Cost

No	Districts	School Names	Average Monthly Operational Cost per Student	Difference in Average Monthly Operational Cost Per Student (%)
1	Kalideres	MI Zahrotul Ummah (Private School)	52,862	-36.43%
		SD Negeri Semanan 09 Pagi (Public School)	83,150	
2	Tambora	MI Tunas Karya (Private School)	66,667	-43.28%
		SD Negeri Tambora (Public School)	117,545	
3	Cilincing	MI At-Taufiq (Private School)	66,667	-23.08%
		SD Negeri Cilincing 04 (Public School)	86,667	
4	Penjaringan	MI Al-Ifadah (Public School)	58,411	-32.60%
		SD Negeri Penjaringan 07 (Public School)	86,667	
Difference in Average				<b>-33.85%</b>

Source: Interview with the school staff, 2015

Low-cost private schools that were part of this study had on average 33.85 per cent lower monthly operational costs per student than public schools. This may be due to their simple facilities or due to their default on utilities payments but, even though the facilities are not as sophisticated as in public schools, the quality of low-cost private schools is comparable or even better than in public schools as was shown in the previous chapters.

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## Conclusion

The existence of low-cost private schools creates options for low-income households to access formal education in West and North Jakarta. Our research indicates that this type of private schools provides education for impoverished people who cannot fulfil complex enrolment requirements. Low tuition fees make them affordable for people who need basic school education. Interestingly, they also achieve comparable or even better scores in national exams and use their financial resources more efficiently compared to public schools.

All advantages considered, the existence of low-cost private schools provides accessibility for low-income households to formal education in Indonesia.

Sixty four low-cost private schools were visited by CIPS through field research that was conducted in six different provinces namely Aceh, Lampung, Jakarta, Central Java, North Sulawesi, and East Nusa Tenggara. The research discovered that private individuals who live in remote or impoverished areas often founded these low-cost private schools. It was their private initiative that led to education for the children in deprived areas. Policymakers should consider enlarging the access to education by encouraging private initiative for the creation of more private schools.

Most of the low-cost school children are from low-income families whose parents are working as farmers, domestic helpers, market traders, cycle rickshaw drivers, etc. with monthly salaries often less than \$72. Tuition fees that range from \$0.4 to \$36 per month are considered affordable by the parents, also because of the proximity of the schools, which saves them additional costs for transport and other incidental charges.

The quality of the low-cost private schools is evidently comparable to public schools. The average mathematics scores achieved by private school students is 23.8% higher than scores achieved by public schools students while reading scores are only slightly higher in public schools.

Operational costs per student are about one third lower in the private schools than in the public schools that were part of this study. Private schools are using their funds much more efficiently. While both private and public schools receive national and local subsidies, it was found that these could actually harm the sustainability of the low-cost private schools when the disbursement process is hampered by bureaucratic problems. An independence from government subsidies makes them less affected by the performance of government agencies.

In conclusion, low-cost private schools serve not only an important function in the Indonesian education system but they also set new benchmarks in terms of education quality and operational efficiency. If the government was to encourage the creation of more of these schools, they can provide the competition and the pressure on public schools that may eventually lead to a better performance of the Indonesian education system as a whole.

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## Endnotes

<sup>1</sup> Data available at <http://data.uis.unesco.org/?queryid=181> , accessed 19 April 2016 at 10:20

<sup>2</sup> According to the UNESCO Education for All Global Monitoring Report, *Youth and Skills: Putting Education To Work 2012*, twenty percent of young people in developing countries fail to complete primary school, available at <http://en.unesco.org/gem-report/report/2012/youth-and-skills-putting-education-work#sthash.UBLdd8dY.dpbs>; retrieved 17 June 2016. See also: <http://www.economist.com/news/briefing/21660063-where-governments-are-failing-provide-youngsters-decent-education-private-sector>

<sup>3</sup> The Economist, The \$1-a-week school. Private education in poor countries takes off, August 1<sup>st</sup>-7<sup>th</sup> 2015. Online version available at: <http://www.economist.com/news/leaders/21660113-private-schools-are-booming-poor-countries-governments-should-either-help-them-or-get-out>, retrieved on 17 June, 2016.

<sup>4</sup> McLoughlin, C (2013) *Low-Cost Private Schools: Evidence, Approaches and Emerging Issues*, University of Birmingham, September 2013, available at [http://www.enterprise-development.org/wp-content/uploads/Low-cost\\_private\\_schools.pdf](http://www.enterprise-development.org/wp-content/uploads/Low-cost_private_schools.pdf) retrieved 17 June 2016.

<sup>5</sup> Tooley, J..(2013) *The Beautiful Tree, A Personal Journey Into How the World's Poorest People Are Educating Themselves*, Washington, Cato Institute.

<sup>6</sup> The Economist. *Low-cost private schools: Learning Unleashed*. Online version available at <http://www.economist.com/news/briefing/21660063-where-governments-are-failing-provide-youngsters-decent-education-private-sector>. retrieved 17 June 2016.

<sup>7</sup> Education Sector Analytical and Capacity Development Partnership (ACDP), *Study on Teacher Absenteeism in Indonesia 2014*, December 2014, Online version available at <https://www.adb.org/sites/default/files/publication/176315/ino-study-teacher-absenteeism-2014.pdf>. retrieved 17 June 2016. Teacher absenteeism from school was 8.5% in public schools and 12.8% in private schools. However, absenteeism from class was 14.9% in public schools and 9.7% in private schools. This means that more teachers stay away from private schools but when they show up they are more likely to teach.

<sup>8</sup> Ministry of Education and Culture, *Number of Schools within DKI Jakarta Province*, Ministry of Education and Culture Data Reference, available at <http://referensi.data.kemdikbud.go.id/index11.php>. retrieved 19 Nov 2015

<sup>9</sup> North Jakarta Central Bureau of Statistics, *Number of The Poor by Regency/Municipality*, 2013, available at <http://jakutkota.bps.go.id/linkTabelStatis/view/id/8>>. retrieved 22 January 2016.

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<sup>10</sup> Madrasah Ibtidaiyah (MI) are private Islamic primary schools

<sup>11</sup> National Education System Law, No 20, 2003, online version available at <http://sindikker.dikti.go.id/dok/UU/UU20-2003-Sisdiknas.pdf> retrieved 29 November 2016 at 17.00.

<sup>12</sup> Schools are registered in the Ministry of Education and Culture Database. Schools that are accredited have also been assessed by National Accreditation Body of Indonesia in terms of their eligibility in conducting education. See National Education System Law No. 20, 2003. Online version available at <http://sindikker.dikti.go.id/dok/UU/UU20-2003-Sisdiknas.pdf>, retrieved 29 November 2016 at 17.00.

<sup>13</sup> Kemendikbud. (2015). *Perkembangan Pendidikan Tahun 2008/2009 - 2013/2014*. Jakarta: Pusat Data dan Statistik Pendidikan dan Kebudayaan. Online version available at [http://publikasi.data.kemdikbud.go.id/uploadDir/isi\\_EF919B2F-4F87-4855-9FFF-5ABD8D2D62A2\\_.pdf](http://publikasi.data.kemdikbud.go.id/uploadDir/isi_EF919B2F-4F87-4855-9FFF-5ABD8D2D62A2_.pdf) retrieved 14 December 2016 at 14.38.

<sup>14</sup> Kemendikbud. (2015). *Perkembangan Pendidikan Tahun 2008/2009 - 2013/2014*. Jakarta: Pusat Data dan Statistik Pendidikan dan Kebudayaan. [http://publikasi.data.kemdikbud.go.id/uploadDir/isi\\_EF919B2F-4F87-4855-9FFF-5ABD8D2D62A2\\_.pdf](http://publikasi.data.kemdikbud.go.id/uploadDir/isi_EF919B2F-4F87-4855-9FFF-5ABD8D2D62A2_.pdf) retrieved 14 December 2016 at 14.42. The number has been the tabulation of the total number of school presented in Figure 3.

<sup>15</sup> This school does not charge an official tuition fee with a fixed amount. Rather, parents pay a voluntary contribution when they come to collect their children's academic report.

<sup>16</sup> Kompas Daily, (14 July 2016). *DPRD Pasuruan Keluhkan Sekolah Lakukan Pungutan hingga Rp1,7 Juta (House of Representative of Pasuruan District Complains on School's Attempt to Collects Levy Of Up To 1.7 Million Rupiahs)*, Jakarta.

<sup>17</sup> The World Bank, (2014) *World Bank and Education in Indonesia*, September 1, 2014, available online at <http://www.worldbank.org/en/country/indonesia/brief/world-bank-and-education-in-indonesia>

<sup>18</sup> The Decree of the Minister of Education and Culture on Technical Guidance for the Use and Financial Accountability of School Operational Assistance for the Fiscal Year of 2015, available online at <http://dikdas.bantulkab.go.id/filestorage/berkas/2015/01/Juknis%20BOS%202015.pdf> retrieved 15 December 2016 at 22.21.

<sup>19</sup> Interview with Schools Principals in Jakarta, 11 November 2015, Interviewer: MA. Rahman et al.

<sup>20</sup> Interview with Parents in Tambora, Jakarta, 11 November 2015, Interviewer: MA. Rahman et al.

<sup>21</sup> Interview with Parents in Tambora, Jakarta, 11 November 2015, Interviewer: MA. Rahman et al.

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<sup>22</sup> The figure for Tambora and Kalideres, two districts in West Jakarta has been tabulated from tables published in print by the BPS Kota Jakarta Barat (2015), while the figure for Penjaringan and Cilincing, two districts in North Jakarta has been tabulated from tables published in print by BPS Kota Administrasi Jakarta Utara (2015)

<sup>23</sup> The online version of the decree is available at <http://disdik.jakarta.go.id/download/DATA/PPDB2015/01.%20Juknis%20PPDB%202015-2016.pdf> retrieved 14 December 2016 at 17.23.

<sup>24</sup> A household registration or family card (*Kartu Keluarga*) is a family identity card.

<sup>25</sup> Australia Indonesia Partnership for Justice (AIJP), (2014) *AIPJ Baseline Study on Legal Identity: Indonesia's Missing Millions*, Jakarta: DFAT, PEKKA, Puskappa UI. Online version available at <http://www.cpcnetwork.org/wp-content/uploads/2015/02/AIPJ-PUSKAPA-BASELINE-STUDY-ON-LEGAL-IDENTITY-Indonesia-2013.pdf> retrieved 14 December 2016 at 17.29.

<sup>26</sup> Jakarta Education Office, *Public Junior Secondary School Passing Grade in Jakarta*, 2013, available at <https://disdikjakarta.wordpress.com/2013/06/07/passing-grade-smp-negeri-dki-jakarta/comment-page-1/> retrieved 29 March 2016.

<sup>27</sup> Al-Samarrai, S & P Cerdan-Infantes, 'Where Did All the Money Go? Financing Basic Education in Indonesia', in D Suryadarma & GW Jones (eds.), *Education in Indonesia*, Institute of Southeast Asian Studies, Singapore, 2013, p. 119

<sup>28</sup> World Bank, *Education Public Expenditure Review*, Jakarta, 2012, cited in: Al-Samarrai, Cerdan-Infantes 2013, p. 121

<sup>29</sup> Al-Samarrai, Cerdan-Infantes 2013, p. 121

<sup>30</sup> De Ree, J., K. Muralidharan, M. Pradhan and H. Rogers, *Double for what? The effects of unconditional teacher salary increases on performance*, World Bank, Jakarta, 2012, cited in: Al-Samarrai, Cerdan-Infantes 2013, p. 123

<sup>31</sup> Interview with Schools Principals in Jakarta, (19 – 20 October) and (2 – 3 November) 2016/ Interviewer: MA. Rahman et al.







## ABOUT THE AUTHOR

**Muhammad Adi Rahman** graduated with the highest GPA in the Department of Economics and Development Studies at the State Islamic University Syarif Hidayatullah, Jakarta in 2014, after which he became a Teaching Assistant (TA). He has worked worked as an Associate Researcher in the Low-Cost Private School Project at the Center for Indonesian Policy Studies. He is currently continuing his study at the International and Development Economics Program under the Crawford School of Public Policy, Australian National University in Canberra.

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Grand Wijaya Center Blok G8 Lt. 3  
Jalan Wijaya II  
Jakarta Selatan, 12160  
Indonesia  
Tel: +62 21 27515135