
Indonesia Education Budget 2023

In his address to the nation on the eve of Indonesia Independence Day of 17 Aug, President Joko Widodo provides an overview of the National Budget 2023, including key priorities on human capital development (education). He begins by pointing out that the economy is bouncing back. He says: *“Indonesia’s economic recovery is in positive trend, growing 5.01% in the first quarter and 5.44% in the second quarter of 2022”*. Indonesia fiscal year runs from Jan to Dec. However, he is also mindful of global events that can affect Indonesia. *“Going forward, we must continue to be vigilant. The risk of global economic turmoil remains high. The global economic slowdown has the potential to affect Indonesia economic growth in the short term”*, says the President. The 2023 National Budget will focus on five key priorities:

- Strengthening human capital development through improving the quality of education and systems as well as accelerating reform of national social security system
- Accelerating the development of infrastructure particularly in the fields of energy, food, connectivity, and ICT
- Strengthening the effectiveness of the implementation of bureaucratic reform and streamlining of regulations
- Increasing economic activities with high added value and export-based
- Strengthening green economy.

Total education budget for 2023 is IDR 608.3 trillion or GBP 34.7 million which will be used to deliver five key priorities including:

- increasing access to education at all levels
- improving the quality of education infrastructure especially in the outermost islands and underdeveloped areas
- strengthening link and match with the job market
- improving education quality
- strengthening the quality of early childhood education (preschool).

On higher education, President Joko Widodo outlines key priorities for 2023. He says: *“the Government is also committed to strengthening investment in education, among others by supporting the expansion of scholarship programmes, advancing culture, strengthening world-class universities, and developing research and innovation.”*

British Council Commentary:

1. The Government of Indonesia remains committed to earmark 20% of its National Budget for education. Total education budget for 2023 is GBP 34.7 million which sounds substantial. However, if we investigate more details how the budget is broken down, a different picture is emerging.
2. Using 2022 education budget as reference (breakdown of 2023 budget is not available yet), we know that only 13% of total education budget of GBP 31 million is for Ministry of Education (i.e. GBP 4.1 million), and only 10% for Ministry of Religious Affairs who oversee Islamic education sector (i.e. GBP 3.1 million). A top up of GBP 1 million is allocated for LPDP (the largest scholarship provider in Indonesia). The rest of 2022 education budget goes to 23 other ministries and national agencies such as Ministry of Youth and Sport, Ministry of Energy, and National Police.ⁱ
3. There was strong support within the House of Representative in the early 2000s to increase budget allocation for education by setting a fixed percentage that should be met annually. A consensus was reached to allocate a minimum of 20% of the National Budget for education. Although, more accurate reflection on a country's education spending is to calculate how much is spent per student on education institutions. For example, on average OECD countries spend USD 10,500 per student at school level and USD 17,100 per student at university level.ⁱⁱ

Initially the Government of Indonesia had difficulties to meet the 20% spending on education. Only after an intervention by Constitutional Court in 2008 that the Government began to earmark 20% of the National Budget for education starting from 2009 fiscal year.ⁱⁱⁱ From this point forward, we see the Government expands the definition of education budget to include not only expenses incurred by Ministry of Education and Ministry of Religious Affairs but also expenses incurred by other ministries and national agencies in delivering training, capacity building and scholarship (mainly for civil servants).

What does this mean for the UK?

1. Mobility
 - Government of Indonesia's commitment to expand its scholarship offer is a positive sign. In the three years before the pandemic, the Government, through LPDP, provides close to 10 thousand scholarships per year. Even at the peak of the pandemic (2020/21 academic year), the Government's commitment to providing scholarship remains strong.

Figure 1: Total LPDP Scholarship (2017/18 – 2020/21)^{iv}

	2017/18		2018/19		2019/20		2020/21	
	Total	%	Total	%	Total	%	Total	%
Domestic	5,969	60	6,330	64	6,443	65	6,088	76
Overseas	4,006	40	3,551	36	3,468	35	1,900	24
Total	9,975	100	9,881	100	9,911	100	7,988	100

- UK is the most popular study destination for LPDP students. Among other English-speaking destinations, Australia is the UK strongest competitor.

Figure 2: Overseas Destination - Key Markets (% of total LPDP scholarship for overseas study) (2017/18 – 2020/21)

	2017/18		2018/19		2019/20		2020/21	
	Total	%	Total	%	Total	%	Total	%
UK	895	22	871	25	958	28	406	21
Australia	829	21	768	22	688	20	386	20
Netherlands	684	17	544	15	525	15	280	15
US	337	8	295	8	337	10	229	12
Japan	349	9	284	8	241	7	123	6
Germany	125	3	129	4	114	3	63	3

- Like the UK with Turing Scheme, Government of Indonesia also provides short term mobility scholarship under the scheme called IISMA (Indonesia International Students Mobility Award). IISMA, introduced in 2021, is a scholarship for UG students to study for a semester at overseas universities. The UK is also doing well in this space. 297 out of 2000 IISMA funded students, up from 181 in 2021, will travel to the UK in September 2022 to study for one semester at 22 UK universities. Budget allocation for IISMA is expected to double for 2023 enough to fund up to 5000 students.

2. Research Collaborations

- Indonesia's research output grew by 43% per year from 2015 to 2020, largest in Southeast Asia with almost 51,000 publications in 2020 but the quality of this research output is lowest by field-weighted citation impact. While UK research collaboration with Indonesia trails other countries, the quality of its joint research is

among the highest. As Indonesia seeks to increase both international collaboration and its overall research quality, the UK would be ideal partner.

Figure 3: Indonesia Top 10 International Research Partners 2016 – 2021^v

Rank	Country	Co-authored Publications	Field-weighted Citation Impact
1	Malaysia	9,609	1.86
2	Japan	7,972	1.91
3	Australia	4,754	3.0
4	USA	4,341	3.42
5	UK	3,671	3.94
6	Netherlands	2,723	4.01
7	Germany	2,571	4.43
8	Taiwan	2,546	3.42
9	China	2,308	4.8
10	Thailand	2,250	2.02

Recommendations for UK HEIs

1. **Maintain investment in targeting PG students.** Indonesia is still a PG market with significant proportion of the students funded by government scholarships.
2. **Invest more in targeting UG students by working with education agents that have access to international schools in Greater Jakarta and other key city in Java such as Surabaya and Bandung.** UG market is growing significantly over the past few years. In 2019, 48% of Indonesia students in the UK are UG (up from 35% in 2015). Education Law Number 20 of 2003 introduced significant change which gradually transform the landscape. Until 2003, international schools operating in Indonesia was restricted only for children of expatriate. The 2003 Education Law relaxed this restriction allowing international schools to recruit Indonesian nationals. As a result, there are now 501 schools with SPK status (meaning schools which adopt international curriculum such as Cambridge or IB). 53% of SPK schools are in Greater Jakarta. Graduates of these schools tend to study UG at overseas universities (many are self-funded).
3. **Listing on the overseas university partner list for the short-term mobility scholarship offered by Government of Indonesia.** Please check IISMA website regularly: <https://site.iisma.id/>.
4. **Pursue opportunity to work with Indonesia partner on impactful and relevant research.** The government is keen that Indonesia HEIs are working with international partners on priority research areas including green economy, blue economy, health, and tourism.

British Council Contact Details

Muhaimin Syamsuddin

Head of Education, Indonesia

muhaimin.syamsuddin@britishcouncil.org

Endnotes

ⁱ Ministry of Education (Kemdikbud), Postur Anggaran Pendidikan 2015-2022 (Education Budget Breakdown 2015-2022), <https://www.kemdikbud.go.id/main/tentang-kemdikbud/postur-anggaran-pendidikan> accessed on 24 Aug 2022.

ⁱⁱ See <https://www.oecd-ilibrary.org>.

ⁱⁱⁱ Ministry of Education (Kemdikbud), Country Background Report on the Education Sector in Indonesia, November 2012.

^{iv} Calculated based on LPDP 2017/18 - 2020/21 annual reports.
<https://lpdp.kemenkeu.go.id/en/informasi/laporan-tahunan/>

^v SciVal via Elsevier.