



The World Bank

INDONESIA: IMPROVING TEACHER PERFORMANCE AND ACCOUNTABILITY IN URBAN PRIMARY SCHOOLS (KIAT Guru Urban Pilot)

Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 08-May-2018 | Report No: PIDC154152

BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P167216		B - Partial Assessment (B)	INDONESIA: IMPROVING TEACHER PERFORMANCE AND ACCOUNTABILITY IN URBAN PRIMARY SCHOOLS (KIAT Guru Urban Pilot)
Region	Country	Date PID Prepared	Estimated Date of Approval
EAST ASIA AND PACIFIC	Indonesia	08-May-2018	
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	TBD	Tim Nasional Percepatan Penanggulangan Kemiskinan (TNP2K)	The review did authorize the preparation to continue

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	1.20
Total Financing	1.20
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	1.20
Indonesia - Program for Community Empowerment	1.20

B. Introduction and Context

Country Context

In the past decade, while Indonesia's national poverty rate has fallen by more than half from 24 percent in 1999 to 10.1 percent in 2017 (BPS, 2017), its inequality has increased. Indonesia's Rising Divide, a World Bank



publication from 2015, noted that the pace of poverty reduction has slowed since 2012. The sustained period of growth and macroeconomic stability experienced over the past decade was accompanied by one of the fastest increases in inequality in the East Asia and Pacific (EAP) region. Over one-third of the increase in inequality from 2002 to 2012 can be explained by where one is born and who one’s parents are. Among the key recommendations, the publication identified improving local service delivery in education as a potential solution to address inequality (World Bank, 2015).

Sectoral and Institutional Context

The Government of Indonesia (GoI) recognizes the importance of education in reducing poverty and inequality, and has introduced reforms and allocated a substantial amount of resources to increase education access and quality. Since 2009, 20 percent of national and district government budgets have been allocated for education, as per Law 20 passed in 2003. Education access has improved, but quality and equity remain a challenge. Recent international assessments show that Indonesian student learning outcomes remain at the bottom rank of participating countries (WB, 2013; OECD 2016). Using the assumptions of improvement rates on PISA tests from 2003 and 2015, the World Development Report (WDR) 2018 calculated that it would take Indonesia 48 years to achieve the current OECD average score in mathematics, and 73 years in reading if education practices do not change (WB, 2017).

GoI has significantly increased resources to improve teachers’ welfare, but this has not led to better teacher performance or student learning outcomes. Half of the national education budget has been allocated for payment of close to three million teachers’ salaries and allowances, which in 2016 amounted to IDR 221.5 trillion (US\$16.5 billion). Teachers’ welfare has increased significantly, with those being certified receiving a *Tunjangan Profesi Guru* (teacher professional allowance, hereafter TPG), at an amount equivalent to one times the base salary. Those working in special areas (including remote) receive a *Tunjangan Khusus Guru* (teacher special allowance, hereafter TKG), also up to one times the base salary. Unfortunately, teachers who receive the TKG were found to have higher teacher absenteeism compared to those who did not receive them from the same schools (SMERU, 2010), and teachers who received the TPG did not have better performing students (de Ree et al, forthcoming).

The table below shows GoI’s spending in 2016 on teachers’ base salaries, TPG (only about 1.5 million of Indonesia’s 3 million teachers are currently certified and receive this allowance), and TKG.

Teachers Income	Base Salary	Teacher Professional Allowance (TPG)	Teacher Special Allowance (TKG)
GoI Spending in 2016	USD 16.5 billion	USD 6.2 billion	USD 127.8 million

GoI has recently began putting greater emphasis on teacher performance to improve the quality of education. Their current strategy moves away from input-based teacher allowance payments to

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performance-based payments. Recent legal and regulatory reforms have created significant opportunities to expand this approach. One important reform is the introduction of the Civil Servant Law (UU 5/2014), which allows for performance-based evaluation and performance-based incentives for civil servants. Since the Civil Servant Law has been issued, its adaptation into education service providers have yet to be developed.

The Ministry of Education and Culture (MoEC), under the Directorate General for Teachers and Education Personnel has also continuously attempted to reform teacher management. This includes improving teacher intake quality, tracking and increasing teacher competence, matching teacher competence with placement, improving teachers' distribution, developing pre-service and on-the-job trainings and continuous professional development, diversifying teacher accountability measures and teacher performance evaluation methods, and making teacher allowances performance based. The World Bank is currently providing MoEC with technical assistance through the Programmatic Approach on "Supporting 12 years Quality Education for All" (P157380) and the "KIAT Guru: Improving Teacher Performance and Accountability" project (P159191), referred to as KIAT Guru Remote.

The KIAT Guru Remote pilot tested models to improve teacher presence and service performance in remote primary schools by empowering community members and tying payment of TKG to either teacher presence or teacher service performance. It was initiated by the National Team for Acceleration of Poverty Reduction under the Secretariat of the Vice President (TNP2K) in collaboration with MoEC. Initial findings from the KIAT Guru Remote pilot indicate improvements in teacher presence and teacher service performance. Based on findings and lessons learned from KIAT Guru Remote, MoEC, TNP2K, and the National Development Planning Agency (BAPPENAS) have requested the World Bank's support in improving teacher performance and accountability in urban areas (KIAT Guru Urban), by testing models to tie payment of the much larger TPG with teacher performance.

A World Bank study on TPG strongly endorsed the need for new policies to tie its payment with demonstrated teacher performance (de Ree et al, forthcoming). Over the last decade, many countries and states have introduced pay for performance elements of some components of teachers' income. While the findings have been mixed, pay for performance in the education sector has shown better results compared to other sectors, and studies in developing countries have shown more positive impacts in raising student learning outcomes compared to developed countries (Duflo et al, 2012; Glewwe et al, 2010; Springer et al, 2010; Muralidharan & Sundararaman, 2011; Contreras & Rau, 2012; Muraliradhan, 2012; Hasnain et al, 2012; Fryer, 2013; Dee & Wyckoff, 2013; Mbiti et al, 2015; Jinnai 2016). Among its key recommendations, the WDR 2018 identifies the use of both pecuniary and nonpecuniary incentives to improve teachers' motivations and align teaching with learning to improve student learning outcomes, findings also shared in *Growing Smarter*, the WB EAP education flagship report (2018).

KIAT Guru Urban pilot will provide evidence-based policy recommendations by testing three intervention groups to identify the most effective way to evaluate and improve teacher performance. The proposed pilot builds upon a long-term initiative and lessons learned from the KIAT Guru Remote pilot. In addition, the KIAT Guru Urban pilot will also provide policy recommendations on mechanisms for tying the payment of TPG



based on teacher performance evaluation within the government system. In 2016, Gol spent USD 6.2 billion for TPG, which equals 20 percent of total education budget, and 4 percent of the national budget. With half of teachers (1.5 million) still needing to be certified, it is of crucial importance that spending on TPG leads to improved teacher performance and student learning outcomes. It is also anticipated that the project will inform the design of mechanisms for adapting the Civil Servant Law for the education sector. In addition to TNP2K and MoEC, this pilot will inform the Office of the President (KSP), BAPPENAS, and the Ministry of Finance (MoF) on adoption of a nation-wide policy to make payment of TPG performance-based.

The project aligns with Gol’s “frontline” approach to improving service delivery in its 2015-2019 National Medium-term Development Plan. The approach is based on the following principles: (a) fragmented reform efforts are likely to fail; (b) Indonesia’s size and diversity preclude the possibility of success through one-size-fits all solutions; and (c) local experimentation, adaptation, and knowledge-sharing. Specifically, the frontline approach aims to: (a) remove bottlenecks and constraints within the service delivery chain that prevent frontline service providers from doing their jobs; and (b) promote mutual accountability and joint problem-solving at the point of service delivery.

Relationship to CPF

The proposed project is consistent with the FY 2016-21 Country Partnership Framework (CPF) for Indonesia. The CPF emphasizes six engagement areas across two supportive beams (leveraging the private sector; and shared prosperity, equality, and inclusion). The proposed project falls under the fourth engagement area on delivery of local services, and is in line with the CPF’s strong focus on supporting local governments in efforts to establish performance-based fiscal transfer systems, and strengthening the capacity of central government agencies to support and oversee the performance of local governments. The proposed project is a collaboration between the Social, Urban, Rural, and Resilience (SURR) and Education Global Practices. Results from the KIAT Guru Urban pilot will contribute to the preparation of the upcoming Education Payment for Results (PforR) operation, which will integrate at least one Deliverable Linked Indicator (DLI) on teacher pay for performance.

C. Project Development Objective(s)

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve teacher performance on student learning activities in pilot schools.

Key Results

The Key Results for the PDOs will be measured by the achievement of the following indicators:

1. Technical guidelines implemented by schools.
2. Increased percentage of teacher presence in classrooms.

3. Increased percentage of teacher instructional time in classrooms.
4. Increased percentage of student engagement in classrooms.

D. Preliminary Description

Activities/Components

A key principle to the intervention design of KIAT Guru Urban pilot is the scalability of the mechanism for nation-wide policy implementation. In addition, MoEC wants to utilize the KIAT Guru Urban pilot to test a new teacher performance evaluation. In line with the Civil Servant Law, MoEC needs to align the way teachers have been evaluated, from using the *Penilaian Kinerja Guru* (Teacher Performance Evaluation/ PKG), which mainly focuses on teacher competence, to using the *Penilaian Prestasi Kerja* (Work Performance Evaluation/ PPK), which covers performance indicators of teachers as civil servants. In line with the Government Regulation 19/ 2017 on Teachers, the PPK needs to include five key domain activities (hereafter 5M): planning, implementing, training and guiding, evaluating, and conducting additional assignments (such as being a vice principal, librarian, counselor, etc.).

Consultations with MoEC, BAPPENAS, and MoF have narrowed down the formula to tie payment of TPG with teacher performance that directly contribute to student learning. The teacher performance indicators selected for the KIAT Guru Urban pilot will be derived from a long list of the PKG list of indicators and the KIAT Guru Remote pilot score card indicators for evaluation teacher service performance. This long list of indicators was suggested and approved by the MoEC. Through technical workshops to be hosted by the MoEC and involving teacher representatives in April and June 2018, the PKG and KIAT Guru Remote indicators will be mapped against the 5M, and shortlisted based on teacher activities and behaviors that are directly supportive of students' learning. In addition to mapping out the specific indicators, the evaluators need to be agreed upon as well, including supervisors, principals, other teachers, and School Committee members (including parents).

The KIAT Guru Urban pilot will test three intervention groups (see table below) to identify the most effective way to evaluate teacher performance in primary schools in urban settings. The first intervention group represents a classical top-down approach from the national level to the local level in which all relevant parameters are set at the national level. This intervention group will be the easiest for a national scale-up since it involves an implementation mechanism that is highly standardized. The second and third intervention groups consider local (school-level) approaches to setting evaluation standards. While the second intervention group has evaluation standards being determined by education providers (principal, teachers) alone, the third intervention group involves in addition the local school committee to ensure the participation of and monitoring by education users. The three intervention groups were developed based on extensive consultations with MoEC, and were approved on November 21st, 2017.

Groups	Description	Number of Schools
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1	Indicators, weights, indicator specifications, evaluators, and weights of evaluator assessment are determined at the national level	70
2	Indicators, weights, indicator specifications, evaluators, and weights of evaluator assessment are determined at the school level, by principals and teachers	70
3	Indicators, weights, indicator specifications, evaluators, and weights of evaluator assessment are determined at the school level, by principals and teachers and school committee	70
4	No intervention	70

A total of 280 primary schools will be randomly assigned to one of the following four groups. Pilot interventions will be implemented in Groups (1), (2), and (3). Group (4) is a business-as-usual group where no intervention will be implemented, but where evaluation data will be collected to identify changes against schools where the government policies are implemented as usual. Changes in student learning outcomes between baseline and endline constitutes the main outcome indicator to assess whether and which intervention group has shown the best results. In addition, the cost-effectiveness of each intervention arm will be evaluated. The World Bank will conduct an Analytical Services and Advisory (ASA) that accompanies the pilot (P167281), which aims to provide advice for pilot intervention and evaluation designs, to evaluate the impact of the pilot interventions, and to provide policy recommendations to Gol. Further information on this ASA and its link to this project is provided in the attached draft Integrated Project Concept Note (PCN).

The implementation of the intervention groups will be conducted as much as possible using the government system within the education sector. This project will implement the three intervention groups. The Grant Recipient will: (a) provide the district/ municipality governments with technical assistance to coordinate the socialization and closing events; (b) provide by-demand technical assistance to district/ municipality governments and schools on the administration of the teacher performance assessment and the payment of TPG based on performance evaluation; (c) conduct qualitative documentation and spot-check monitoring of randomly selected pilot schools throughout the duration of the project implementation timeline; and (d) provide on-demand supports on the utilization of the project's Management Information System and complaint handling and redress mechanism by the stakeholders. In addition, the Grant Recipient will administer the payment of grant for the 210 pilot schools to conduct socialization and evaluation meetings, and administer the teacher performance scores in schools.

The Project Components consist of:

1. Technical Assistance to district/ municipality governments.
2. Implementation of socialization and closing events.
3. Monitoring of implementation by district/ municipality governments and schools.
4. Project management.

SAFEGUARDS

E. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10	X		
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

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