

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB2517

Project Name	BERMUTU - Better Education and Reformed Management for Universal Teacher Upgrading
Region	EAST ASIA AND PACIFIC
Sector	Primary education (100%)
Project ID	P097104
Borrower(s)	GOVERNMENT OF INDONESIA
Implementing Agency	
	Republic of Indonesia Indonesia
	Ministry of National Education Indonesia
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	August 16, 2006
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1. Key development issues and rationale for Bank involvement

Indonesia has made great strides in improving access to basic education, yet it still has some way to go before the quality of education it offers reaches the standards required for effective teaching and learning. In 2003, Indonesia ranked 34 out of 45 countries in the *Trends in International Mathematics and Science Study* (TIMMS). In the 2003 OECD *Programme for International Student Assessment* (PISA), which looks at how well 15 year olds are prepared for life, Indonesia ranked last out of 40 countries in mathematics and, on a proficiency scale from zero to six, over 50 percent of the students did not reach level one, and none reached level 5 and above. In reading, only 31 percent could complete more than the most basic reading tasks.

Student outcomes in Indonesia were lower even after taking family socio-economic status into account¹; suggesting that school system deficiencies largely exist (EFA Global Monitoring Report, 2005). A comparative study of 2003 TIMSS mathematics results among Indonesian, Malaysian, and Singaporean students (Martin and Mullis, 2006) found that Indonesian students registered more instructional time in the subject. However, Indonesian teachers had lower level of formal education, were least likely to have math degrees and had less professional support in improving content knowledge and teaching skills than the other countries.

¹ Exceptions are Albania, Peru and TFYR Macedonia

Indeed, teachers are a key determinant of student learning at school. Research has shown that what teachers know and are able to do does improve the academic performance of their students. For example, researchers in the US have found that the greater a teacher's cognitive skills, as demonstrated in a standardized test, the better his or her students perform academically (Summers and Wolfe, 1977; Strauss and Sawyer, 1986; and Ferguson, 1990). A similar competency test for Indonesian junior secondary school teachers was carried out in 2003 (PUSPENDIK, 2004). The low competency level demonstrated by many teachers, and predominantly those who were teaching at remote and disadvantaged provinces, was particularly worrisome.

In addition to basic teaching competency, the incentives offered to teachers can impact on their day-to-day performance in the classroom. There is broad consensus that teacher salary level influences who enters the teaching profession and how long they remain in teaching (Vegas & Umansky, 2005). In Indonesia, an analysis of labor force data from 2000 (Filmer, 2000) indicated that teachers with qualifications below the diploma level earned 22 percent more than other paid workers with the same qualification. However, teachers with the third level diploma (D3) or with a university degree earned 18 and 37 percent less respectively than other paid workers with the same level of education. Therefore, it is not surprising that currently only 55 percent of primary school teachers, 79 percent of junior secondary school teachers, and 70 percent of senior secondary school teachers have the required education levels of D2, D3, and S1 (university) respectively. In addition to monetary incentives, other incentives are also lacking in terms of professional advancement opportunities and continuous performance appraisal and allied reward systems to ensure that teachers engage in effective classroom practices and continue to enhance their competencies throughout their teaching career.

Government Strategy. GOI recognizes that the professional competency and performance incentives and accountability of its teachers need to be enhanced. In December 2005, it passed a law that requires teachers to have the minimum academic qualification of at least 4 years of post-secondary education, including teacher training credits, and pass a certification examination before entering teaching profession. Teachers are required to be proficient in four competency domains: pedagogical, professional, personal and social. Certified teachers will be able to receive professional allowance, functional allowance, special allowance (for assignment in disadvantaged areas), and other fringe benefit, which in total are several times of the current base salaries. In addition, the new law emphasized that some critical areas in teacher management and development that need to be strengthened. These areas include teacher rewards and promotion; ability to evaluate students; and professional development opportunities.

The immediate task for this transformation is to manage the incumbent teaching force with nearly 2.7 million teachers in total, 65 percent of which do not have the minimum qualification. In this regard, the new teacher law stated that during the next 10 years, the government would allocate budget in the form of scholarships or educational grants for incumbent teachers to enhance their academic qualification and prepare for the certification examinations. By 2016, all teachers remaining in the teaching force should be certified. The cost implications of the new teacher law are massive, with new incentives, upgrading, certification and the required supporting systems estimated to reach close to US\$10 billion over the next five years. During

project preparation, the Bank team will carry out analysis of the fiscal impact and sustainability to ensure the program is carried out within fiscal constraint.

Rationale for Bank involvement: Service delivery is one of the two main pillars of the Bank's most recent CAS, which points out that: "weak service delivery is undermining Indonesia's goal of improving the quality of life of its citizens and the attainment of its MDGs. Bank Group support will thus be devoted to help revamp the management and accountability systems for service delivery to make providers more directly accountable to their clients." Education was identified as one of the most critical sectors in this regard. The overarching theme of the CAS is governance. The GOI has requested the Bank's technical support in the area of civil service reform. The 2.7 million teachers constitute more than 70% of the core civil service in Indonesia². Reform in the area of teaching services will therefore have a major impact on overall civil service reform and could lead the way for broader reform.

The Bank and the GOI have already collaborated intensively and extensively in the area of teacher management. Bank's sector work "Managing the Transition to Decentralization" (2005) and recent papers on employment and deployment and teacher certification identified key issues and recommended policy measures in the areas of teacher employment and deployment, setting and monitoring teacher performance standards, teacher professional development, and teacher compensation and incentives. This AAA work contributed to the Teacher Law, which was passed in December 2005.

Improving teaching quality and management is a high-stake policy reform in the education sector as specified in the government's Medium-Term Education Strategy. It is a critical step for moving forward towards comprehensive sector-wide reforms in the near future. Reforms in this area are politically delicate, technically complex, and financially challenging. The international experience the Bank has in the education sector in general, and in teacher management and education quality assurance in particular, will assist the government in managing the process, mitigating the risks, and ensuring this large investment will add significant value to the overall quality of education service delivery and students' learning outcome in Indonesia.

The Bank and the Government have a shared vision of the education sector as announced in the Government Medium-Term Education Strategy. This shared vision has attracted significant donors' grant funding enabling the Bank to provide just-in-time, demand-driven AAA and as well as a series of lending operations with attractive grant co-financing packages. Following the passage of the Teacher Law, the Dutch government is providing \$11 million trust fund to support Bank's comprehensive AAA support to the education sector. Included in this trust fund is an allocation of \$5 million for teacher management and quality upgrading which will help the Bank to advise the Government to write the "rules of the game" under the Teacher Law, based on global best practice and evidenced-based policymaking. This includes technical assistance on accreditation criteria, teacher certification instruments and processes, studies on teacher incentive packages to reward sustained performance, baseline study of teacher classroom behavior linked to the 2007 TIMSS administration. The proposed BERMUTU project (\$160 million IBRD/IDA, \$40 million Dutch grant and \$60 million Government funds)

² The Indonesian core civil service (PNS) numbered 3.7 million civil servants in 2003.

will support the implementation phase of the Government's program starting in January 2008. Concurrent to BERMUTU, the EC and the Dutch will provide additional grant support amounting to about \$40 million starting in 2007 to provide technical and capacity building to enable the districts to receive Bank and donor support amounting to \$500 million under a sector-wide approach for basic education. Such support will be complementary to the BERMUTU focus on teaching quality and address access and other quality issues.

2. Proposed objective(s)

The proposed development objective is to improve the overall quality of teaching, consisting of both the recognized competencies (professional subject knowledge, pedagogy, personal and social) and the behavior of teachers.

Advancement of teaching quality is to be measured by (1) an increase in the proportion of teachers meeting established competency standards, and (2) improved and sustained teacher performance, including the effective use of instructional time. These actions are expected to contribute to improved student learning. This objective is to be achieved through: initiating basic policy reform in pre-service and in-service education; applying national mandatory standards for teacher competency and performance as required for certification; providing for equitable access to programs designed to upgrade teacher competence and performance (to a level where teachers will be eligible for certification); and providing incentives to promote good teacher performance and practice and to sustain continuing professional development of certified teachers, and monitoring and evaluation for system improvement.

3. Preliminary description

Teacher quality is dependent upon high quality pre-service training, recruiting qualified teachers and providing continuous in-service training and professional support and providing the right incentives for quality performance. The project will help establish the policy framework for long-term system reforms in teacher development and ensure policy alignment among standards for teachers and curriculum, pre-service and in-service programs. Policy reforms will be integral part of each project component.

Component 1. Pre-service training reform. This component aims at ensuring that those who enter the teaching profession meet the new competency standards. This objective will be achieved by establishing criteria for teacher education institutions that are accredited to train teachers. The project will finance the accreditation process which is based on and established under the IMHERE project and support the pre-service institutions to meet the criteria through block grants. The criteria would be based on both international and Indonesia evidence of essential characteristics that accredited institutions should have in order to provide quality services. Eligible institutions will need to demonstrate that they seek to improve the quality of pre-service education through initiatives such as: adapting the curriculum to accord with school needs and with the competencies required under the Teacher Law and regulations; providing an appropriate balance between theory and practice, including a strong link with schools; improving policies and procedures for student selection and assessment, staff upgrading and performance; relating graduate intake and output to teacher demand; and promoting effective and efficient institutional governance.

Component 2. Teacher assessment, certification, and in-service upgrading and professional development. This component aims at ensuring that an increasing proportion of the existing teacher workforce meets competency standards. This objective will be achieved by subsidizing the cost of: 1) certifying teachers on a unit cost basis; and 2) the upgrading of under-qualified teacher through scholarships to teachers, as well as block grants³ to teacher working groups (KKG/MGMP) and in-service teacher training providers that meet agreed criteria. Activities may include: (a) preparation and undertaking of teacher assessment and teacher testing processes; (b) train and upgrade teachers who do not initially meet the legally mandated eligibility requirements for certification through various in-service training programs including both face-to-face tutoring and distance learning; (c) support teachers who meet the legally mandated eligibility requirements for certification, but do not pass the tests and fail to be certified, through extra measures such as mentoring or top-up training; (d) provide special training programs for teachers in remote and disadvantaged areas to improve their competency level and prepare for the assessment (e) review and reform policies on in-service training, providing increased opportunities for periodic updating of skills and knowledge for all teachers through study opportunities, training workshops, advice from in-service advisors and inspectors, inter-school visits, and peer consultation.

Component 3. Reform of teacher incentive and accountability system for performance and career advancement. The objective of this component is to restructure the performance-based incentive and accountability system to strengthen teacher development and management, improve teachers' professional support, performance appraisal, and career advancement opportunities, so as to ensure that teachers maintain high competency level and engage in effective classroom teaching continuously. These objectives will be achieved by: (a) improving processes for new teacher selection, induction, probation, and confirmation; (b) improving opportunities of teachers' professional development and performance-based career advancement; and (c) developing teacher sanction policies and implementation modalities. The reforms in these areas are aimed at improving the effectiveness of the incentive schemes in the new Teacher Law without further increasing the overall personnel spending, by introducing closer links between performance and reward.

Component 4. Improvements in monitoring and evaluation of teacher quality. The objective of this component is to improve the overall capacity of central and local government to monitor teacher quality and the quality of teaching, and to conduct more specific and responsive monitoring and evaluation related to the activities of teacher quality improvement. This will be achieved through: (a) the upgrading of the institutionalized processes for regularly assessing school-based performance of teachers and student learning outcomes; (b) special studies and pilots to facilitate effective policy refinement during the implementation of teacher upgrading, certification and management processes; and (c) the provision of new sources of teacher quality data through the use of tighter information systems integration and classroom video performance assessment.

³ For example, the block grants may support technical assistance, instructional materials, videotaping of classroom instruction, publication of best practices and workshops.

4. Safeguard policies that might apply

The project is expected to be rated “C” because there is no construction or rehabilitation of any kind in this project. Only one safeguard policy may apply: Indigenous Peoples.

During preparation period, a highly participatory approach will be used in order to ensure that teachers belonging to the poor and vulnerable groups will have the same or higher chances of inclusion in project benefits as others who are better off.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	200
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	150
INTERNATIONAL DEVELOPMENT ASSOCIATION	50
AUSTRALIA: AUSTRALIAN AGENCY FOR INTERNATIONAL DEVELOPMENT	50
EC: EUROPEAN COMMISSION	50
Total	500

6. Contact point

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