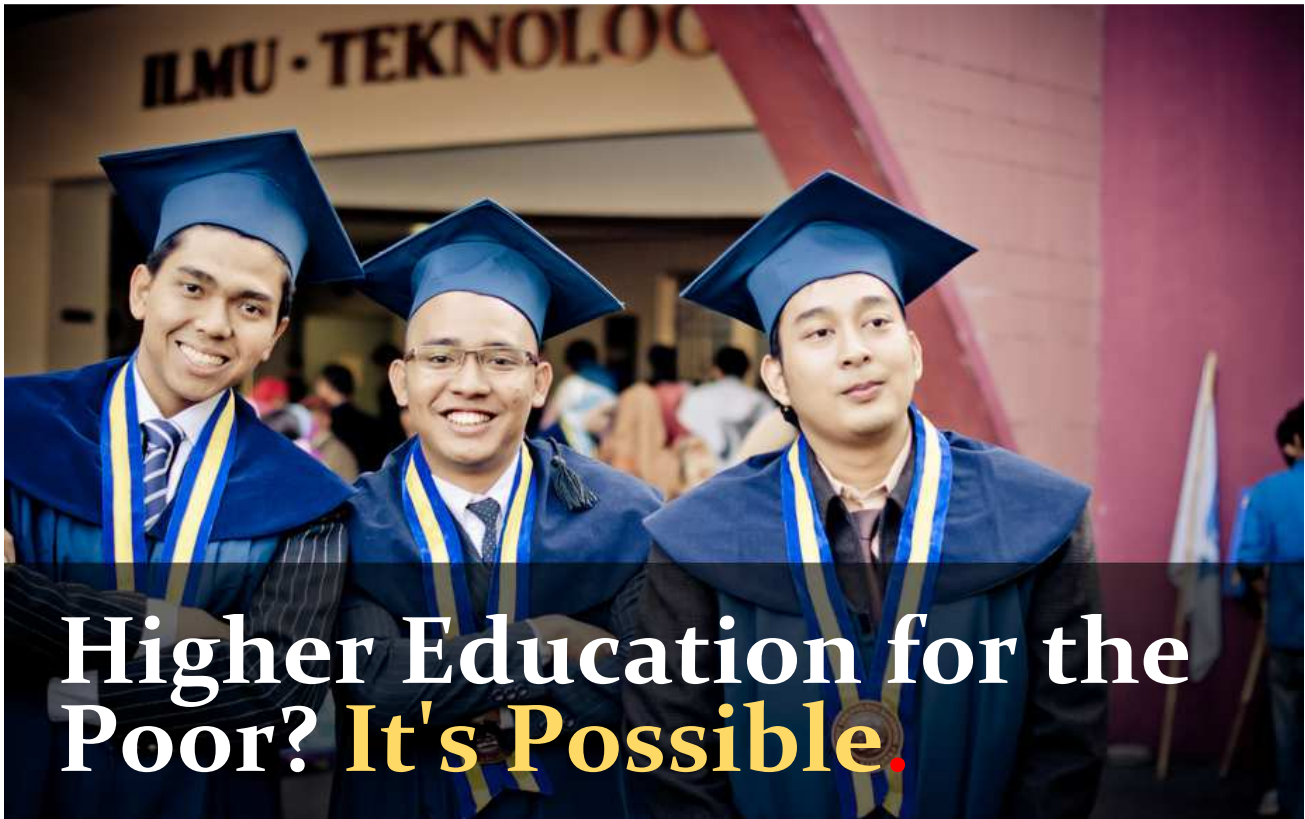


CEDS-GDN Policy Brief



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Background

To tackle the low participation of students from poor households in higher education, the Government of Indonesia (GOI) and the private sectors introduced *Bidik Misi* program in 2010, which provides opportunities for poor students to gain access to public universities. However, despite *Bidik Misi* being a good incentive for poor students to perform well at high school, most of them fail to meet the minimum academic requirement because students from high socioeconomic status background outperform those from poor family backgrounds, both at high school as well as in public university entrance examination.

The World Bank, in 2010, reported that regional disparities in higher education in Indonesia have narrowed in the recent years. However, access to tertiary education for both rich and poor is still unequally distributed and remains far from fair: less than 2 percent of youth aged 19-24 years from

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households in the lowest wealth quintile enrolled in tertiary education as compared to 60 percent from the wealthiest households.

West Java is one of the most populous provinces in Indonesia, located in Java Island, and is the closest province to Jakarta. In 2009, only about 1.1 percent (or 3,179) of poor young people living in urban areas could get access to higher education. Among the rationale for their low participation in higher education is the issue of high cost (direct or indirect) of education, so most of the people, especially the poor, are unable to get access to higher education. Even though most of the universities are concentrated in urban areas, the urban poor still have limited access to these. On the other hand, the dropout rate in West Java (2009/2010) is quite low, at 2.87 percent. This is lower than the dropout rate in most other provinces and also lower than the Indonesian average level of 3.27 percent. Hence, dropouts may not be a significant factor with regard to the low participation rate of poor in higher education in West Java.

To tackle the low participation of students from poor households in higher education, the Government of Indonesia (GOI) and the private sectors introduced several scholarship schemes, the two main categories being: full and partial scholarship. Up until 2009, the full-scholarship scheme was only provided by a few agencies from private companies and by philanthropic foundations. It was only awarded to students with excellent academic achievement. On the other hand partial scholarship was for students from financially disadvantaged sections.

Policy Goal and Alternatives

The total quota of Bidik Misi scholarship in 2012 is 30,000 seats, out of which 2,400 are reserved for poor students in West Java province. However, in 2010, we estimated that only 1,848 (or 77%) of poor students from West Java claimed the seats. The remaining 23 percent of total quota went to non-poor students; these seats were not claimed by poor students as they could not pass the national entrance examination or fulfill the minimum academic requirement to attend public universities. According to our estimation about 380 seats (from a total of 552 unclaimed seats) were not claimed by poor students from urban areas.

The goal of this policy simulation is to provide a complementary policy to the existing Bidik Misi program to increase attendance in public universities by poor students – particularly those who come from urban areas – by 2013. Hence, we offer two policy alternatives – Private Tutoring Voucher and Conditional Cash Transfer – to increase the probability of making university education more accessible to these students.

To choose the best alternatives, the cost effectiveness of both the programs is compared and we find that the PTV program is cheaper than the CCT program. The robustness of the scenario is also checked using two one-way sensitivity analyses. These analyses support our finding that the PTV program has more cost-effective than the CCT.

According to our calculation, the cost per student in private tutoring voucher (PTV) is lower than the cost in the conditional cash transfer (CCT) program. The cost of PTV is 17.5 million rupiahs per student whereas that of CCT is 45 million rupiahs. The PTV program is also more convincing than CCT as it could directly influence the quality of instruction. As mentioned in the previous section, CCT is expected to influence the enrollment without directly affecting the quality of instruction.

Dang and Roger (2008) believe that besides the cost effectiveness of PTV, the program has some secondary positive effects. First, it could offer a more individualized and more flexible delivery mechanism than public schools. Second, private tutoring contributes to a student's efficiency and welfare.

Moreover, Dang and Roger (2008) suggest certain reasonable assumptions when testing or checking a scenario. First, market for private tutoring is perfectly competitive and students are free to choose whether or not to purchase private tutoring. Second, the supply curve for public schooling is perfectly inelastic after a certain point.

There are some potential challenges for the implementation of the program. First, if the number of urban poor students among the best 30% is more than 950, then the government may have a problem allocating the vouchers equally.

Recommendations

We propose to the Government of West Java to implement the private tutoring voucher. If the government accept our proposal, then this policy will be the first private tutoring intervention to increase participation in higher education in Indonesia. We believe that with its low cost, this policy will be applicable and effective to fill the gap in Bidik Misi scholarship allocation.

A possible way to evaluate the impact of the PTV program in West Java is through impact analysis. To collect the data, we could have an interview and conduct individual tests for each treatment and control group – before and after the implementation the project.