

Indonesia

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I. Brief Description of the Indonesian Higher Education System

Based on the Law of National Education System of 2003,¹ there are five types of higher education institutions in Indonesia:

- **Universities:** offering degrees ranging from bachelor degrees to doctorates.
- **Institutes:** these institutions tend to have full degree-granting status, and include teacher-training institutes (*Institut Keguruan dan Ilmu Pendidikan*, or IKIP).
- **Schools of Higher Learning** (*sekolah tinggi* in Bahasa Indonesia), often rendered as “**Colleges**”: offering academic and professional degrees in one particular discipline, in fields such as the hospitality industry.
- **Academies:** Single-faculty vocational institutions offering diploma- and certificate-level courses, such as military academies and nursing academies.
- **Polytechnics:** vocational institutions offering degrees and diplomas in the sciences, especially technological sciences.

In late 2014, the incoming administration of President Joko Widodo formed the Ministry of Research, Technology and Higher Education (RISTEK, as abbreviated from the Indonesian) – the higher education portfolio having been decoupled from the Ministry of Education and Culture (MoEC). President Widodo explained that he decided to bring higher education and research together under a new, larger ministry because research in the country had not been optimally utilised by government departments, which have been said to ignore research findings in key areas when drawing up policy.²

Four kinds of state institutions are governed by RISTEK – polytechnics, colleges, institutes and universities. RISTEK also oversees private higher education institutions – there are private polytechnics, colleges, institutes and universities, as well as academies which are all private. There is no clear legal delineation between private for-profit and private not-for-profit educational institutions in Indonesia; however, many private universities are run by foundations known as *yayasan*, which are registered as charities.³

In addition to this, there is an Islamic stream of education in Indonesia – including higher education – that is overseen by the Ministry of Religious Affairs (MORA). The Islamic higher education sector, which includes both public and private institutions, comprises universities (*Universitas Islam Negeri*, or UIN), institutes (*Institut Agama Islam Negeri*, or IAIN), and colleges (*Sekolah Tinggi Agama Islam Negeri*, STAIN). They teach both religious as well as secular subjects, such as education, humanities, law, philosophy and communications.⁴ Indonesia is the only country in Southeast Asia to have a specific Ministry of Religious Affairs, which is also responsible for education at *madrasahs* at the primary and secondary school levels.

¹ *Act of The Republic Of Indonesia On National Education System*. 2003. The Ministry of National Education. http://planipolis.iiep.unesco.org/upload/Indonesia/Indonesia_Education_Act.pdf.

² Nurdiani, Ria. 2014. "Budget, Administration Issues Cloud New HE Ministry". *University World News*. <http://www.universityworldnews.com/article.php?story=20141113125812557>.

³ Jardine, David. 2009. "Indonesia: Private Universities under Threat". *University World News*. <http://www.universityworldnews.com/article.php?story=20090827174614462>.

⁴ Howard, Mark and Sopantini. 2016. *Indonesia: The Challenges of Quality and Equity in Education*. New York: Bloomsbury.

Table 1. Types and numbers of institutions of higher education in Indonesia and their enrolment, 2009-10. Source: *Statistik Perguruan Tinggi tahun 2009-10, Badan Penelitian dan Pengembangan, Kementerian Pendidikan Nasional*.⁵

Type of institution	Under the Ministry of Research, Technology and Higher Education (RISTEK)				
	Public			Private	
	No. of institutions	Enrolment	No. of institutions	of	Enrolment
University	54	1,749,397	499		1,408,568
Institute	20	132,235	73		157,492
School of Higher Learning (<i>sekolah tinggi</i>) / College	34	67,874	1,723		1,004,020
Academy	0	0	1,015		252,488
Polytechnic	27	56,596	140		59,063
	Under the Ministry of Religious Affairs (MORA)				
	Public			Private	
	No. of institutions	Enrolment	No. of institutions	of	Enrolment
University (<i>UIN</i>)	6	69,027	87		61,288
Institute (<i>IAIN</i>)	14	66,128	26		36,776
College (<i>STAIN</i>)	32	66,186	409		251,289

The gross enrolment ratio (GER) for higher education in Indonesia has been rapidly rising in recent years, from 18 percent in 2005 to 32 percent in 2012 (UNESCO Institute of Statistics, in World Bank website). That latest figure, however, still lags behind those in the neighbouring middle-income countries of Malaysia (37 percent) and Thailand (51 percent) (*ibid*). For secondary education in Indonesia, the GER has risen rapidly, from 62 percent in 2005 to 83 percent in 2012.

In general, the quality of higher education in state institutions is still considered more highly regarded than that in private institutions. However, a few “elite” private universities, such as Pelita Harapan University, have been recently established, with the goal of bringing Indonesian higher education towards international standards. Currently, no Indonesian university appears in the top 200 on most ranking tables, including the QS World University Rankings.⁶

The graduates of Islamic higher education institutions face more limited employment prospects than their counterparts from the RISTEK-governed institutions, given their emphasis on religious and theoretical knowledge, as opposed to applied knowledge. Adding to this is a complex, dual administrative arrangement, in which the founding of science-related faculties and programmes are under the control of RISTEK, even though the Islamic institutions themselves are governed by the Ministry of Religious Affairs

⁵ Welch, Anthony, and Syafi'i Saefudin. 2013. “Indonesia: Islamic Higher Education - Periphery within Periphery?” In *Education in South-East Asia*, by Lorraine Pe Symaco (Ed.), 95-114. London: Bloomsbury.

⁶ Howard, Mark and Sopantini. 2016. *Indonesia: The Challenges of Quality and Equity in Education*. New York: Bloomsbury.

(MORA). This is partly the result of a contradiction in expectations for Islamic institutions to preserve and teach Islamic knowledge, as well as to be integrated with the national education system, so that their graduates are not marginalised within wider Indonesian society.

Foreign universities cannot establish campuses in Indonesia, according to current legislation. However, private universities can offer joint and dual degree programmes in cooperation with foreign universities – and even then, foreign universities can only operate on a non-profit basis.⁷ For instance, Pelita Harapan University offers degree programmes with RMIT University, La Trobe University and the University of Newcastle, Australia, in management, accounting, business and industrial engineering.

Major contemporary issues

Turbulent moves towards corporatisation: the “Legal Entity” laws⁸

Since the end of the Suharto era in 1998, the Indonesian government has sought to give public universities more prerogatives in managing and financing their activities independently of the state, especially by soliciting financial support from the private sector. Also, many university bureaucrats and faculty members associate state control of the university sector with the surveillance, censorship and general lack of academic freedom of the authoritarian era. But the government’s moves towards the corporatisation of public higher education institutions have met much resistance, resulting in a tug-of-war between proponents and opponents of such legislation. An unpredictable situation has therefore arisen from the numerous changes in the legal status of universities over the years, and that has been highly disruptive to the performance and management of Indonesian universities.

In 2008, the “Law on Educational Legal Entity” (*Badan Hukum Pendidikan*, or BHP) was passed by the Indonesian House of Representatives, which enabled all public and private universities in the country to regulate themselves like any other legal subject. However, it was met with protests, led mainly by students, who feared that it would engender the privatisation of the whole university sector and, subsequently, lead to tuition fee hikes. Some also alleged that the gradual move towards the corporatisation of public universities had led to an increase in corruption among the management. A class action suit resulted in the BHP law being struck down by the Indonesian Constitutional Court in 2010, on a number of grounds, including that it contradicted Article 31 of the Indonesian Constitution, which guarantees every citizen the “right to receive education”. The suit was brought about by a group with very mixed interests – students concerned over tuition fee hikes, as well as private institutions owned by foundations which feared having to register their institutions as a separate legal entity, and university lecturers.

In 2012, the House of Representatives enacted a watered-down version of the BHP law – the “Higher Education Law” (*Pendidikan Tinggi*, or PT), which subjected a university’s exercise of financial autonomy to the National Education Minister’s approval, on the basis of the evaluation of the university’s performance according to a “Financial Management Code”. This was quickly followed by the passage of

⁷ "Foreign Investment in Education in Indonesia". 2014. *CBG*.

http://www.gbgingonesia.com/en/education/article/2014/indonesia_investing_in_education.php.

⁸ Kusumadewi, Lucia and Antonius Cahyadi. 2013. "The Crisis of Public Universities in Indonesia Today". *Isa-Sociology*. <http://www.isa-sociology.org/universities-in-crisis/?p=1010>

new legislation in 2013, which was essentially the same as the BHP law of 2008. Judicial reviews on these latest laws are ongoing, brought about again by student movements.

Quotas and government intervention – the 2012 PT law also required state institutions to enrol at least 20 percent of their students from economically disadvantaged backgrounds. Critics argued that the government should instead focus on establishing a minimum quota for those students at private institutions, and subsidise the tuition fees of their student⁹.

Quality – The Asian Development Bank reports that up to 20 percent of employers view Indonesian university graduates as unskilled for the workplace, leaving Indonesia with one of the highest rates (10 percent) of unemployment of tertiary graduates in Southeast Asia¹⁰.

II. Financing Higher Education in Indonesia

The Indonesian government spends around 0.3 percent of GDP per year on higher education; taking into account both public and private spending, that figure is slightly over 1 percent of GDP. The proportion of public spending on higher education has consistently hovered around 21.3 percent of the government's overall education budget (2009 figures cited in the World Bank, 2013). Indonesia's spending on education is relatively low, compared to that of neighbouring countries (such as Malaysia, where public spending on higher education is around 2.1 percent of GDP) (World Bank, 2013).

However, there was a large, 53-percent increase in public spending on higher education from 2008 to 2009. This increase was in line with the overall increase in spending on education by the Indonesian government. These trends were mostly attributed to a constitutional amendment in 2002, which mandated the government to spend at least 20 percent of the state budget on education. Some critics have naturally been sceptical about the efficiency of such earmarking schemes (World Bank, 2013).

The government offers financial support to both public and private higher education institutions through competitive funding programmes, from a pool of funding largely created from loans from the World Bank and the Asian Development Bank. In practice, only a small fraction of funding from these programmes went to private institutions.

Tuition fees

In 2013, the Indonesian government declared a new single-tuition fee system for public universities, in a plan which it hoped would ease the financial burden on students. The single-tuition fee system meant that students would no longer be charged a complex schedule of separate fees, which include building maintenance fees, graduation fees, practical course fees and semester credit fees, and especially a hefty upfront, "one-time" fee, which sometimes amounted to several times that of the annual tuition fee. (This "one-time" fee is still charged by most private higher education institutions.) All these appeared to be devices by which institutions could legally collect more revenue from students.

⁹ Heyward, Mark, and Sopantini. 2013. "Indonesia: The Challenges of Quality and Equity in Education." In *Education in South-East Asia*, by Lorraine Pe Symaco (Ed.), 73-93. London: Bloomsbury.

¹⁰ ADB. 2011. *Higher Education Across Asia: An Overview of Issues and Strategies*. Mandaluyong City, Philippines: Asian Development Bank.

Table 2. Higher Education Expenses in Indonesia, Borne by Parents and Students, First Degree, Academic Year 2015-16 - Instructional expenses for one academic year

[National currency Indonesian rupiah (Rp) converted to \$US by 2011 ICP Purchasing Power Parity Estimate at US\$1 = Rp 3,606.56]

NB. Fees given as for Indonesian citizens.

	Public		Private	
	Low cost Open University ¹¹ , polytechnics ¹²	High cost The 3 "elite universities" ¹³	Medium cost Islamic University of Indonesia ¹⁴	High cost Pelita Harapan University ¹⁵
Tuition fees	Rp 3,000,000 (US\$ 832) <i>(Fees as before subsidy¹⁶)</i>	Rp 30,000,000 (US\$ 8,318) <i>(Fees as before subsidy¹⁷)</i>	Rp 9,400,000 (US\$ 2,606)	Rp 29,866,666 (US\$ 8,281)
Other fees	None	None	Rp 22,280,000	Rp36,000,000 ¹⁸
Books, etc	Rp 600,000	Rp 3,000,000	Rp 600,000	Rp 3,000,000
Subtotal	Rp 3,600,000	Rp33,000,000	Rp 32,280,000	Rp 68,866,666
Lodging	Rp 1,800,000	Rp 2,500,000	Rp 1,800,000	Rp 25,000,000 ¹⁹
Food	Rp 3,600,000	Rp 6,000,000	Rp 3,600,000	Rp 6,000,000
Transport	Rp 400,000	Rp 400,000	Rp 400,000	Rp 400,000
Other personal	Rp 2,400,000	Rp 2,400,000	Rp 2,400,000	Rp 2,400,000
Subtotal	Rp 8,200,000	Rp 11,300,000	Rp 8,200,000	Rp 11,300,000
TOTAL	Rp 11,800,000 (US\$ 3,272)	Rp44,300,000 (US\$ 12,283)	Rp 40,480,000 (US\$ 11,224)	Rp 80,166,666 (US\$ 22,228)

¹¹ Average tuition fees for an undergraduate degree at Indonesia Open University (Universitas Terbuka); "Education Cost". 2016. *Universitas Terbuka*. <http://www.ut.ac.id/en/content/education-cost>.

¹² *Biaya Pendidikan Mahasiswa Baru Tahun Akademik 2015/2016*. 2015. Jakarta. http://penerimaan.pnj.ac.id/download/UKT_UMPN_2015.pdf.

¹³ Undergraduate degree at the University of Indonesia's Faculty of Medicine; "Indonesia Sets Tuition Fees For State Universities". 2016. *Jakarta Globe*. Accessed June 17. <http://jakartaglobe.beritasatu.com/news/government-sets-tuition-fees-for-state-universities/>.

¹⁴ Management degree, annual cost for the second year of studies (taken to be representative of the average annual cost of attending the four-year programme); Rijal, Muhammad and Yunita Fitriani. 2015. "Biaya Kuliah UII 2015 - 2016". *Info Biaya Kuliah*. <http://biyakuliah.net/biaya-kuliah-iii-2015-2016/>.

¹⁵ Management degree: "Bachelor of Management". 2016. *Universitas Pelita Harapan*. <http://global.uph.edu/component/wmcontents/content/9-undergraduate-programs-block/13-bachelor-in-social-science.html>; "Tuition Fees". 2016. *Universitas Pelita Harapan*. <http://www.uph.edu/images/133-tuition-fee-1508241521-page-001.jpg>.

¹⁶ Since the single tuition fee system for was instituted in 2013, public universities are charging a tuition fee that is often subsidized. Subsidies vary, depending on area of study and the student's financial circumstances. For details, see the section in this country profile on "Financing Higher Education in Indonesia – Tuition fees".

¹⁷ Ibid.

¹⁸ "Admission fee", a high additional fee commonly charged by non-state institutions, and "Learning facilities and orientation" fee.

¹⁹ "Living Costs". 2016. *Universitas Pelita Harapan*. <http://international.uph.edu/incoming-student-exchange-program/living-costs.html>.

Having simplified the fee structure, the new system also facilitates government subsidies for tuition fees, through funds from the State University Operational Assistance Fund (BOPTN). Subsidies vary, depending on area of study and the student's financial circumstances.²⁰

Sceptics, especially those who believe the state should have a dominant role in running and subsidising the country's universities, point out that the single-tuition fee system is simply a reversion to the state of affairs before the government's various moves to corporatise the universities over the past decade. State university tuition fees were set by the central government before 1999.

III. Financial Assistance

Needs-based subsidies at public universities

As discussed earlier, Indonesia's new single-tuition fee system of 2013 facilitates the government's subsidy of tuition fees, the amount of which varies according to the faculty of study and the student's financial circumstances. As an illustration, Education and Culture Minister Muhammad Nuh explained that the instructional costs per student for a semester at the University of Indonesia's Faculty of Medicine costs Rp 15 million, but with the single-tuition fee system, students would be accountable for between Rp 500,000 and Rp 7.5 million, depending on their financial situation.²¹

Scholarships

Today, Indonesian students are given relatively fair scholarships, for attendance in both the public and private sectors. The Putera Sampoerna Foundation reports 2010 data revealing that out of the 47.6 percent of students who stopped their tertiary education, 53.6 percent did so because they needed to work to support their parents, and 35.8 percent did so because of "economic factors".²² The Indonesian government offers three types of scholarships: merit scholarships, social safety net scholarships, and scholarships for sports and cultural achievement. Scholarships are valued at approximately Rp 250,000 per month per student.²³

Universities also provide their own scholarships, partnering with private enterprises, foundations and alumni associations to secure the funds. Whereas government scholarships are aimed at economically disadvantaged students, university scholarships follow their own criteria and aim. Tanoto Foundation, for instance, partners with six universities, focusing on enrolling students with leadership qualities. Both

²⁰ Jakarta Globe. 2013. *Indonesia Sets Tuition Fees for State Universities*. June.

<http://www.usindonesiajointcouncil.org/indonesia-higher-education-news/>.

²¹ Jakarta Globe. 2013. *Indonesia Sets Tuition Fees for State Universities*. June.

<http://www.usindonesiajointcouncil.org/indonesia-higher-education-news/>.

²² Putera Sampoerna Foundation. 2012. *The Leadership Journey: Becoming Indonesia's Future Leader [Press release]*. 17 July. <http://www.sampoernafoundation.org/press-release/leadership-journey-becoming-indonesia%E2%80%99s-future-leader>.

²³ Wicaksono, Teguh Yudo, and Deni Friawan. 2011. "Recent Developments of Higher Education in Indonesia: Issues and Challenges." In *Financing Higher Education and Economic Development in East Asia*, by Shiro Armstrong and Bruce Chapman. Canberra: ANU E Press.

http://www.eaber.org/sites/default/files/documents/WPS_DPU_2008_45.pdf.

undergraduates and graduates are eligible for these scholarships, and over 300 undergraduates and 50 graduates have received funds from the Foundation.²⁴

Student loans

While scholarships and grants are common, student loans from the government are not available in Indonesia. The government did have a student loan program in the early 1980s under *Kredit Mahasiswa Indonesia*, but the high default rate, of 95 percent, led to the program's end by the end of the decade. The problem with *Kredit Mahasiswa Indonesia* was its poor administration – the lending banks failed to follow the students after graduation. Banks have been hesitant to lend to students because of the failure of this program.

In 2006 however, Sampoerna Foundation, a philanthropic social enterprise, began a new student loan programme with a budget of US\$20 million, following a new risk-sharing model involving Sampoerna and its partners, International Finance Corporation (IFC) and Bank International Indonesia (BII). To be eligible for this loan, students or their guarantor need to abide by the following conditions:

- The student or a family member who act as guarantor must hold a job earning at least Rp 40 million per year.
- The loan cap could range from Rp 10 million to Rp 200 million, and the maximum loan would be, at most, five times the student's or the guarantor's monthly net income.
- The bank would charge 1.5 percent interest each month, with the repayment period ranging from half a year to three years.
- The loans have to be repaid immediately after the first disbursement of the loan, rather than after graduation (unlike most types of student loans in other countries).²⁵

This loan programme specifically intends to help students and families with short-term cash-flow problems. Although the loan programme aimed to reach 20,000 students in seven years, it reached only 15 students in the first year due to restrictions and costs relating to high interest rates and short repayment periods.²⁶ Later, a new loan, began in 2011 by Koperasi Siswa Bangsa, in partnership with USAID, UBS AG (UBS), Raiffeisen Bank International AG (RBI) and the founder of Sampoerna Foundation, began issuing a total of US\$ 5 million worth of loans to students (Putera Sampoerna Foundation 2012).

²⁴ Ibid.

²⁵ Wicaksono, Teguh Yudo, and Deni Friawan. 2011. "Recent Developments of Higher Education in Indonesia: Issues and Challenges." In *Financing Higher Education and Economic Development in East Asia*, by Shiro Armstrong and Bruce Chapman. Canberra: ANU E Press.
http://www.eaber.org/sites/default/files/documents/WPS_DPU_2008_45.pdf.

²⁶ IFC. n.d. *Sampoerna Student Financing Facility*.
<http://www.ifc.org/wps/wcm/connect/ac00e1004970bf9798abda336b93d75f/Sampoerna.pdf?MOD=AJPERES>.