



## FINANCING AND MANAGEMENT OF ISLAMIC (MADRASAH) EDUCATION IN INDONESIA

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**Abstract:** The education system in Indonesia has two main sub-systems, one under the management of the Ministry of Education and Culture (MoEC), and madrasah education and religious education under the management of the Ministry of Religious Affairs (MoRA). Out of approximately 233,517 state schools and madrasah, about 82% are state schools and the remaining 18% are madrasah; and out of 49,402,000 students from these institutions, 87% are registered in-state schools and other 13% are registered in madrasah. Indonesian laws and regulations require state schools and madrasah to be treated equally. Moreover, madrasah teaches the same national curriculum in addition to Islamic religious subjects regulated by MoRA. The author tried to define the current circumstance of Islamic education in Indonesia, the academic issues that the government faces and sought possible solutions for them through field surveys and data analysis methods used throughout the investigation. The found data show that improper infrastructure of government contribution towards public education including religious education, and limited quota in pedagogical universities lead to a shortage of teachers in rural areas. The government of Indonesia needs further educational reforms in the area of public education, teacher training, and re-training programs, and increasing teachers' salaries. School dropouts, shortage of well-qualified teachers, and school fees challenge the national education system in the country.

**Keywords:** financing, Indonesia, Islamic education, madrasah, management of education teaching-learning process

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### Introduction

Madrasah makes a significant contribution to meeting district enrollment standards (APM/APK) and Human Development Index targets (IPM), and they make a significant contribution to meeting district Minimum Service Standards (MSS). Madrasah (MI) takes about 11% of primary school enrollments and 22% of junior secondary enrollments (MTs). But of these, the vast majority of madrasah are private. Private madrasah is typically organized by local religious foundations (Yayasan) often associated with one of the two largest Muslim organizations-Nahdlatul Ulama (NU) and Muhammadiyah. Private elementary madrasah takes 9.57% of enrollments vs. 1.43% state madrasah; private madrasah takes 16.5% of junior secondary enrollments vs. 5.5% state.

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Most improvements in the quality of education require some finance, while most decisions on the financing of education have implications for equity and access. In the context of national development, the results of this study are intended to provide input for the development of government regulations and ministerial decrees to modify madrasah state and government funding allocations and mechanisms, which would result in more effective funding policy and in turn would improve madrasah teaching and learning quality (Sopwandin et al. 2019).

## Method and Instrument

The study used several methods of analysis: *content analysis*, *descriptive analysis*, *statistical analysis*, *arithmetical analysis*, and *explanative analysis*. Both qualitative and quantitative data from primary and secondary sources were collected and analyzed. Qualitative data were collected from interviews and focus group discussions with program managers and implementers at all levels of government as well as with beneficiaries. Quantitative data were gathered from government documents, school records, and various other statistics databases. Central government data was supplemented by the analysis of data collected in five sample districts in five provinces and a total of 120 *madrasah*. The study also includes a comprehensive review and analysis of laws and regulations relevant to the management and funding of *madrasah*. The sample locations are: the City of Bukittinggi in West Sumatra Province, the City of Malang in East Java Province, District Banjar in South Kalimantan Province, the City of Gorontalo in Gorontalo Province, and District East Lombok in West Nusa Tenggara Province.

The research objectives of the study:

- I. To survey and to map out the various current practices of *madrasah* funding nationally including an inventory of funding patterns and best practices from various regions.
- II. To conduct a comprehensive analysis of these practices taking into account public finance considerations to arrive at an optimal pattern of funding within a cost-sharing arrangement between the government and the providing organizations/parents.
- III. To develop alternative policy instruments to improve access to public funding of *madrasah*, particularly private *madrasah*.
- IV. To organize consultations with relevant stakeholders within MoRA, local governments, and community groups, to ensure feasibility and support from the broad spectrum of constituents.

## Results and Discussion

One of the government's efforts in organizing a national education system was to ensure a place for *madrasah* and *pesantren* in the system. This is stated in the declaration of *Badan Pekerja Komite Nasional Indonesia Pusat (BPKIP)* dated 22 December 1945, stating that traditional teachings in prayer houses, mosques, and *madrasah* should continue and be improved. *BPKNIP* issued a further declaration on

27 December 1945 stating that *madrasah* and *pesantren* should be given attention and provided with material support from the government because *madrasah* and *pesantren* are educational institutions rooted in the Indonesian community in general (Sopwandin et al. 2019). However, in the first National Education Law (*Law No. 4 of 1950* jo *Law No. 12 of 1954*), *madrasah* and *pesantren* education is not acknowledged as part of the national education system, but a separate system under the Ministry of Religious Affairs (MoRA). The reason for this exclusion from the national education system at that time was according to the government (Ministry of Education and Culture) that *madrasah* and *pesantren* education is dominated by religious content, uses a non-standardized curriculum, does not have a uniform structure, and management is not subject to government control. The students of *madrasah* or *pesantren* were prohibited from transferring to state schools. This discriminative government attitude was reinforced with the release of Presidential Decree No. 34/1972 and Presidential Instruction No. 15/1974. At that time the Muslim population objected to these policies because *madrasah* and *pesantren* education had been in practice since the colonial period (Shaturaev 2021b).

This strong reaction of the Muslim community led the government to issue new policies in the form of a Joint Decree of three ministers (Minister of Religious Affairs, Minister of Education and Culture, and Minister of Home Affairs) dated 24 March 1975 (Universitas Gadjah Mada 1945). This Joint Decree acknowledged the existence of *madrasah* and its place in the national education system. The joint decree declared that there are three levels of *madrasah* education with the curriculum composition of 70% regular subjects and 30% religious content. Three levels of *madrasah* education were formalized: *madrasah ibtidaiyah* (MI), *madrasah tsanawiyah* (MTs), and *madrasah aliyah* (MA) which are equivalent to elementary, junior secondary, and senior secondary. The Decree also allowed *madrasah* students to transfer to state schools. The full integration of *madrasah* education into the national education system was completed with Law No. 2/1989 concerning National Education where seven Islamic subjects were made an official part of the *madrasah* curriculum (Tang, Shen, Cheng 2010). Several operational instructions followed the passing of the law. This integration of *madrasah* education into the national education system is made operational under some government regulations issued between 1990 and 1993 and ministerial decrees from the Minister of National Education and the Minister of Religious Affairs. Law No. 20/2003 established the integration of *madrasah* in the national education system in the era of decentralization (Shaturaev 2021a).

### **Legal Basis for *Madrasah* Education Management Under Decentralization**

This issue on the management of *madrasah* education and religious education became more complicated in 1999 when decentralization was introduced. Decentralization laws and regulations mandate six government functions remain centralized, religion being one of them.

The regulations state the central government has the authority to:

- a. administer functions directly;
- b. delegate some of the central government's affairs to the vertical administration units, primarily to provincial governors as the central government's representatives in the regions (here the term "deconcentrating" applies); or
- c. assign some of the central government's affairs to local government (provincial and district) and/or to village government based on the principle of supporting duty (*tugas pembantuan*). Education is one of the 31 government functions in which the central government authority is distributed to local government-provincial and district (OECD/ADB 2015).

The decentralization of authority in education is as follows: the central government makes national policy and sets national standards for education to ensure quality; provincial government coordinates the management and administration of education, development of education staff, and provides facility for the management and administration between districts for elementary and secondary education levels; district government manages and organizes early childhood education, elementary education, secondary education, and non-formal education, as well as education units of excellence (*keunggulan lokal*) (Beatty et al. 2018). Under these laws and regulations, the local government has a wide range of autonomy to regulate and arrange government affairs directly. Government functions that are delegated to local government must be accompanied by funding resources, the transfer of infrastructure, and staffing. Stakeholders in education have different views on the management of *madrasah* education under decentralization (Zuilkowski, Samanhudi, Indriana 2019). The decentralization laws do not clearly state whether *madrasah* and religious education are decentralized or centralized.

This ambiguity gives rise to a polemic intensely debated among the stakeholders within the government and community. The debate among stakeholders ranges from those who believe *madrasah* and religious education should remain centralized to those who believe it should be decentralized. And there are those for whom this is not the issue; rather the issue is one of ensuring sufficient funds to *madrasah* to raise the quality of education. The issue has not been solved, even at the parliament level, because the aspect of politics is so dominant (World Bank 2018).

The 2003 law on education (Law No. 20/2003) known as "*Sisdiknas*" states that funding for education is a mutual responsibility among the central government, local governments, and community. However, specifically for basic education (grades 1-9), the central government and local governments are obliged to guarantee the availability of funds to provide education for every citizen between the ages of seven and fifteen without collecting any fees, whether the education unit is organized by the government or by the community. To fund this education, the central government and local government must allocate at least 20% of their annual budgets (*APBN* and *APBD*, respectively) which is to help cover investment, operational, and personnel costs (Sari 2019).

The nature of the funding obligation for each party responsible for each funding requirement is noted by the following symbols:

- TJ = tanggung jawab (responsibility)
- S = subsidi (subsidy)
- B = bantuan (non-obligatory funding support)
- SM = siswa miskin (poor students)
- MM = mahasiswa miskin (poor college students).

Finally, the relevant government regulations that mandate or allow the funding requirements and parties responsible to provide them are noted in the column to the far right. For example, basic education is organized by the central government (e.g., state *madrasah*), the central government is *responsible (Tj)* for investment, operational, and personnel costs and can provide special support (scholarships) for poor *students (SM)*. Non-poor students are *responsible (Tj)* for their costs. Local governments, other stakeholders, and foreign parties may provide *non-obligatory funding support (B)* for investments and non-personnel operational costs (e.g. topping up *BOS* for state *madrasah*) (Rosser, Joshi 2013).

For basic education organized by the central government, all education administration costs become the responsibility of the central government. This covers land investments, non-land investments, human resources investment costs, salaries and incentives, professional incentives.

Local government, stakeholders, and foreign parties can support funding for land investments, non-land investments, human resources investment, and non-personnel operational costs. Students' cost of education is the responsibility of parents/guardians; however, poor students can receive funding support from the central government. For basic education organized by the local government, almost all education administration costs including land investment cost, non-land investment cost, human resources investment cost, salary, and incentives (except for professional incentives) and additional benefit for educators and education staffs, and no personnel operational cost become the responsibility of the local government (Indra 2016).

The central government is responsible for the professional incentives for educators and for supporting other costs including land investment, non-land investment, human resources investment, and non-personnel operation. Stakeholders and foreign parties can support funding costs for a land investment, non-land investment, human resources investment, and non-personnel operation. Students' cost of education is the responsibility of parents/guardians; however, poor students can receive funding support from the local government (Afkari et al. 2020).

For elementary education organized by the community, the costs for a land investment, non-land investment, human resources investment, basic salary and supplements, functional incentives, and additional benefits should become the responsibility of the education organizer, while professional incentives for educators and non-personnel operational costs should become the responsibility of the central government (Shaturaev 2021b). The central government, local government, stakeholders, and foreign parties can support funding the costs for land investments, non-land investments, human resources investments, personnel operational

costs, and non-personnel operational costs. Students' cost of education is the responsibility of parents/guardians; however, poor students can receive funding support from the central or local governments or the private/community organizers (World Bank 2020).

In 2011 the national budget (*APBN*) allocation for education was Rp 234 trillion or 20.20% of *APBN* (see *Table 1* below). From the total education budget of Rp 243 trillion, the education budget managed by the Central Government was Rp 84.175 trillion and the funds transferred to the local governments were Rp 156.608 trillion. The central budget was allocated among ministries and other agencies as follows: MoEC Rp 50.349 trillion, MoRA Rp 26.263 trillion, other ministries/agencies Rp 5.400 trillion, and other non-ministries/ institutions Rp 2.163 trillion (World Bank 2020).

The education funds transferred to local governments consisted of profit-sharing funds (*dana bagi hasil/DBH*) for education in the amount of Rp 0.754 trillion, special allocation fund (*dana alokasi khusus/DAK*) for education Rp 10.041 trillion, general allocation fund (*dana alokasi umum/DAU*) for education Rp 104.106 trillion, salary supplements for local civil servant teachers Rp 3.696 trillion, additional funds for profession incentives for teachers Rp 17.149 trillion, local incentive funds Rp 1.388 trillion, school operational assistance (*Bantuan Operasional Sekolah/BOS*) Rp 16.812 trillion, and special autonomy fund for education Rp 2.662 trillion (World Bank 2020).

The budgets allocated for education managed by MoEC and MoRA are at a ratio of 80:20. This 80:20 proportion is not a standard formula but rather developed annually by *BAPPENAS* which is first discussed and agreed upon mutually by MoEC and MoRA and then further discussed and agreed mutually by the MOF and the parliament (*DPR*). This budget allocation for education is based on the comparison of the number of institutions and students of schools managed by MoEC or under its supervision and guidance, and the number of institutions and students of *madrasah* education and religious education managed by MoRA. Included in the funds allocated for the MoEC budget managed directly by MoEC is the special allocation budget (*DAK*), which has been primarily for the procurement of infrastructure in elementary schools (*SD*) and secondary schools (*SMP*); *DAK* is channeled through the district government (Shaturaev 2021b).

School operational fund (*BOS*) is channeled from MoEC directly to schools. MoEC also channels other forms of assistance and supplements to local governments. But excluded from the MoEC allocation are funds for education included in the general allocation fund (*DAU*) which is transferred from the National Budget to district governments; this allocation is mostly used for civil servants' (including regular school teachers and education administrators) basic salaries, incentives attached to the basic salary, and incentives for civil service teachers.

**Table 1. Education Budget from ABPN 2011**

Type of Budget	Amount (Trillion Rp)
I. Education Budget through the Expense of the Central Government	84,175
A. Education Budget in Ministry/Institution	82,012
1. The Ministry of National Education	50,349
2. The Ministry of Religious Affairs	26,263
3. Other State Ministries/Institutions	5,400
B. Education Budget in Non Ministry/Institutions	2,163
II. Education Budget through Transfers to the Local Area	156,608
1. <i>DBH</i> for Education	0,754
2. <i>DAK</i> for Education	10,041
3. <i>DAU</i> for Education	104,106
4. Additional Income Fund for <i>PNSD</i> Teachers	3,696
5. Additional Profession Incentive Fund for Teachers	17,149
6. Local Incentive Fund	1,388
7. School Operational Assistance ( <i>Bantuan Operasional Sekolah/BOS</i> )	16,812
8. Special Autonomy Fund for Education	2,662
III. Education Budget through Funding Expense	2,500
National Education Development Fund	2,500
<b>TOTAL</b>	<b>243,283</b>

Source: Draft Law on APBN 2011

The MoRA allocation covers all expenses for madrasah education and religious education. This includes personnel costs for government madrasah at all levels (basic, senior secondary, university), for basic salaries for those teachers and administrators who are civil servants, incentives attached to the basic salary, functional incentives, professional incentives, and professional development (in the form of education, training, workshops, etc.). BOS payments to basic education level madrasah – both state and private – are transferred through MoRA regional offices. After allowing for these costs, MoRA provides various forms of financial support to private madrasah with the balance of its allocation (World Bank 2018).

## Conclusions

Education has and will continue to play a significant role in the development of human beings. First, it increases an individual's internal potential, self-respect, and self-esteem. Second, it makes an individual a better prospect for employment. Third and most importantly, an educated individual gives more back to society. Unfortunately, the results of education and training are less directly connected to revenue for immediate business growth, which is why the government tends to cut educational budgets. By the end of primary school, pupils in Indonesia were able to identify or

recall simple and more obvious information and complete set-out uncomplicated tasks related to their religious studies. The main funding source for both state and private *madrasah* is the government with smaller contributions from the community, although the proportion of funding from the community tends to increase at the higher levels of education. The proportion of government and community for state *MI* is 96:4, for state *MTs* 91:9, and state *MA* 88:11. The proportions of government and community funding for private *madrasah* for private *MI* is 75:25, for private *MTs* 70:30, and private *MA* 42:58. While this analysis demonstrates that private *madrasah* is very dependent on the government for funding, it does not address the issue concerning the adequacy of the funding. The fact that the total funding for private *madrasah* is wholly insufficient to meet MSS is demonstrated elsewhere. It should be noted that parents and communities covered most of the funds for private *madrasah* before the era of *BOS* and the emergence of the policy of free basic education.

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## FINANSOWANIE I ZARZĄDZANIE EDUKACJĄ ISLAMSKĄ (MEDRESA) W INDONEZJI

**Streszczenie:** System edukacji w Indonezji składa się z dwóch głównych podsystemów – jeden zarządzany przez Ministerstwo Edukacji i Kultury (MoEC) oraz drugi, edukacji medresy i religii, pod kierownictwem Ministerstwa ds. Wyznań (MoRA). Spośród około 233 517 szkół państwowych i medres około 82% to szkoły państwowe, a pozostałe 18% to medresy; natomiast spośród 49 402 000 uczniów z tych instytucji 87% jest zarejestrowanych w szkołach państwowych, a pozostałe 13% w medresach. Indonezyjskie prawa i przepisy wymagają równego traktowania szkół państwowych i medres. Ponadto w medresie naucza się tego samego krajowego programu nauczania, oprócz islamskich przedmiotów religijnych regulowanych przez MoRA.

**Słowa kluczowe:** finansowanie, Indonezja, edukacja islamska, medresa, zarządzanie procesem edukacji / nauczania / uczenia się