Terms of Reference
(Short-term Consultancy)

Senior Economist – Education Thematic Sector Review

National Framework:¹ NRF Discipline Group C, Job Level 3
Counterparts: Ministry of Finance, Line Ministries
Work Location: Jakarta, PROSPERA IFC Office and Spending TA Office(s) at Ministry of Finance
Reports to: Senior Budget Policy Adviser
Duration of inputs: Up to 50 input days, from Nov 2019 – Jun 2020
Activity Proposal: AP 3.2.2 Getting Better Quality Public Spending

Summary of Expertise Required
Improving the quality of education services and education outcomes is a national priority for the Indonesian government (“GoI”). While the Central and Subnational Governments have increased resources for education—particularly with the constitution mandating 20 percent of expenditures to be spent on education—outcomes have not significantly improved within the last decade. Initial PROSPERA analysis indicates that the fiscal outlook will become increasingly constrained, and the ability to maximize value for money for public spending will become more crucial. This implies that Indonesia should make its education spending more efficient, i.e. improving education outcomes attainment (such as access expansion to education services) for the current level of spending.

PROSPERA is supporting Ministry of Finance (“MoF”) in establishing spending review processes and extending them to include periodical medium-term Thematic Sector Review (“Review”). Education Sector has been chosen as the pilot sector, where PROSPERA will assist MoF as well as other relevant stakeholders, mainly Ministry of Education and Culture (“MoEC”), in conducting the Review.

PROSPERA seeks to engage a Senior Economist for Education Thematic Sector Review to primarily: a) assess the existing conditions of the education sector and policy; b) assess the performance of the existing education spending programs; and c) provide recommendations for improved policies and budget reallocations to ensure more effective and efficient spending. The study is expected to emphasise improving vocational education outcomes and addressing issues related to teachers.

Scope of Services
The Senior Economist, reporting to Senior Budget Policy Adviser, will supervise and work together with other PROSPERA personnel, including Senior Data Analytics Adviser, Economist(s), Research Officer(s), and Data Analyst (Subnational Budget Data Analysis). The key roles and responsibilities of the position are to provide the following:

1. Data and supporting information compilation and review: The Review will create an integrated Dataset (“Dataset”) as basis for the analyses. Dataset would be built by merging

¹ To be negotiated with the preferred candidate based on skills and experience and within funding limits.
various datasets including but not limited to budget datasets (of Central Government and Local Government budgets), evaluation datasets (of Line Ministries, Agencies, or Local Governments performance indicators), sectoral technical datasets (from Line Ministry database), statistical datasets, and other relevant sources. Data compilation will require reviewing data quality and development of technical note as future reference. The review should examine data distribution, anomalies, and changes in patterns over time. Supporting information collected would include but not limited to budget documents (Financial Note, realization reports, line ministry budget documents), planning documents (National Medium-Term Development Plan, Government Work Plan, Line Ministry Work Plans), and line ministry performance reports.

2. **Performance assessment:** Conduct research/analysis to assess the performance of education spending. This is conducted through two area of focus for the reviews: on education spending (financial review), and on education policy (strategic review). The study is expected to link between the two areas as well as put an emphasis on several prioritized policy areas, now being identified on vocational education and on teacher.

**Financial review on education spending**
This analysis, to be conducted in consultation with Ministry of Finance and the relevant line ministries, will build on the initial scoping study and examine the extent to which government spending is:

a. Directed toward policy priorities (appropriateness);
b. Influencing the intended outcomes including by measure of achieving stated government policy targets (effectiveness);
c. Focused on the best policy interventions and providing the most appropriate mix of good and services (allocative efficiency). This analysis should also identify proportions of miscellaneous costs including overhead/administrative costs and benchmark these costs, and also examine the relevance of the geographical distribution of government spending considering the location of education needs; and
d. Providing goods and services in the most efficient manner (technical efficiency). This aspect will also examine unit cost per student, budget execution performance, and the extent to which proposed services are actually being delivered;

The precise coverage of the performance assessment (priorities/programs/sub-sectors to be addressed) will be agreed with the Spending TA and counterparts. However, it is likely the assessment will cover the extent to which government spending has improved:

a. Education outcomes (supply for the labour market);
b. Learning outcomes (comparative student performance, etc.);
c. Enrolment and completion of learning;
d. The availability/quality of education inputs (numbers/distribution of teachers, quality of school infrastructure, relevance of curricula);
e. Geographical and distributional equity. In particular, accessibility of services by poor households, females, and remote communities should be addressed. When possible, people of disabilities should also be addressed.
**Strategic review on education policy**

This analysis, to be conducted in consultation with relevant line ministries (mainly Ministry of Education and Culture and Coordinating Ministry of Economic Affairs), will build on the initial scoping study and examine education sector and its policy, including:

a. Trends of key sectoral indicators: sectoral inputs (teachers, pupils, education hardware (classroom and building infrastructure), education software (textbooks and stationery, curriculum), and institutions), sectoral outputs (exam scores, completion, enrolment), sectoral outcomes (wage premium on education).

b. Binding constraints for education performance;

c. Relative position of Indonesia’s education sector vis-à-vis other countries and interregional comparison within Indonesia;

d. Issues on education sector, including diseconomies of scale, geographical and distributional equity, teacher’s quality, lagging performance in particular skills development (math, literacy, critical thinking), skills mismatch; and

e. Sectoral governance mechanism;

3. **Methodology development and transfer of knowledge:** The Senior Economist, having consulted with Spending TA and counterparts, shall develop workable methodology for each determined component of performance assessment and lead the team to work together with counterparts in applying the methodology to develop the Thematic Sector Review report. The knowledge of methodologies used in the Review are expected to be transferred to the counterparts.

**Output/Deliverables**

The position is expected to deliver the following outputs over the term of the contract to the satisfaction of the PROSPERA Lead Adviser:

- **Output 1a:** Detailed work plan and timetable for the activity in consultation with counterparts, building on the initial scoping study (after 2 input days);

- **Output 1b:** Detailed outline for the Thematic Sector Review report in consultation with counterparts (after 3 input days);

- **Output 2:** Data and supporting information compilation and review: as described in point 1a under scope of services. This requires compiling and consolidating different datasets over time, particularly analysing the structure of expenditures and comparing it with output and outcome information (to be undertaken by the Research Officer under the supervision of the Senior Economist). The review should also identify different expenditure components on the budget side, such as overhead/administrative costs. The review should highlight data gaps and quality issues (after 10 input days);

- **Output 3:** Literature review covering international evidences on policies that have been implemented in other countries or within regions in Indonesia. The review should also attempt to quantify and benchmark the ratios of cost components other countries' education programs and/or across regions in Indonesia. This work will build on the above outputs and PROSPERA's existing efficiency analysis to identify relevant countries and regions (after 15 input days);
• **Output 4:** As described in point 2 & 3 under scope of services, documentation and technical notes on the scope of performance assessment covering efficiency and effectiveness analyses and methodology to be applied (after 20 input days).

• **Output 5:** Initial performance assessment and review of issues surrounding education sector and public spending in Indonesia, as described in point 2 under scope of services. Building on Output 2, 3, and 4, conduct an initial performance assessment applying appropriate analytical methodologies (e.g. cost effectiveness analysis) as proof-of-concept, highlighting limitations of the analysis and suggestions for improvements/refining the scope of analysis. This should also include suggestions for focus areas for field research that will improve the analysis. The assessment should be presented to key counterparts and other policy experts to refine the analysis and gain a deeper understanding of the issues, and get buy-in from counterparts to undertake analysis in collaboration to produce joint Thematic Sector Review report (after 40 input days);

• **Output 6:** Training of counterpart officials on the methodologies used in Thematic Sector Review (after 43 input days);

• **Output 7:** Compile and incorporate analytical findings by counterpart into the assessment and refine policy recommendations (after 46 input days);

• **Output 8:** Draft report and presentation to counterparts (after 48 input days). The remaining input days will be used to finalize the report incorporating feedback.

• **Output 9:** Input Completion Report in a format supplied by PROSPERA and approved by the PROSPERA Spending Thematic Area Lead Adviser at the completion of the assignment.

In addition to these formal deliverables, the position is expected to regularly communicate with the Spending Thematic Area on progress and seek inputs where required.

**Selection Criteria – Qualifications and Experience**

The candidate will possess strong qualifications and experience to support (technical area) and policy making processes, including:

- A Master’s degree in Economics, Public Policy, Finance or other related areas. PhD will be an advantage.
- At least 10 years’ experience in, and significant technical knowledge of, education particularly on education policies and programs in a developing/emerging economy context. Experience with/detailed knowledge of Indonesia’s education sector and policies is highly desirable;
- Strong quantitative analysis skills, particularly on efficiency analysis and impact assessment;
- Proficiency in statistical/econometric software such as STATA, and Microsoft Office software, particularly Excel;
- Familiarity with Indonesian statistics datasets, particularly those related to education field;
- Good understanding on public finance concept and experience working with/detailed knowledge of the Central and Subnational Indonesian government budgets (desirable);
- Strong relationship management skills, particularly in dealing with senior government officials;
- High level communication skills and ability in written and spoken English; and Proficiency in Bahasa Indonesia (desirable).
Overview of Work Unit
The Spending Thematic Area works closely with GoI counterparts to develop policies, frameworks, and capacities to improve the quality of Indonesian government spending. This support mainly focuses on improving spending quality, particularly in implementing a more performance-oriented and medium-term focus for planning and budgeting. More recently, the Spending Thematic Area has focused on evaluating spending programs and conducting policy analysis to support GoI-led spending reviews. A key to improving the quality of spending is through providing a stronger evidence base for spending decisions and providing recommendations on how spending can be reallocated to higher value investments.

Relationship Management
The Economist will be expected to maintain effective and productive relationships with counterparts, particularly with mid- and senior-level staffs, to communicate activities direction and results. The Economist will be expected to work collaboratively in the Spending TA with other PROSPERA teams, and other donors and policy experts. The Senior Economist is expected to liaise mainly with Ministry of Finance counterparts (Fiscal Policy Agency, DG Budget, DG Treasury, DG Fiscal Balance), relevant line ministries (mainly Ministry of Education and Culture (MoEC)) and other DFAT-funded facilities and donors (mainly TASS).

Overview of PROSPERA
PROSPERA is a new partnership facility between the Government of Australia (through Department of Foreign Affairs and Trade) and the Government of Indonesia. It aims to foster strong, sustainable and inclusive economic growth and public sector in Indonesia. Commencing from 1 March 2018, PROSPERA is a planned five-year investment that draws together the former Government Partnership Fund (GPF) and Australia Indonesia Partnership for Economic Governance (AIPEG). PROSPERA will be responsive to the needs of a wide range of agencies in the Indonesian government, covering six thematic areas:

(i) Markets – improving product and factor market efficiency;
(ii) Finance – delivering financial stability and development;
(iii) Spending – improving the quality, delivery efficiency, and access to public services;
(iv) Revenue – mobilising revenues without unduly impeding private activity;
(v) Public Sector Reform – strengthening economic institutions; and
(vi) Economics & Inclusion - providing analysis to boost the evidence for economic policy.

The following standard requirements apply for all PROSPERA team members:

<table>
<thead>
<tr>
<th>Confidentiality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to the sensitivity of much of the information the position will encounter, there is an obligation, pursuant to the contract of engagement to maintain full confidentiality of information and to not disclose this to third parties without the express written approval of PROSPERA. In some cases, a separate confidentiality agreement may be required authorising the review of sensitive material.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Conflict of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>The team member will use her/his best endeavours to ensure that a situation does not arise which may result in a conflict of interest. Where a conflict of interest or a potential conflict of interest arises in the performance of the obligations under this Terms of Reference, the team member must immediately notify the Chief of Operations</td>
</tr>
</tbody>
</table>

Prospera is supported by the Australian Government and implemented by Cardno
<table>
<thead>
<tr>
<th><strong>Knowledge and Performance</strong></th>
<th><strong>Diversity and Inclusion</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The team member will support PROSPERA’s Knowledge and Performance team through reporting and communication products for knowledge capture and learning purposes. The team member will also support monitoring and evaluation through the supply of high quality data, participation in data collection methods and case studies that may arise from the inputs.</td>
<td>PROSPERA recognises the importance of embracing workplace diversity, specifically valuing the unique qualities, attributes, skills, and experience all employees bring to the workplace. PROSPERA is committed to supporting a positive work environment based on respect. These values should be reflected in the function and behaviour of all team members.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Code of Conduct</strong></th>
<th><strong>Policy Compliance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The team member is to conduct themselves in a manner consistent with the <em>Public Service Act 1999</em> (Cth), (including the Australian Public Service Values and Employment Principles, and Code of Conduct) and the employer’s professional standards.</td>
<td>The team member will work within Department of Foreign Affairs and Trade policy and PROSPERA guidelines on gender, child protection, poverty, the environment, human rights, and governance.</td>
</tr>
</tbody>
</table>