

INDONESIA

MANAGING HIGHER EDUCATION FOR RELEVANCE AND EFFICIENCY

(IMHERE)

Sub-component B.2.a.
**Strengthening Institutional
Management in Non-
Autonomous Public Higher
Education Institutions**
Guidelines for proposal submission

July, 2009



Directorate General of Higher Education
Ministry of National Education

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1. Background

As part of the reform agenda in higher education, the Government of Indonesia has recently enacted a new law (UU No 9/2009) which mandated that higher education institution is to be transferred to become an autonomous legal entity (*Badan Hukum Pendidikan*). It is therefore very critical to systematically develop measures to ensure that the transfer processes are properly prepared and smoothly arranged.

There are three major issues to be addressed here:

- all public higher education institutions shall be transferred to become BHPP within 4 (four) years after the enactment of the BHP law;
- limited institutional capacity within public higher education institutions in carrying out their mission effectively;
- insufficient capacity to manage and operate higher education institution efficiently;
- lack of support to manage and utilize resources frugally and effectively;

The aforesaid problems certainly need urgent attention and thus government intervention is essential for alleviating them. Such intervention will be effectively implemented if it is bundled with development programs which are directly linked to funding support. The DGHE is therefore launching a competitive funding to support higher education institutions in developing initiatives to address the abovementioned problems.

2. The I-MHERE Project

In 2006, the DGHE took the initiative to launch a development project called “Indonesia: Managing Higher Education for Relevance and Efficiency (I-MHERE)”. The project is supported by the World Bank and has the development objective of;

to enhance managerial capacities and financing mechanisms within the Ministry of National Education and higher education institutions to improve the efficiency, relevance, quality and equity of Indonesian higher education.

This project consists of two components namely: (1) capacity building for the reform and oversight of the higher education system and (2) grants to improve academic quality and institutional performance. The second component constitutes two sub-components, one of which is called “*Grants for strengthening management capacity in public HEIs and for initiating performance-based contracts at autonomous HEIs*”

This component focuses on building the management capacity and improving the institutional performance of all public HEIs, with the objective of preparing them for eventual receipt of performance-based financing. Once autonomous HEIs have sufficient capacity in place, they will be eligible to participate in the initiation of a performance-based grant financing system that will provide them with budget support conditional on them meeting agreed performance targets. The limited number of autonomous HEIs participating in the initial phase of performance-based financing will serve as pilot institutions for testing the practical application of autonomy and performance-based grants before extending them to all HEIs. This component provides support for:

- (a) Competitive grants for building institutional management capacity in non-autonomous public HEIs;

- (b) Proposal-based grants for building institutional management capacity at autonomous HEIs; and
- (c) Performance-based contract (PBC) grants for autonomous HEIs.

This guidelines explain in detailed the competitive grants mechanism for Sub-component B.2.a; *“Strengthening Institutional Management in non-Autonomous Public Higher Education Institution”*.

3. Grants for Strengthening Institutional Management in Non-Autonomous Public Higher Education Institutions

The primary objective of this grant window is to promote *good governance* amongst public higher education institutions, particularly to support the necessary preparation for transition of public higher education institutions to become *“Badan Hukum Pendidikan Pemerintah”* while increasing their accountability for their programs and activities. Grants will link not only the institutional mission to national and local priorities, but also link institution autonomy to public accountability. To be eligible for the support an institution will be required to prepare a comprehensive proposal detailing institution development plan aimed at strengthening its governance and management capacity. Support would specially be directed toward achieving the following objectives:

- a) increased capacity for institutional leadership, evidence-based decision making and long-term strategic planning
- b) design and implementation of institutional and integrated database and management information systems (MIS) based on common definition that allow institution leaders to monitor and evaluate progress toward contract goals
- c) development of transparent financial management, auditing and that ensure that public funds are expend properly and efficiently
- d) procurement systems and procedures, including asset management
- e) development of human resource management system for the training, management and utilization of the academic and supporting staff

The abovementioned objectives are the prerequisite for effective operation of higher education institutions which are essential for the conversion of higher education institution to become a Badan Hukum Pendidikan Pemerintah (BHPP).

4. Eligible Institutions

All public higher education institutions overseen by the ministry of National Education (except BHMN and those recipients of the IMHERE B2a) are eligible to submit a proposal for this grant. The following table indicates the public higher education institutions which are not eligible to apply for the grant:

No	Type	Name of Institution
1	BHMN	UI, UGM, USU, UPI, UNAIR, IPB, ITB;
2	Polytechnics	PNJ, PN Bali;

3	University	UNIB, UNHAS, UM, UNSOED;UNILA:UNIPA:UNIBRAW;UNS
4	Institute	ITS;

5. Size and period of the Grant

The project provides the aggregate total amount of approximately USD 7,000,000 for this category of grants. About 14 grants to a maximum of USD 500,000 each (excluding Institutional Matching Fund (IMF) contribution) will be provided from the project. A recipient institution will be required to contribute an amount equal to or greater than of 8 percent of the funding provided by the project and this contribution will be considered part of the total grant and subject to the same rules and conditions governing the funds received from the project. The actual amount of the award will, however, depend upon the overall quality of the proposal as reflected by the score obtained in the evaluation process. One institution may submit one proposal only. The Grant is to be implemented in **two years**.

6. Institutional Matching Fund (IMF)

If selected, the grantees have to commit an amount of funding that reflects its commitment for sustainability of investments under the Grant. This commitment will be demonstrated by a formal statement signed by the *Rector/Director* of the proposing institution. The level of funding must be adequate to at least support the maintenance and operational cost of the proposed investment. This matching fund will be allocated from the university's self generated fund (*DRK*). In order to fulfill the requirement, the level of self-generated funding proposed to be committed is **at least 8%** of the total proposed investment. While the minimum required IMF contribution is 8%, an institution may allocate more than 8% and increase the scope of the proposed investment program

The proponent should be aware that the level of IMF (*PNBP*) is not negotiable thus an internal agreement within the university should be reached. The total Proposed Budget should, therefore, take into account its capacity to generate revenue. The Institution (IMF) commitment must be budgeted and presented in detail in the HEI proposal.

The source and proposed budget composition is shown in the following table:

Table 1. Budget Composition

Source of Budget		Proposed Budget Composition	
World Bank	100 %	Investment	Min. 101 %
Institution (IMF)	Min. 8 %	Project Management	Max. 7 %
T o t a l	108 %	T o t a l	108 %

7. Eligible Expenditures

Grants for Strengthening Institutional Management in Non-Autonomous Public Higher Education Institutions can be used to support the following investment expenditures. The components proposed should be logically linked to the proposed programs, supported by strong argument and clear justification.

a) ***Technical assistance***: domestic can be recruited as technical specialist to help institutions developing its governance, organization and internal management systems, or other internal systems best suited to prepare the institution to become a “Badan Hukum Pendidikan Pemerintah”. If proposed, a clear and sound terms of reference (TOR) must be included in the proposal. Although the actual rate for this component will be determined by the overall quality of the expert as well as the nature and scope of the assignment, the ceiling cost for domestic TA is Rp. 45 million per month all inclusive.

b) ***Non-degree training***: in order to develop its capacity to implement its proposed plan, necessary training can be proposed. It can include training for managers or administrative staff domestically as well as overseas. Overseas training can only be justified if such training is not available domestically. The maximum cost for domestic training, excluding travel, must not exceed Rp. 10 million per month, for allowances and any bench fee, and is limited to three consecutive months, whilst for overseas training the maximum must not exceed USD 4,000 per month excluding costs for travel and is limited to one month per trainee. If proposed, this component must be supported with a detailed TOR and a clear information regarding the training program as well as the training provider. This component cannot be used for a comparative study visit.

c) ***IT infrastructure and software***: this component can be used to set up or enhance necessary IT infrastructure and systems to support implementing the management systems at institution level. The aim is to lead to the implementation of an integrated management information system which is used by university managers as a basis for decision-making. This expenditure may include in-house training for implementing new systems. The software application system shall be procured as a software package or contract development with a software developer company.

d) ***Policy Studies***: introducing a new system shall undeniably require rigorous study and analysis. This component can be used to support such study which can be done internally

or involving outside party. The ceiling cost for this component is Rp. 750 million (in total for all studies for the whole project period). In case of internally conducted, the budget must be at cost, must not include salary for the implementing officers, and subject to approval by the DGHE-IU. If proposed, this component must be supported with a detail TOR.

e) ***Project Management:*** this component aims to provide incentives for a limited number of HEI – IU officers and activities such as meetings, office consumables, and coverage of communication costs to maintain Internet connections. Domestic travel is needed for periodic workshops on implementation conducted among grantees. Implementing officers eligible are (1) executive director, (2) Monitoring and Evaluation Section (3) Treasurer and (4) Procurement Section, (5) Program Secretary and additional support staffs as needed. The unit cost for these incentives will be provided by the DGHE – IU. The Proposed Budget for this component **should not exceed 7% of the total proposed investment**. The components proposed should be logically linked to the proposed programs, supported by strong argument and clear justification. The amount shall be explicitly included in the DIPA (RKAKL). In case the proposing institution is receiving B1 grant, then project management cost should be integrated and any possible double funding shall be avoided.

8. Selection Mechanism

a. Selection Process

The proposal review process ensures transparency by adhering to the principles of external peer review and by engaging a range of proposal reviewers from a cross-section of HEIs. The reviewers must adhere to a strict code of conduct that ensures, among other things, that review panelists avoid any potential conflict of interest by excusing themselves from grant reviews related to their own institutions or programs. These review panels are appointed by DGHE-IU from a pool of experts established by BHE. To ensure transparency, the grant selection results will be made public.

Selection of grantees will use a competitive peer review process for the award of approximately 14 development block grants. Competition will be open to eligible institutions.

The first step will be the submission of Comprehensive Proposal, which comprises a comprehensive report on self-evaluation and proposed development plan to alleviate problems identified in the self-evaluation. The proposal will reviewed by a panel of experts.¹ Those institutions with Comprehensive Proposals that meet a minimum rating score will be short-listed for the Site Visit. The decision regarding the minimum rating as well as on the final award of the grant will be done by the Director General of Higher Education after considering recommendation submitted by the review panels.

¹ The TOR and a brief note on the “Code of Conduct for Reviewers” is available on the IMHERE website.

b. Tiered Competition

To promote competition among institutions of comparable institutional strength, the potential grant recipients will be tiered into four categories as depicted in Table 2.

The following table provides a matrix detailing a tentative allocated number of awards and an indicative list of possible beneficiaries in each category.

Table 2. List of Target Beneficiaries by Category and by Estimated Number of Awards (round III)

Tier	Estimated number of awards	Target Beneficiaries
I	3	25 Public Polytechnics
II	2	ISI Yogya, ISI Denpasar, STSI Padang Panjang, STSI Bandung, STSI Solo
III	6	UNSYIAH, UNJA, UNRI, UNAND, UNSRI, UNPAD, UNEJ, UNDIP, UNUD, UNTAN, UNLAM, UNSRAT, UNHALU, UNRAM, UNTAD, UNMUL, UNPAR, UNDANA, UNCEN, UNY, UNJ, UNES, UNIMED, UNP, UNESA, UNM, UNIMA
IV	3	U. Tirtayasa, U. Khairun, U. Trunojoyo, U. Malikussaleh, UNPATTI, U. Gorontalo, UNDIKSA Singaraja.

c. Four-Step Selection Process

Step 1: The Comprehensive Proposal will comprise two documents, a self-evaluation report and a time-bound development plan which details proposed activities, investments, costs to implement the proposed development programs, and a description of the HEI's arrangements to monitor and evaluate implementation and performance.

Step 2: Desk Evaluation will be undertaken by at least three expert panel members appointed by the DGHE-IU. The desk evaluation carried out by the panel will be based on the Comprehensive Proposal and the proposal's guidelines. The review will be undertaken within two weeks. Desk evaluation results will be published on the IMHERE website, and sent to the institution formally.

Step 3: The Site Visit will consist of a two-day visit by at least three expert panel members appointed by the DGHE-IU to validate the self-assessment provided by the institution and to evaluate the extent to which the development plan and its components will achieve its stated targets within the Strategic Plan of the institution. This will also involve evaluation of the extent to which the proposal meets the published selection criteria. The panel will make a recommendation regarding the proposal and provide a written report justifying the score given to the proposal within two weeks of the Site Visit.

Step 4: The Decision to fund an institution is made on the basis of the evaluation data and evidence from the Comprehensive Proposal and during the Site Visit. The decision of the award will be made by the Director General of Higher Education after considering the recommendation from the review panels. The decision to award will be published on the

IMHERE website, and a report detailing the reasons why the proposal was unsuccessful will be sent formally to unsuccessful applicants.

d. Selection Criteria

As described earlier, the grant is aimed at promoting good university governance as the key element of the organizational health, which is an essential pre-requisite for autonomy. Thus proposal shall explicate the institution's plan towards the implementation of good university governance which systematically increases the level of preparedness for becoming a "Badan Hukum Pendidikan Pemerintah". Further the institution's commitment to broad institutional administrative reform; the way in which the institution plans to facilitate improved financial and procurement management across the institution, will be considered in the selection process under two of the selection criteria headings below, Organizational Health, and Capacity to undertake Self-Evaluation. Specifically successful institutions will be required to include a detailed action plan, identifying areas of procurement and financial management targeted for reform, specific actions to be taken to facilitate these reforms and key indicators by which the progress of these administrative reforms will be monitored prior to the receipt of funding from the Grant. Guidance on financial management and procurement management capacity assessment are contained in the Project Appraisal Document (PAD), Report No. 31644-ID, as is a sample format for the action plan.

Building on this, the criteria for selecting proposal are:

- a) ***Organizational health (30%)***: this aspect will be judged based on the clarity of institution's direction as described in the institution's strategic plan, ability to utilize and sustain previous investment, quality of leaderships and their commitment to quality improvement and good governance. This will also include an assessment of financial management and procurement management capacity and a description of the HEI's arrangements to monitor and evaluate implementation and performance.
- b) ***Capacity to undertake Self-Evaluation (35%)***:² this criterion is reflecting the overall quality of the self-evaluation report which comprises the level of involvement from stakeholders, comprehensiveness of supporting data and information, and the level of depth of analysis in problem identification, as well as its relevance to the context of institutional transformation to become an autonomous legal entity (BHPP);
- c) ***Clarity and soundness of the proposed plan (35%)***: this criterion measures the overall quality of the proposed plan including its link to the results of self-evaluation, comprehensiveness, budget justification, and feasibility for implementation, sustainability, clarity of the implementation arrangement, as well as its potentials to achieve the stated objective within the context of institutional transformation to become an autonomous legal entity (BHPP). In addition, it should also provide a clear institutional building plan covering financial, human resources, physical resources, procurement etc. not only for the project needs but also for the institution's operation as a whole. This plan is to be

² It is expected that most, if not all, proposing institutions will have had prior experience with conducting self-evaluations and encouragement is given to institutions to be creative and innovative in their approach to self-evaluation however a sample self-evaluation format can be found at the URL <http://www.dikti.org/phk> for reference, and a summary of what is expected to be covered in the self-evaluation is provided on section regarding instruction for preparing Book 1 of the Comprehensive Proposal.

incorporated in the procurement and resource management framework which spells out the steps or staging and targets towards the institution building.

9. Key Performance Indicators

In line with the overall development objective of this grant window, upon the completion of this project, the awardees shall demonstrate significant improvement of institutional capacity and readiness to become *Badan Hukum Pendidikan Pemerintah*, indicated by the following key indicators:

- a) Improved Internal efficiency and productivity
- b) Availability of financial management and accounting system, human resource management system, and physical resources and procurement management system, suited for the *Badan Hukum Pendidikan Pemerintah*;
- c) Availability an integrated database and MIS covering all functional areas of university management, i.e.: human resources, finance, infrastructure and facilities, academic and students administration.
- d) Institutional assessment on the financial capacity of the institution to embark on the legal entity status, covering at least: unit cost for operational, student share, cost for investment, and financial plan (projected cost and revenue for at 5 years)
- e) Background or academic paper of AD/ART

Each grantee shall propose stages and targets for achieving the aforesaid key indicators which are to be agreed before the award, and the performance of each grantee will be evaluated on annual basis using these indicators and assessing the institution's progress against the targets formally agreed in the agreement with DGHE-IU. It is important that the institution propose a range of quantitative and qualitative indicators which are measurable and where progress can be clearly inferred from the data set, with this in mind potential applicants are strongly advised to seek technical advice from DGHE-IU and/or BHE when formulating the indicators.

10. Implementation Arrangements

At the central level, this project will be managed by a unit called DGHE-IU established by the Director General of Higher Education. All matters pertaining to the administration of the award will be carried out by the DGHE-IU.

At the higher education institution level, the project will be managed by HEI-IU established by the Rector (or similar authority). The HEI will: (1) establish a complaints handling mechanism, to record and investigate all complaints and monitor steps taken to resolve complaints. The complaints register and a summary of actions taken to address complaints will be routinely provided to DGHE-UI, and (2) establish a monitoring and evaluation mechanism to review implementation progress. In addition the HEI will provide routine summary reports of grant implementation progress to the relevant civil society forums (for example staff groups, student groups³ and alumni groups), and conducting annual accountability meetings to which these representatives of civil society would be

³ Student group refers to established bodies such as the Badan Eksekutif Mahasiswa (BEM), himpunan mahasiswa and pers mahasiswa.

invited. The invitations to the stakeholders will be issued not more than six weeks and not less than four weeks prior to the annual accountability meeting, to ensure that everyone has sufficient information and sufficient time to prepare for the meeting.

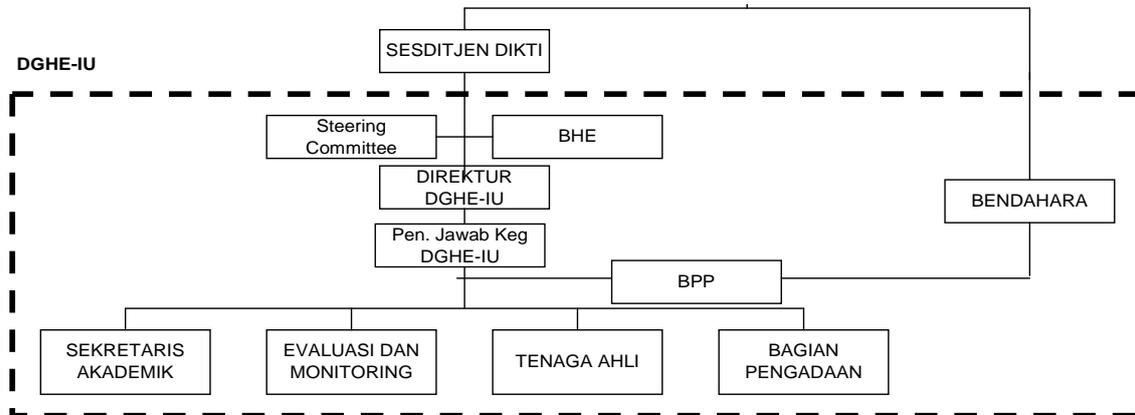


Figure 1. Organizational Structure at DGHE level

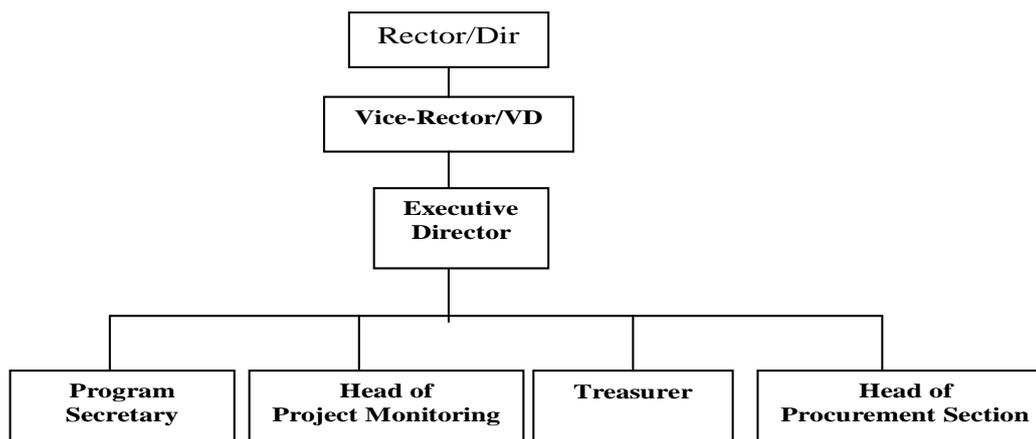


Figure 2. Typical organization structures at HEI-IU level

The Rector (or Director) will appoint one of his/her vices to be the Director of HEI-IU. Day to day operation of the HEI-IU will be under an executive director which directly reports to the HEI-IU Director. The Executive Director will coordinate the implementation of development programs with the Program Secretary and Project Monitoring. For administering the project (from the procurement and financial aspects), Executive Director will be assisted by treasurer and procurement section. The proposal shall explain mechanisms and criteria used for selecting the project officers. This information will be used by the reviewers in evaluating the clarity of implementation arrangement as well as the feasibility for project implementation.

In order to build the institutional capacity in resource management, each grantee shall develop a comprehensive framework for procurement and resources (physical, financial, and human) management. The framework will be used as a sole reference to be adopted by all units within the institution. The framework is to be legalized and endorsed by the Rector's Decree (or similar highest authority) before the agreement. The framework shall constitute a clear set of indicators, targets as well as steps or stages for achieving the targets.

As the project fund will be channeled through the scheme of DIPA, the organization chart will indicate clearly that the implementation of the grant will involve the manager of DIPA (Penanggungjawab Kegiatan) of the institution under consideration.

11. Format of the Proposal

The proposal must be written in **Bahasa Indonesia** and printed in both side of A-4 paper format using 12 font size letter, and submitted in 5 (five) hardcopies and 1 (one) softcopy in a diskette or CD. The proposal comprises of two documents as explained below.

a. **Book-I: Self evaluation**

The self evaluation report⁴ should be presented in not more than 50 pages, excluding appendices. Since all necessary data should be comprehensively presented and thoroughly analyzed in this report, such data could be attached as an appendix.

There is no standardized format for the self-evaluation report however the report shall at least cover the following aspects:

1. executive summary
2. context and environmental setting especially with regard to the newly enacted law on BHP
3. evaluation on governance and organization (including the prevailing regulations and institution's vision and mission), evaluated based on universal norms and standard;
4. evaluation on financial resources and its management system
5. evaluation on human resources and its management system
6. evaluation on infrastructures and other facilities management system
7. evaluation on management of academic programs and quality assurance system.
8. Overall assessment of institution capacity with regard to the statutory changes to becoming a BHPP

In case the proposing institution is currently or has just been receiving development funding from the government, particularly under the PHKI Theme A, a rigorous evaluation on the effectiveness of the support should be explained in the report, including the arguments and rationale for proposing this grant.

The self-evaluation report should preferably be ended by stating succinctly a summary of identified problems as well as preliminary plan to alleviate the problems, including a road-map on the transition plan for becoming the BHPP.

⁴ It is expected that most, if not all, proposing institutions will have had prior experience with conducting self-evaluations and encouragement is given to institutions to be creative and innovative in their approach to self-evaluation however a sample self-evaluation format can be found at URL <http://www.dikti.org/phk> for reference.

b. Book II: Development plan

This book is intended to present detail programs to be implemented during the next two years needing support from this grant. The maximum number of pages for this book is 50. This book shall be organized according to the following structure:

Chapter-1: Summary of SER & Institution's strategic plan

This chapter describes concisely major issues identified in the self-evaluation and then followed by a brief description of the existing institution's strategic plan. It should provide adequate rationale as to how the proposed development, which will be described in the later chapter, fit within the institution overall development plan.

Chapter-2: Proposed development programs

This chapter describes in detail programs to be implemented in the next two years which will increase the level of preparedness for the institution to become a BHPP. Major functional areas of management to be covered may include the aspects of governance, financial management and accounting systems, human resource, physical facilities and other resources, procurement management, and academic program management systems. The program shall include also the development of institutional strategic and transition plan toward the new status of BHPP.

Chapter-3: Proposed organization and internal arrangement for project implementation

This chapter explains how the project will be managed and organized internally including organization structure and job description as well as internal control and coordination mechanism (including the management of DIPA) to be implemented. It should also provide information regarding key personnel in the organization should the award be granted.

Chapter-4: Proposed budget (summary as well as detail budget)

This chapter consists of the proposed budget to be presented according to the standardized format as presented in the appendices 1 - 4.

In case of the proposing institution is currently or has just been receiving development funding from the government, or any other source linked to the proposed developments, a detailed explanation that no overlapping funding will happen should be provided.

Annex (comprises TOR, detail specification and plan for first year procurement)

c. Book III: Capacity Building on Procurement and Financial Management System

A framework for financial and procurement management should be presented in this document explicating organization, policies, mechanism and procedures, as well as management capacity building plan for financial management and procurement

management to be developed and adopted by the institution. The framework should be put in place (legalized by the Rector/Director's decree) prior to the agreement.

12. Other Essential Information

a. Standardized cover sheet

The Book I (blue) and Book II (yellow) shall use the following standardized cover sheet:

This document is available electronically and can be downloaded at the URL: <http://www.dikti.go.id>

**Strengthening Institutional Management in non-autonomous
public Higher Education Institutions
INDONESIA – Managing Higher Education for Relevance and
Efficiency (IMHERE) Project
BATCH III**

BOOK I: Self Evaluation Report

Name of institution: _____



The logo is a shield-shaped emblem with a white background and a black border. Inside the shield, there is a stylized figure of a person with arms raised, holding a torch or a similar object. Above the figure, the words "TUTWURI HANDAYANI" are written in a curved path. Below the figure, there is an open book.

**Directorate General of Higher Education
Ministry of National Education**

July 2009

**Strengthening Institutional Management in non-autonomous
public Higher Education Institutions
INDONESIA – Managing Higher Education for Relevance and
Efficiency (IMHERE) Project**

BOOK II: Improvement Plan

Name of institution: _____



**Directorate General of Higher Education
Ministry of National Education**

July 2009

Figure 3. Cover Format Proposal

b. Signatory

Both documents shall be submitted by the Rector/Director of the institution, and a cover letter signed by him/her shall be in the first page of each document. Contact address (physical, e-mail, and telephone) should be clearly presented on this page.

c. Submission date

Proposal shall be sent and received by September 11, 2009 at 16:00 hrs at the following address:

DGHE-IU I-MHERE Ditjen Dikti Depdiknas – Gedung D Lt. 11 Jl Pintu Satu Senayan JAKARTA SELATAN

d. Schedule for Round III Competition

Event	Schedule
1. Call for proposal	14 July 2009
2. Regional Info. Workshop	29 July 2009
3. Proposal Development	14 July – 10 September 2009
4. Proposal Submission	11 September 2009
5. Desk Evaluation	15 – 30 September 2009
6. Announcement for site visit	05 October 2009
7. Revision	05 – 16 October 2009
8. Site visit evaluation	22 – 30 October 2009
9. Announcement	06 November 2009
10. PIP Workshop	10 November 2009
11. Submission of PIP	24 November 2009
12. Negotiation of PIP	01 – 02 December 2009
13. Award announcement	20 December 2009

Appendices

Appendix-1. Summary of 2 Years Proposed Budget from All Programs

Programs ⁺⁾	First Year (US \$)		Second Year (US \$)		Total (US \$)	
	Grant ^{*)}	DRK ^{**)}	Grant	DRK	Grant	DRK
Program A						
Program B						
Program						
Annual DRK						
Total Proposed Budget						

1 US \$ = Rp. 9.600,-

*) from World Bank (WB)

***) from Institution funding

+) Depending on submitted proposal

++) Depending on the size and nature of the proposed development plan

Appendix-2. Summary of 2 (3)++ Years Budget by Component for all Program

No.	Components	Program A (US \$)	Program B (US \$)	Program (US \$)	Total (US \$)
1	Technical Assistance				
2	Staff Development				
3	IT infrastructure and software				
4	Policy studies				
TOTAL (US\$)					
	DRK (US \$)				
	DRK (%)				

1 US \$ = Rp. 9.600,-

++) Depending on the size and nature of the proposed development plan

Appendix-3. First Year University Proposed Budget

Program/ Components	UNIT	Quantity	Unit Cost (US \$)	Total Cost (US \$)	Total DRK (US \$)
1. Technical Assistance	Person				
2. Staff Development	Staff Year				
3. IT infrastructure and software	Unit/Package				
Etc					
<i>Sub-Total</i>					
Total					

1 US \$ = Rp. 9.600,-

Appendix-4. Summary of The Total Proposed Budget

Components of Expenditure	Year 1			Year 2			TOTAL			%
	WB (US\$)	Local Currency (Rp)		WB (US\$)	Local Currency (Rp)		WB (US\$)	Local Currency (Rp)		
		WB	DRK		WB	DRK		WB	DRK	
1. Technical Assistance										...%
<i>Domestic</i>										
<i>International</i>										
2. Staff Development										...%
<i>Domestic non-degree</i>										
<i>Overseas Non-degree</i>										
3. IT infrastructure and software										...%
<i>Infrastructure</i>										
<i>Software</i>										
4. Policy Studies										...%
<i>Policy Studies</i>										
5. Project Management										max 7%
<i>HEI-IU Operational support</i>										
Grand Total										108%
Portion (%)	100,00%	8,00%		100,00%	8,00%		100,00%	8,00%		
Total in US\$										
Allocated per Year	39%			69%			100%			

Note  : Sub Total per Components
 : Eligible Funding
 : Not Eligible Funding

1 US\$ = Rp 9.600,-

Appendix-5. Detailed Specifications: Technical Assistance – Domestic Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-5.a is for Year 2010, Appendix-5.b is for Year 2011)

Number of Person	Qualification¹⁾	Major assignment²⁾	Estimated length of visit (month)	Estimated Cost	Major field

Notes: The ceiling applied is Rp. 25,000,000, - per person-month for maximum of 3 months (excluding Domestic travel)

¹⁾ Should be elaborated in Term of References

²⁾ Teaching, research, or management consultant

Appendix-6. Detailed Specifications of Domestic non-degree Training Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-6.a is for Year 2010, Appendix-6.b is for Year 2011.)

Name of tentative candidates	Field of study	Targeted university/institution to apply	Estimated length of study (months)	Estimated Cost

Notes: The ceiling applied is Rp. 7.500.000, - per person-month for maximum of three consecutive month

Appendix-7. Detailed Specifications of Overseas non-degree Training Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-7.a is for Year 2010, Appendix-7.b is for Year 2011, etc.)

Name of tentative candidates	Field of study	Targeted university/institution to apply	Estimated length of study (months)	Estimated Cost

Notes: - The ceiling applied is US\$ 4,000 per person-month for maximum of 3 months
- Should be supported with a detail TOR

Appendix-8. Detailed Specifications: IT infrastructure and software – Infrastructure Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-8.a is for Year 2010, Appendix-8.b is for Year 2011, etc.)

Type of Infrastructure	Description/Technical specification	Quantity	Unit Cost	Utilities ^o	Estimated Cost	Remark

Appendix-9. Detailed Specifications: IT infrastructure and software – Software Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-10.a is for Year 2010, Appendix-10.b is for Year 2011.)

Name of Software	Description/Technical specification	Quantity	Unit Cost	Estimated Cost	Remark

^o Please describe availability and additional requirements

Appendix-10. Detailed Specifications: Policy Studies Year-1 up to Year-2

(Should be presented per year, i.e. Appendix-11.a is for Year 2010 and Appendix-11.b is for Year 2011)

Title of Study	Scope	Expected Output	Period of Study	Total

Notes: The ceiling applied is Rp 750,000,000

Appendix-11. Results Framework and Monitoring

The project will assess the progress made by Indonesia toward meeting each of the five key project indicators by regularly monitoring the set of specified intermediate indicators presented in the results framework of this annex. Project monitoring will also include the regular assessment of the two grant programs operating under Components 2.1 and 2.2 to measure progress toward the fulfillment of the grant objectives, as well as improvements made in management capacity. The Annual Report of Project Progress (ARPP) will provide a yearly summary of all indicators; the reported data will serve as the basis for regular project supervision. The DGHE will establish baseline data on all indicators listed in the tables of this annex. These indicators will be monitored consistently throughout the life of the project. The ARPP will also include annual technical and financial audits of the grant programs operating throughout this project; these audits will monitor related management capacity.

The BHE will be responsible for overseeing the project monitoring and evaluation (M&E) plan using information provided by the MONE, the NISHE, the BAN-PT, and all public HEIs. The DGHE-IU will carry out the administration necessary to ensure the completion of the M&E plan to the satisfaction of the BHE, including the drafting of TORs and issuing of contracts. The NISHE will collect data on all indicators from all institutions. Data collected from both beneficiary and non-beneficiary institutions will lay the foundation for evaluating the project. The key project evaluation activity will be a comparison of competitive, performance-based, and traditional funding models in terms of their effectiveness in improving outcomes and building capacity. Outcomes will be measured with reference to the Development Objective, which ultimately seeks improvement in quality, relevance, efficiency, and equity. Capacity building in the autonomous public HEIs will be measured by their progress in building capacity for autonomous management (see Annex 2). Capacity building in the less-developed HEIs will be measured by their progress in building their basic financial management, procurement, and planning capacity.

The evaluation will proceed along three lines of inquiry: (1) did the various financing mechanisms implement as intended - according to operational procedures, in a timely fashion, and without leakage of funds; (2) how did each funded program contribute to agreed outcome and capacity indicators (compared with a control group of non-beneficiary institutions); (3) what can be deduced about the effectiveness of each funding mechanism for achieving results and the efficiency of each funding mechanism for allocating and managing public resources? The evaluation will require the DGHE to establish baseline data on the outcome and capacity indicators listed in tables of Annex 2 and to monitor those indicators consistently throughout the life of the project. The design and preparatory steps for this evaluation will be supported by a PHRD grant for project preparation. The tasks to be undertaken prior to project effectiveness will include: the development of Terms of Reference for evaluators and enumerators; the production of interview protocols, data collection instruments, and enumerator handbooks; the training of evaluators and enumerators; and the collection of baseline data. Resources for conducting the project evaluation are provided under Component 1.1.

Annex Table 12.1: Project Results Framework

PDO	Outcome Indicators	Use of Outcome Information
<p>An enabling environment for the evolution of autonomous and accountable public higher education institutions and a set of effective support mechanisms for improving the quality, relevance, efficiency, and equity of higher education.</p>	<ul style="list-style-type: none"> • The draft law on education institutions (BHP) is passed by 2010. • The National Information System for Higher Education develops the capability to conduct and report on regular graduate tracer studies by 2010. • Institutional accreditation is awarded to 5 percent of all HEIs (public and private) by 2010. • Unqualified opinion awarded by external auditors on financial audit to five public HEIs, and 90 percent of procurement by the participating institutions is awarded within the bid validity period by 2010. • A comprehensive process evaluation of line item financing, competitive grants, and performance-based contracting is completed by 2010. 	<ul style="list-style-type: none"> • Monitor progress toward the PDO

Intermediate Results One per Component	Results Indicators for Each Component	Use of Results Monitoring
<p>Component 2.1: Grants for Responsive and Efficient Allocation of Resources – Expansion of competitive grants to public and private HEIs</p> <p><i>Improved education quality and increased social responsibility</i></p> <p><i>Increased external efficiency of undergraduate programs</i></p>	<p>Component 2.1 :</p> <ul style="list-style-type: none"> • GPAs for students in grant-recipient programs increase. • The percentage of students from disadvantaged backgrounds at grant-recipient institutions increases. • The number of students entering employment within six months of graduation increases. 	<p>Component 2.1:</p> <ul style="list-style-type: none"> • Target each round of the competitive fund to areas critical to Indonesia’s social and economic development. • Measure effectiveness of cooperative learning, career counseling, and links with local industry.

<p>Component 2.2: Grants for Responsive and Efficient Allocation of Resources – Competitive grants for strengthening management capacity at less-established HEIs, grants for management capacity building at autonomous institutions, and initiation of performance-based contracts at autonomous HEIs.</p> <p><i>Improved institutional management capacity for less-established HEIs</i></p> <p><i>Strengthened management capacity at autonomous HEIs</i></p> <p><i>Targeted performance-based contracts</i></p>	<p>Component 2.2:</p> <ul style="list-style-type: none"> • Copy of SK Rektor on the establishment of internal audit function • Unqualified opinions are awarded by external auditors on financial audits to five public HEIs by 2010. • Institutions successfully complete their contract obligations by achieving or exceeding their agreed targets on four performance indicators. 	<p>Component 2.2:</p> <ul style="list-style-type: none"> • Monitoring progress in building capacity for institutional autonomy. • Monitoring progress in building capacity for institutional autonomy • Monitoring effective autonomy
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Annex Table 12.2: Institutional Building for Financial Management at Participating HEIs

Financial Management Institutional Building Objective	Impact Indicators
<p>Increased transparency and accountability, including improved financial management processes at the participating higher education institutions (HEI).</p>	<ul style="list-style-type: none"> ▪ Appropriate enabling regulatory framework for financial management ▪ Enhanced accountability of faculty heads for compliance with HEI regulations on financial management ▪ Improved financial controls over management of public funds ▪ Greater transparency in financial management ▪ More effective internal and external audit functions.

Annex Table 12.3: Project Performance Indicators

Performance Indicators	Applicable to Implementing Agencies*			
	DGHE	UI, ITB, IPB, UGM	Other BHMN	Non BHMN
A. At Entry				
1. Official appointment of the unit/team within the HEI with responsibility to guide financial management institutional building and related reforms, with representation of each unit/faculty.	N/A	V	V	V
2. A detailed implementation plan for the institution-building actions that will be implemented under the project progressively each year.	N/A	V	V	V
3. Issuing of joint commitment statement from “Majelis Wali Amanah” and/or Senate and Rektor on financial management institutional building.	N/A	V	N/A	N/A
B. By End of 1st Year Implementation				
<i>Regulatory Framework</i>				
4. Issuing SK Rektor⁵ on the financial management policies, systems, and procedures covering at least the following: a. Preparation and execution of the HEI budget b. Adoption of double entry accounting standards c. Requirement that all HEI’s bank accounts be opened only with written authority from the Rektor (SK Rektor) d. Requirement for all units/faculty within the HEI to declare annually in the form of a statement of responsibility signed by the unit/faculty head that all revenue collected and donations received are deposited in the authorized HEI bank accounts e. Clear segregation functions of the HEI Finance Unit (which will be responsible for the issuing of the payment instructions) and HIE Treasury Unit. f. Instruction to HEI Finance Unit to undertake periodic comprehensive reconciliation of cash and bank accounts within the HEI covering accounting records, bank statements, official and temporary proof of collections, and actual cash collection practice g. Instruction to all faculties/ units within the HEI to: - Discontinue separate faculty/unit treasuries. - Discontinue receiving or holding cash beyond petty cash needs.	N/A	V	V	N/A

⁵ SK Rektor is an official decree from the rector of a public higher education institution.

Performance Indicators	Applicable to Implementing Agencies*			
	DGHE	UI, ITB, IPB, UGM	Other BHMN	Non BHMN
C. By the End of the Project				
<i>Financial Management System Implementation</i>				
5. Implementation of items no. 4 a to g: a. Preparation and execution of the HEI budget b. Adoption of double entry accounting standards c. Requirement that all HEI's bank accounts be opened only with written authority from the Rector (SK Rektor) d. Requirement for all units/faculty within the HEI to declare annually in the form of a statement of responsibility signed by the unit/faculty head that all revenue collected and donations received are deposited in the authorized HEI bank accounts e. Clear segregation functions of the HEI Finance Unit (which shall be responsible for the issuing of the payment instructions) and HEI Treasury Unit. f. Instruction to HEI Finance Unit to undertake periodic comprehensive reconciliation of cash and bank accounts within the HEI covering accounting records, bank statements, official and temporary proof of collections, and actual cash collection practice. g. Instruction to all faculties/ units within the HEI to: - Discontinue separate faculty/unit treasuries. - Discontinue receiving or holding cash beyond petty cash needs.	N/A	V	V	N/A
6. Prepare auditable financial statements				
7. Make available to students and civil society details of budget and audited annual financial report		V	V	V
<i>Internal & External Auditing</i>				
8. Establish internal audit function within HEI responsible to the head of the institution	N/A	V	V	V
9. Arrange for the private auditor to conduct annual independent audit of financial statements for the institution.		V	V	V

Note: * Verification will be defined further on the OPM.

Annex Table 12.4: Institutional Building for Procurement at Participating HEIs⁶

Procurement Institutional Building Objective				Impact indicators			
Increased efficiency, transparency and accountability of procurement process at the participating higher education institutions (HEI) and DGHE				<ul style="list-style-type: none"> Development of a procurement reform momentum at the participating agencies consistent with the national legal framework; Reduction of procurement delays and maintain timeliness of award of contracts; Improvement of professionalism of staff involved in procurement and decrease the corruption perception; and Monitored unit rates of major component of civil work contracts and of other prices (for goods) 			
Implementation Indicators	Verification by Implementing Agencies				Verification By DGHE (qq the Project Monitoring Unit)	Monitoring and Supervision by World Bank ⁷	
	DGHE	UI, ITB, IPB, UGM	Other BHMN	Non BHMN			
At entry							
1. Official appointment of the units and staff with institutional mandate to carry out procurement	Copy of DG Decree appointing the units and staff along with their Terms of Reference	Copy of SK Rektor appointing the units and staff along with their Terms of Reference			Submit copies of DG Decree/SK Rektor along with letter to World Bank as certifying that the DG Decree/SK Rektor for each of the eligible	Review the DG Decree/SK Rektor, staff memberships and TOR to confirm	
2. A proposal including own diagnostic report indicating areas of the needed reform and the action plan that will be carried out under the Project	N/A	Copy of SK Rektor indicating the needed reform and action plan			participating agencies are available at DGHE and are satisfactory in form and substance	satisfactory in form and substance	
End of 1st yr implementation							
Law and Regulation							
3. Internal procurement procedures are adopted as part of the HEI's instrument, consistent with Keppres 80/2003	N/A	Copy of issued SK Rektor along with the procurement regulation	N/A	N/A	Review SK Rektor and the procurement regulation to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance	
4. Establishment of clear and robust mechanism for recording and handling of procurement complaints, and adopt them as part of the institution's own instrument	Copy of issued DG Decree (after obtaining input from the DG of Higher Education) along with the regulation	Copy of issued SK Rektor along with the regulation		N/A	Review the DG Decree/SK Rektor and the complaint handling regulation to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.		
Disclosure							
5. Monitor and publicly disclose contracted unit rates for major components of civil works contracts, as well as prices for major categories of goods	Documentation of public disclosure of unit prices (e.g. newspapers, or internet)				Review submitted documents to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance	

⁶ This table is to be discussed with the GOI and agreement on indicators will be determined during negotiations.

⁷ There will be additional monitoring by external parties.

End of the project					
Law and Regulation					
6. Procurement planning is part of the budgeting process	Copy of issued DG Decree	Copy of issued SK Rektor	N/A	Review the DG Decree/SK Rektor and the procurement plan regulation to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance
Disclosure					
7. Publication of sanctions against poor performance contractors, suppliers, and consultants	Documentation of public disclosure of sanctions		N/A	Review submitted documents to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance
Control System					
8. Adoption of standard bidding documents as part of the institution's own instrument	Copy of SK DGHE along with the official standard bidding documents	Copy of SK Rektor along with the official standard bidding documents	N/A	Review submitted documents to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance
9. All procurement activities are subject to external audit (by BPKP or other independent auditor)	Copy of the Audit Report			File the Audit Report for references, follow up any procurement deficiencies	Use the input from the Audit Report for Bank's post review
Capacity Building					
10. Standard and qualification criteria staff involved in procurement is established as part of the institution's own system	Copy of the SK DGHE	Copy of the SK Rektor		Review submitted documents to confirm satisfactory in form and substance, and file the documents as references for monitoring the Project progress.	Post review during supervision, and confirm satisfactory in substance