

# Understanding Decentralization

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Decentralization is a dominant policy direction in many countries and has been strongly encouraged by donors for years. However, there is little hard evidence to support the assumption that educational decentralization leads to improved quality of learning, and there are few clear guidelines for making decentralized systems more effective in improving the quality of education. Policymakers, educators, and scholars' questions about decentralization and its proliferation as a policy choice seek to address three primary concerns:

- Why are countries decentralizing their education systems—what are the pros and cons of each specific case?
- Is decentralization a good thing in terms of improving quality, equity, and efficiency?
- How should decentralization be implemented to minimize the problems that sometimes accompany public sector reforms?

The EQUIP2 Decentralization Series focuses on development of an analytical framework, research, and tools to link administrative decentralization, community participation, and local school management to improved school outcomes, learning, and accountability. The EQUIP2 series fosters policy dialogue, research, knowledge sharing, and country-to-country learning about effective systems and best practices.

EQUIP2 facilitates understanding of and learning about education decentralization through a five-element framework:

1. Definition and Typology
2. Motivation and Rationale
3. Policy Options for Design
4. Implementation Strategies and Capacity Building
5. Monitoring and Evaluation of Impacts

Although the most important questions on decentralization, its place, potential, and significance remain, the characteristics of each element in this framework become clearer as EQUIP2 advances its research and evaluates decentralization in practice around the world. The goal is to gain a full comprehension of education decentralization's application, challenges, and keys to success over time, ensuring sustainability and replicability. This paper presents an overview of education decentralization, the terms used, common motivations, policy options, and implementation methods.

## **DEFINITION AND TYPOLOGY**

### ***Typology***

A clear definition and typology of the word decentralization, as it is meant in the context of EQUIP2's work, is essential to understanding. Decentralization is the process by which decision-making responsibilities are transferred from higher levels of government to lower levels and even to the schools themselves. Decentralization includes three distinct types of responsibility transfer: devolution, deconcentration, and delegation. Devolution is the permanent—legal or constitutional—transfer of decision-making

authority from a higher level of government to a lower level. Deconcentration is the transfer, usually by administrative decree, of decision-making authority from higher to lower levels of the bureaucracy within the same level of government. Delegation is the assignment, usually by administrative decree, of decision-making authority to other public or private agencies.

All three types of decentralization are common in the education sector. Several countries have devolved major education responsibilities from central governments to regional and/or local governments. Others have deconcentrated decisions from the education ministry located in the capital city to the ministry's regional bureaus. Still others have delegated powers to appointed boards of directors or elected councils charged with managing schools. While not common, there are examples in the developing world of hybrid models of decentralization, in which decision authority is devolved to lower levels of government that then choose to further delegate responsibilities to the school level.

### ***Level of Government***

Decentralization is, by definition, the transfer from the center, or the national education ministry usually located in the capital city, to the periphery. Education decentralization in practice usually transfers powers and responsibilities to one or more of three levels: the region (i.e., regional governments like states or provinces, or the regional offices of the education ministry), the locality (i.e., local governments like municipalities or districts, or the local offices of the education ministry), or the school (i.e., either the school director or a governing school board).

The three common types of arrangements for providing publicly financed education, however, do not so neatly fit this typology. First, the community school is not so much the result of a government decision to decentralize but the result of a community taking initiative, often with NGO assistance, to gain control of a school from the state, which failed to provide education for all. Second, the privately managed school, sometimes called a charter school or a voucher school, provides education services under contract with, and usually with significant financing from, the education ministry. Third, NGOs or religious organizations manage and deliver education under contract with, or with partial financing from, the education ministry. For the purposes of this framework, privately managed and community schools are included under the delegation category.

### ***Functions and Responsibilities***

Public education finance and delivery entails various functions, including:

- Employment, training, pay, and teacher management;
- Employment, training, pay, and school director supervision;
- Selection, procurement, and textbook distribution;
- Student and school performance assessment;
- Design and curriculum implementation; and
- School facilities location, construction, and maintenance.

None of these functions are always decentralized, and some functions decentralize faster than others. Public education functions and responsibilities are divided and often shared among levels of government and the school itself.

## **MOTIVATION AND RATIONALE**

### ***Motivation***

The motivation for education decentralization plays an important role in determining the design of that decentralization. The devolution of powers to sub-national governments is often driven by political considerations. Democratization, sometimes in reaction to deposed authoritarian regimes, is often the motivation for devolution to regional or local governments. Fiscal crisis at the national level and a desire to shed costly services to other levels of government is also a motivation for devolution. Strong ethnic identity may argue for either devolution to sub-national governments or delegation to school communities, depending on the distribution of the ethnic group.

The motivation for delegation to schools, on the other hand, is often considerably different from that for devolution and is more centered on educational objectives. One motivation for delegation is to improve efficiency and thereby reduce costs under the presumption that local managers can make better decisions on the basis of local information. Another motivation is to increase education quality and strengthen schools' accountability to parents, presuming that both have adequate information about school performance and schools have the knowledge and resources to improve. A related motivation is to introduce competitive market forces to the public education monopoly by offering parents and students a privately managed schooling option. When governments are constrained in their administrative capacity, another option is to rapidly increase access by empowering communities to start and manage their own schools. Education democratization through increased participation by parents and other citizens is another key motivation for delegation.

The reasons for contracting service delivery with local or international NGOs is often quite different from those for delegating to schools and school governing boards. Some NGOs are supported because of their religious affiliations, while others are supported because they offer a type of education not found in the traditional public system, and others are supported simply because they have demonstrated themselves to be more cost-effective than the traditional public system.

When addressing a system's motivations for decentralization, concerns about quality and access must remain at the forefront and influence both decentralization's design and development.

### ***Quality***

The quality of schooling can improve only if processes and behaviors change within the school itself. Devolution can strengthen parental demand for greater quality or improve the capacity of sector policymakers and managers to implement their policies and programs, but the impact of these depends on having educated clients and professional

school managers. An important impact of devolution on quality is through the increased experimentation and innovation it permits. If there are mechanisms to capture and disseminate successful innovations, devolution may indirectly yield quality improvements.

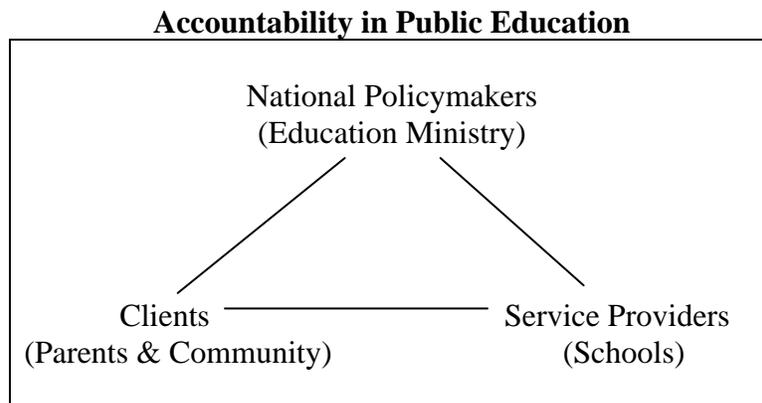
Delegation offers somewhat larger possibilities of improvements in school quality. The creation of elected school councils or governing boards in and of itself encourages more active participation on behalf of parents. Active parent participation can translate into increased teacher attendance monitoring and budget preparation and implementation. Other policies that often accompany delegation—required school improvement plans and the creation of school grants to fund those plans—further encourage parents, teachers, and school managers to form a so-called “school team,” which facilitate implementation of quality-enhancing programs. Decentralization’s impact on school quality depends on capacity, information, ministry of education support, and local tradition and culture, especially as they concern community initiative and participation.

### ***Access***

When central governments lack the administrative and financial capacity to provide education for all, contracting community groups or NGOs to hire teachers and run schools may be a cost-effective option. Governments and NGOs may also provide communities with construction grants, technical assistance, or finance to pay for teachers’ salaries and supplies.

### ***Rationale***

Although political motivations affect design, economic and educational improvements prevail as primary rationale for improving public education delivery through decentralization. Moreover, those rationales are based on expectations about improved efficiency, quality, and access.



The figure on Accountability in Public Education, adapted from the World Bank’s 2004 *World Development Report*, illustrates why decentralization—either devolution or delegation—may increase efficiency and quality by strengthening accountability. Three key traditional public education system actors constitute the triad involved in education accountability. In simple terms, clients (i.e., parents) make their preferences known to

policymakers by voting. The policymakers formulate policies that reflect those preferences and command the service providers to implement those policies. The service providers follow the policies and regulations delivered from above and deliver instructional services to children and their parents with the financing made available. In this traditional model, clients have no way of directly influencing service providers, and service providers have no direct responsibility to clients.

Devolution may increase accountability and efficiency by shortening the distance between parent and policymaker or, alternately, shortening the distance between policymaker and the school. Shortening the distance between the parent and the policymaker arguably increases the voice of parents, who could more effectively demand better education in return for their taxes. Shortening the distance between the policymaker and the school arguably strengthens system management by reducing the opportunities for schools to evade policymakers' directives.

Delegation, at least in its most common form of empowering local governing boards, shortens the distances in the figure still more. Elected school councils usually meet periodically with parents, giving participating parents a strong voice. School councils also often work directly with the school director on school planning and budget issues, creating a strong link between the governing board and the school. Delegation can strongly increase accountability for those functions and responsibilities delegated to the school. However, higher levels of government usually retain significant responsibilities under delegation, including decisions of how much to spend per pupil, how much to pay teachers, and how to train teachers.

## **POLICY OPTIONS FOR DESIGN**

Each country's design of education decentralization is unique and depends on the historical, cultural, and political characteristics of that country. Decentralization design means the change in responsibilities and powers, or the redistribution of decision-making responsibilities for the various education systems functions across all levels of government and the school.

Decentralization design often begins with a legal step—constitutional reform, new legislation, executive decree or edict—that sets forward the reform's principles and general goals. It may mention the importance of citizen participation or indicate that local governments will have a new but perhaps undefined responsibility for basic education or specifically reserve certain areas (e.g., higher education) for the national government. However, this first step rarely specifies powers and responsibilities in any detail, and it may be in conflict with other laws—civil service, education, finance—governing the education sector.

The second step is to issue implementation regulations to accompany the new legislation or decree. The regulations may differ significantly from the original intent, depending on the author. Existing laws must also be amended to abet consistency with new decentralization policies. This is not always done immediately, resulting in legal

ambiguities about roles and responsibilities for education, which may persist for several years.

National, regional, and local institutions exercise their new roles and responsibilities as the third step to the design of decentralization. The extent to which this occurs, however, depends on those institutions' management and fiscal capacity—a lack of administrative capacity or financial resources may prevent a local government from assuming its new role. The difference between the legal acts' intent, or *de jure* decentralization, and the implementation of powers, or *de facto* decentralization, can be measured using the EQUIP2 three-day decentralization workshop tool for national and sub-national stakeholders.

### ***Governance***

Decentralization designs differ in terms of governance. At the regional and local levels, governance may lie only with executive and legislative bodies, or it may be shared with regional or local education councils. At the school level, governance may lie with a school council comprised of only community members, or it may include teachers, school administrators, and even students. Council members may be either elected or appointed. Very little is known about how specific governance arrangements affect decision-making or education outcomes.

### ***Finance***

Finance is another important way in which decentralization designs differ. Under devolution, sub-national governments may depend exclusively on own-source revenues to fund education at one extreme or rely strictly on national government transfers to fund education at the other. In most countries, sub-national government own-source revenues are a minor source of education finance; most revenues come from some form of fiscal transfer from the central government.

Even when sub-national governments depend on the central government to fund education, several instruments may be used to make the transfer. The central government may transfer money in large, unconditional blocks to sub-national governments, which then spend the proceeds as they wish. Alternatively, the central government may transfer money to sub-national governments as grants expressly used for public education expenditures. In addition to or instead of these mechanisms, the central government may transfer money as grants that can only be used to purchase specific inputs.

The transfers from the central to sub-national government may be determined by formula, in which case the distribution is transparent and predictable. Transfers may also be ad hoc and determined by political negotiations, in which case distribution is usually biased in favor of sub-national governments affiliated with the same political party as the national government.

Intergovernmental transfers may also have an equity component built into their distributional formula. Most often, the equity component ensures that either all children receive some minimum level of expenditure or receive adequate financial resources to

purchase some minimum combination of school supplies. More sophisticated expenditure equalizing transfers include a sliding scale that reduces the central government transfer as sub-national government fiscal capacity increases.

School grants are the principal mechanism for financing autonomous schools that have been delegated new responsibilities. School grants may themselves be unconditional, giving school councils the power to decide how to allocate the school budget, or they may be conditional, requiring that school councils spend the transfer on designated purposes or inputs. School grants are widely supported by donor agencies; even so, they are rarely evaluated in terms of their impacts on school processes and outcomes.

## **IMPLEMENTATION STRATEGIES AND CAPACITY BUILDING**

Implementation strategies and capacity building requirements for education decentralization via delegation of powers to schools differ from devolution of powers to lower levels of government. A country's public education ministry usually controls school delegation implementation, while devolution occurs largely outside its control. Perhaps for this reason, the implementation of devolution is considerably more complicated.

### ***Two Strategies for Devolution***

There are two basic education devolution implementation strategies. The so-called 'big bang' strategy begins with a prominent announcement by government of an imminent and sometimes radical decentralization, immediately followed by requisite legislation and official transfer of powers immediately. Argentina, Indonesia, and Pakistan have followed this strategy.

The so-called 'go slow' strategy may begin with no announcement or legislation whatsoever, as in, for example, Vietnam and China. Under this approach, responsibilities are transferred to lower levels of government as the management and fiscal capacity of those governments increase. In some cases, municipalities or regional governments must demonstrate they have adequate capacity before obtaining certification to receive the new powers and responsibilities.

Each strategy has its strengths and weaknesses. The big bang runs the risk of failure, or at least delay, if lower levels of government lack the capacity to manage and finance education. The go slow strategy runs the risk of failure if those stakeholders—ministry personnel and teacher union officials—who perceive themselves as losing under decentralization are given time to wage a political campaign against it.

In general, there have been very few substantive studies of decentralization implementation strategies in the education sector. One conclusion, however, is that finance and delivery of government services should be decentralized simultaneously.

### ***Implementing Delegation***

Delegation runs the gamut from giving schools authority to maintain their own buildings to giving them financing and authority to hire and manage teachers and principals. Delegation of limited powers and responsibilities rarely poses an implementation challenge, but delegation of broad powers to an elected school council requires significant council capacity building, new job descriptions and selection procedures for principals, and a culture change in the education ministry from command and control to facilitation and assistance. The largest change of all requires the school inspectorate to acquire an entirely new skill set oriented towards helping schools achieve the goals they set for themselves.

### ***The Ministry's Critical Role***

The education ministry has a critical role in implementing education decentralization. Through its actions it can either greatly facilitate implementation by clarifying roles and responsibilities, building capacity, and providing technical assistance, or it can greatly impede implementation by continuing to exercise responsibilities that should be transferred to other levels of government. Research shows that ministry civil servants who fear losing power and their jobs have successfully thwarted decentralization efforts despite support for decentralization from the ministry's senior management. Even when personnel can not stop decentralization, staff may succeed in retaining jobs, resulting in an oversized ministry still providing valuable services.

## **MONITORING AND EVALUATION OF IMPACTS**

The question concerning decentralization foremost in the minds of educators is, "Does decentralization lead to improvements in quality, fairness, or efficiency in the delivery of instruction?" However, evidence to date provides very few answers. One reason may be the political nature of decentralization reforms. Proponents are interested in reform implementation but not necessarily evaluation, as in the case of New Zealand where decentralization took place unaccompanied by any systematic effort to appraise its effects. Another reason is the comprehensive nature of decentralization reform, especially devolution. When a reform is implemented everywhere, a rigorous evaluation research design simply can not be put into place.

Compared to devolution, there is better information on the effects of delegation, or school autonomy, on schooling outcomes. Pilot tests of school autonomy models are often accompanied by solid evaluation research demonstrating positive impacts, but attempts to take such pilots to scale yield disappointing results. World Bank-assisted education ministry evaluations of large-scale delegation policies for government financed community-managed schools in El Salvador and charter schools in Nicaragua showed significant positive but small impacts on parental participation, teacher and student attendance, and learning. There is clearly a need for much more ambitious evaluation of decentralization impacts on schooling, but particularly the effects of devolution.

## **DECENTRALIZATION GLOSSARY**

'Big bang' strategy: a prominent announcement by government of an imminent and sometimes radical decentralization, immediately followed by requisite legislation and official transfer of powers immediately

Charter school: provides education services under contract with, and usually with significant financing from, the education ministry

Community school: school operated by members of the local community, often with NGO assistance, having gained control from the state, which failed to provide education for all

De facto decentralization: implementation of decentralization decentralization through practice

De jure decentralization: legal institutionalization of decentralization powers

Decentralization: the process by which decision-making responsibilities are transferred from higher levels of government to lower levels and even to the schools themselves

Deconcentration: the transfer, usually by administrative decree, of decision-making authority from higher to lower levels of the bureaucracy within the same level of government

Delegation: the assignment, usually by administrative decree, of decision-making authority to other public or private agencies

Democratization: change of governing system to government by the people, characterized by majority rule, often following deposition of an authoritarian regime in developing countries, and frequently accompanied by devolution to a locally controlled education system

Devolution: the permanent—legal or constitutional—transfer of decision-making authority from a higher level of government to a lower level

'Go slow' strategy: transfer of responsibilities to lower levels of government as the management and fiscal capacity of those governments increase, often without a formal announcement or legislation; municipalities or regional governments must demonstrate they have adequate capacity before obtaining certification to receive the new powers and responsibilities

Hybrid models of decentralization: decision authority devolved to lower levels of government that then choose to further delegate responsibilities to the school level

Privately managed school: see Charter school

School autonomy: see Delegation

Voucher school: see Charter school