

**Towards an Education Decentralization Strategy for Turkey:  
Guideposts from international experience**

Policy Note for the Turkey Education Sector Study

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## Introduction: Turkey's Decentralization Challenges

Turkey's recent expansion of school enrolments has been as impressive as it has been historic. Like many countries that have achieved such increased coverage, the Government of Turkey (GOT) is now rightly turning its attention to improving educational quality, equity and student achievement.<sup>1</sup> And, like many countries seeking to improve educational quality, the government is seriously exploring potential strategies to decentralize the way schooling is governed and managed.

Turkey's education system is highly centralized—in many respects among the most centralized of middle income countries (MICs). It is far more centralized than most other countries in the ECA region and more centralized than all members of the European Union it hopes to join. It is significantly more centralized even than France, which is among the most famously centralized countries in Europe and whose education system provided a model upon which the Turkish system is based.<sup>2</sup> *It is not unreasonable to argue that a well-designed reform process in Turkey that includes components of decentralization could improve educational service provision and, over time, achievement.*

There are, however, legitimate reasons—political, societal and historical—why Turkey's education system has remained so centralized: in particular, issues of nation building, social unity, political philosophy, and potential religious conflict. These are poignant issues that, while we cannot explore in detail in this paper, form crucial aspects of the policymaking context that one must consider in any exploration of decentralization strategies for Turkey. Never easy, decentralization in Turkey will no doubt prove particularly challenging to conceptualize and even more so to implement.

This study first develops a framework for thinking about educational decentralization, and next describes the most common kinds of policy reforms associated with decentralization. It focuses, in particular, on the decentralization of basic education functions and responsibilities from central government ministries to sub-national governments, to communities, and to the schools themselves. Drawing upon the now significant international experience with education decentralization, the study presents guiding principles and lessons learned with an emphasis on how these could prove applicable in the Turkish context. We develop a typology of education decentralization and a conceptual framework for considering education decentralization in Turkey. Throughout, we highlight some specific country case examples that provide insight into

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<sup>1</sup> For instance, the Turkey Public Expenditure and Institutional Review (PEIR) concludes that the equity and efficiency of public expenditures on education and training are significantly lagging.

<sup>2</sup> In fact, we use many comparisons to France in the report since we consider it a useful case study for Turkey. Simsek and Yilderim (2004: 155) note that “the French education model has been the most influential model in Turkey since the founding of the Turkish Republic in 1923. the Turkish system currently is ‘ore French than the French system’ because the French model has experienced significant changes during the past twenty years.”

the choices Turkey faces.<sup>3</sup> Finally, we assess where Turkey stands in the context of this typology and conceptual framework, and explore potential paths for education reform.

The main objective of this study is to inform policymakers and other stakeholders of the issues, justifications, advantages, and risks of decentralizing or deconcentrating education management, service delivery, and financing from the Ministry of National Education (MONE) to local municipal governments, to local offices of the Ministry located in the Provincial Governors' offices, or directly to schools themselves.

### **Decentralization of education: rationale, theoretical and practical framework**

The *rationales for education decentralization* involve improving efficiency, effectiveness and democracy.<sup>4</sup> Improved equity, too, is a rationale for decentralization, although it is also often acknowledged that because decentralization can make localities more reliant upon their economic and social endowments, some aspects of equity may suffer in the absence of adequate compensatory mechanisms. Thus the rationales are often categorized as follows:

i. Efficiency and effectiveness: Potential Factors for Improved Effectiveness from Decentralization & Participation<sup>5</sup>

1. More accurate fit of services to recipient demand.
2. Reducing bureaucracy and red tape;
3. Reducing leakage of resources;
4. Adaptation of standardized government programs to local conditions.
5. Reduced costs of communication with poor and rural populations on issues involving other government programs.
6. Increased sectoral resources through local resource mobilization, based on either self-help, user charges, or matching grant basis.
7. Gains in technical knowledge, both from and to local populations.
8. Better accountability and performance, derived particularly from better fit of services, increased resources and stakeholders acting as watchdog entity.
9. Lower costs through cooperation
10. It is often recognized, however, that strong central evaluation is a key for realizing these potential gains.

ii. Democracy: decentralization has the potential to increase the number and voice of stakeholders and incorporate democratic decision-making;

iii. Equity: the potential exists to worsen equity, especially inter-regional equity, if decentralization includes sub-national revenue generation and/or school fees; but

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<sup>3</sup> Annex 2 provides more detailed case study information on France, Poland, Hungary, and Romania, and we also draw from many other cases.

<sup>4</sup> Here we discuss the rationale, as opposed to the political reason, for decentralization. Politically, decentralization may be pursued as a strategy to shift expenditure obligations to lower levels of government, to resolve ethnic conflicts by giving different language groups or tribes greater autonomy, etc.

<sup>5</sup> Potential Factors for Effectiveness Adapted from Esman & Uphoff (1984).

equity can also improve if the poor receive better service delivery. Compensatory mechanisms designed and overseen by the Central Government are key.

There is no silver bullet: what is equitable may not be efficient, what is efficient may not be democratic, what is democratic may not be equitable. In practice, reform strategies must attempt to optimize the sometimes inevitable trade-offs between efficiency, equity, and democracy while seeking to improve on all three. The actual design and implementation of decentralization reforms are inherently political processes; thus, the decisions about making these trade-offs rightly occur in the political arena.

Certainly, *improved accountability* is often a goal of decentralization reforms, and expected improvements in performance are usually predicated at least in part on improved accountability. The World Bank's knowledge about accountability is well crystallized in the *World Development Report 2004: Making Services Work for Poor People* (WDR2004). The WDR 2004 gives a framework of accountability and represents a three cornered relationship, where providers are accountable to policy makers and both providers and policy makers are accountable to the poor people. While beyond the scope of this present study, Annex 3 provides an in-depth listing of the myriad potential "accountability mechanisms" in education.

The WDR 2004 suggests that by empowering the poor in terms of service providers and policy makers being accountable to the people, service outcomes can be radically improved for the poor people. It has one central message of relevance to education in Turkey: while improving resource flows and providing plenty of technical/pedagogical capacity development and support to the education sector may be useful in improving access by the poor to quality education, it is by no means sufficient: instead, schools and bureaucracies must be held accountable for using the inputs they are provided in an effective manner.

International experience with decentralization has motivated a by now well-known typology, first presented by Rondinelli (1981) and adapted to education by Winkler (1989)<sup>6</sup>. Most decentralization typologies begin with the requisite references to

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<sup>6</sup> Rondinelli (1981, 1986, & 1989) created the original basic vocabulary for describing the various ways in which governments may be expected to pursue administrative decentralization. 1) *Deconcentration* involves the central or federal government granting greater authority to its own sub-national authorities under its direct control. It is the weakest form of decentralization for it does not transfer any significant authority to sub-national governments. 2) *Delegation* involves creating semi-autonomous agencies, such as state-owned enterprises or public corporations. 3) *Devolution* entails the transfer of service delivery responsibility to independent sub-national levels of government, regions, provinces, municipalities, etc. 4) *Privatization* is often considered the most far-reaching form of decentralization. Early studies focused on *fiscal decentralization*; that is, the decentralization of functions related to public finance and public financial management. Fiscal decentralization can be further divided into two broad categories: 1) revenue-side fiscal decentralization, which involves granting sub-national levels of government greater control over tax and other revenue sources, and 2) expenditure-side fiscal decentralization, which involves greater expenditure responsibility on the part of sub-national governments. Revenue-side fiscal decentralization almost always includes expenditure-side fiscal decentralization; however, the latter may take place without the former, with the central government usually transferring financial resources to sub-national governments via grants or revenue sharing schemes.

deconcentration, devolution, delegation, and privatization. This is particularly true when education decentralization is part of a general government decentralization—often also part of a public sector reform effort to improve democracy and the legitimacy of the state. Recently, attention has focused equally if not more on decentralization to schools and school management committees (commonly called school autonomy and school-based management, SBM) as opposed to decentralization to (or of) governments.

- *Education deconcentration* is the transfer of decision-making from the central government ministry of education (MOE) to either the regional/local offices of the MOE or the regional offices of the central government. This typically entails giving those offices increased autonomy both in terms of recruiting, evaluating, and promoting personnel and in terms of allocating and reallocating budgets. It also often includes the decentralization of payroll and other administrative matters for teachers and other school staff. It may include some degree of political decentralization, too. Sometimes the election of local and/or regional political officials is introduced at the same time that decision-making is deconcentrated to the MOE's regional or local offices. In this way, local politicians may gain some influence over local administrative decisions even though they have no direct authority in education.
- *Education devolution* is the transfer of decision-making from the central government to popularly elected regional or local governments. Key management decisions, including naming school principals and allocating regional/local education budgets lie with the governor and legislature or the mayor and city council. In some cases, these decisions may in turn be delegated to schools or school councils. In most cases, the revenues of the newly empowered regional or local governments are almost totally derived from central government transfers, thus limiting their fiscal autonomy. Fiscal autonomy and, arguably, fiscal accountability is higher when regional or local governments must raise a significant share of their own revenues. As with deconcentration, administrative and personnel functions are often transferred. Devolution can be part of political decentralization or a way for central governments to offload service responsibility.
- *Education delegation* is the reversible assignment by the central or region government MOE, or in rare cases the municipal department of education, to public school principals and/or (usually elected) school councils. The powers of these school officials vary greatly by country. In some cases, they do no more than maintain the physical plant, while at the other extreme school councils may name school principals, help prepare and approve school development plans, and approve school spending plans. It could also involve the transfer of resources and key decision-making control to a semi-autonomous non-governmental or religious organization.<sup>7</sup>
- *Privatization* is another key aspect of most education decentralization typologies. This usually refers to vouchers or sometimes to private management of public schools. This

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Increasingly, concerns have encompassed administrative decentralization and the transfer of a wide range of decision-making capacity, power sharing, as well as a true transfer of power.

<sup>7</sup> e.g., Al Azhar schools in Egypt, which are funded but only loosely governed by the central government.

study will not deal with this form of decentralization since it does not appear to have policy relevance in Turkey

Table 1 extends the familiar typology in a way which highlights each of the administrative, fiscal and political dimensions of education decentralization.

**Table 1: General and Education Decentralization Typology Matrix**

<b>Education/General</b>	<b>Administrative</b>	<b>Fiscal</b>	<b>Political</b>
<b>Deconcentration to Regional Government Offices and Regional MOE Offices</b>	Move managerial decisions and managerial accountability to regional offices of central government and MOE.	Give regional managers greater authority to allocate and reallocate budgets.	Create regional, elected bodies to advise regional managers.
<b>Devolution to regional or local governments</b>	Education sector managers are appointed by elected officials at local or regional level.	Give subnational governments power to allocate education spending and, in some cases, to determine spending levels (i.e., through raising revenues).	Elected regional or local officials of general purpose governments are ultimately accountable both to voters and to sources of finance for the delivery of schooling.
<b>Delegation to schools and/or school councils</b>	School principals and/or school councils empowered to make personnel, curriculum, and some spending decisions.	School principals and/or school councils receive government funding and can allocate spending and raise revenues locally.	School councils are elected or appointed, sometimes with power to name school principals.

**Table 2: Types of School-Level Decisions That *May* Be Decentralized**

<i>Domain</i>	<i>Sample Decisions</i>
<i>Organization of Instruction</i>	Select school attended by student. Set instruction time. Choose textbooks. Define curriculum content. Determine teaching methods.
<i>Personnel Management</i>	Hire and fire school director. Recruit and hire teachers. Set or augment teacher pay scale. Assign teaching responsibilities. Determine provision of in-service training.
<i>Planning and Structures</i>	Create or close a school. Selection of programs offered in a school. Definition of course content. Set examinations to monitor school performance.
<i>Resources</i>	Develop school improvement plan. Allocate personnel budget. Allocate non-personnel budget. Allocate resources for in-service teacher training.

Decentralization efforts differ not only according to the approaches delineated in Table 1 but, also, according to the distribution of real decision making power. Table 2 provides one classification and listing of the kinds of decisions which may be decentralized.<sup>8</sup> This classification is derived from the OECD's now well-known annual reports, *Education at a Glance*, and we emphasize the word *may* because we do not want to imply that all these functions *should* be decentralized. *In fact, it is the precise combinations of assignment of these functions to different levels and different sets of stakeholders that both makes a reform applicable to any given country's unique context and influences the ultimate success or failure of the reform effort.*

### **Where Turkey fits in this typology**

In addition, the OECD has produced generally credible if crude measures of the distribution of authority and decision making capacity across levels of governments and schools. We present and discuss these results to give a sense of where Turkey fits in the spectrum of potential decentralization, as well as to preview some of the countries that we later discuss as case studies with lessons learned for Turkey. In sum, *Turkey is highly centralized by most measures* with some decentralization (perhaps) since 1998. Nearly 100% of public expenditure has a central source (not shown in table). OECD data for 1998 showed 94% of all decisions were made at the central level.<sup>9</sup>

Table 3 provides information on the level of government that provides the source of education funding and then the level that actually executes spending. To the extent that there are differences between the two, this indicates that resources are passed on from one level of government to a lower level of government via intergovernmental fiscal transfers and grants. In **France**, sub-national governments were the source of 27 percent of funds and very little changed due to fiscal transfers. By contrast, in **Hungary** local governments provided 37 percent of funding but are almost entirely responsible for the final spending (92 percent). **Poland** showed a similar pattern.

Before its devolution in 1992, **Mexico** would have looked nearly identical in its initial and final funds. The year after 1992, one saw a dramatic shift to, essentially, what one sees now in the table: central financing with regional spending. However, this is also a cautionary tale about reading these data. Of course, nothing so dramatic really happened overnight. In fact, the administrative structures at the state remained virtually unchanged and thus the dramatic "decentralization" according to the data was hardly noticeable on the ground. It took about five years for the changes reflected overnight in the data to fully take effect in reality. (See Grindle, 2002 and Ornelas, 2000) And some argue that Mexico's system was still highly centralized more than a decade later.

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<sup>8</sup> OECD, *Education at a Glance*, various annual issues.

<sup>9</sup> OECD data show a dramatic decrease to 49% of decisions made centrally in Turkey in 2003, but we cannot substantiate the reality of the degree to which real power has been "regionalized" and schools have been given true autonomy. This would indeed represent one of the most dramatic decentralizations in history in scope and scale. However, we use the 1998 data as more likely representative of reality. Later, we will refer to the 2003 data for other countries but not for Turkey.

**Table 3 Initial Sources of Public Educational Funds and Final Purchasers of Educational Resources By Level of Government for Primary, Secondary and Post-Secondary Non-Tertiary Education (1997)**

	Initial funds (before transfers between levels of government)				Final funds (after transfers between levels of government)			
	Central	Regional	Local	Total	Central	Regional	Local	Total
Australia	27	73	n	100	19	81	n	100
Austria	37	41	22	100	37	41	23	100
Belgium (Fl. Community)	n	96	4	100	n	95	5	100
Canada	3	63	34	100	3	11	87	100
Czech Republic	82	a	18	100	82	a	18	100
Denmark	29	12	59	100	33	12	55	100
Finland	49	a	51	100	13	a	87	100
France	72	11	16	100	71	13	16	100
Germany	3	74	24	100	2	68	30	100
Greece	100	n	a	100	97	3	a	100
Hungary	56	x	44	100	6	x	94	100
Iceland	m	m	m	m	m	m	m	m
Ireland	100	a	n	100	81	a	19	100
Italy	81	3	17	100	81	3	17	100
Japan	24	76	x	100	n	80	19	100
Korea	95	5	a	100	n	100	a	100
Luxembourg	m	m	m	m	72	a	28	100
Mexico	80	20	n	100	36	64	n	100
Netherlands	94	n	6	100	75	n	25	100
New Zealand	100	a	a	100	100	a	a	100
Norway	43	a	59	100	17	a	85	100
Poland	91	a	9	100	64	a	36	100
Portugal	m	m	m	m	m	m	m	m
Spain	45	49	6	100	45	49	6	100
Sweden	m	m	m	m	m	m	m	m
Switzerland	4	52	44	100	1	57	42	100
Turkey	100	a	a	100	100	a	a	100
United Kingdom	20	a	80	100	16	a	84	100
United States	8	49	43	100	1	1	98	100
<b>Country mean</b>	<b>54</b>	<b>26</b>	<b>22</b>	<b>100</b>	<b>44</b>	<b>27</b>	<b>34</b>	<b>100</b>

Source: OECD Education Database. See Annex 3 for notes.

*1. Excludes post-secondary non-tertiary education*

Source: OECD. 2000. Education at a Glance: OECD Indicators.

Table 4 shows the results of the OECD's measures of the distribution of decision making authority across levels of governments and schools. These figures are an aggregate of measures in the four domains presented in Table 2.<sup>10</sup> Again, **Turkey** was highly centralized, even in comparison to **France**. In addition to the level at which decisions in different domains are taken, the OECD framework further differentiates between decisions that are made autonomously and those that are made within a framework set by a higher authority. For example, Table 5 shows that for a selection of decisions about curriculum **Turkey** is highly centralized. All of these selected decisions are made centrally and the decisions are further constrained by a framework set at a level higher than the decision maker. In **France**, only the choice of textbooks is decentralized (all the way to the school level), but even the centralized decisions are made in a more autonomous manner. The **Czech Republic** on the other hand has decentralized both

<sup>10</sup> Results disaggregated by domain are available in Annex 1 and we discuss them later to some extent in our case studies.



textbook and program selection to the school level, but in both cases the decisions are constrained by a framework set nationally. Two important points to take away are that a) there is considerably more complexity to analyzing the level of decentralization of functions than simply deciding who makes what decisions; and b) decisions can be decentralized all the way to the school (or other levels), but still controlled by the center (or other levels).

**Table 4: Percentage of Decisions Taken at Each Level of Government in Public Lower Secondary Education (1998)**

	Central	State	Provincial/ regional	Sub- regional	Local	School
Austria	35	18			22	25
Belgium (French Community)		10	2	61		26
Czech Republic	17			21	10	52
Denmark	26				43	31
Finland					64	36
France	32		11	27		29
Germany	4	28	15		16	37
Greece	56		22			23
Hungary					35	65
Ireland	47					53
Italy	39		25		3	33
Korea	37		31	7		25
Netherlands	24				3	73
New Zealand	34					66
Norway	35				55	9
Portugal	69		7			24
Spain	3	46	10			41
Sweden	13				22	66
Turkey	94					6
UK (England)	20				18	62
UK (Scotland)	9				51	40
United States				2	69	29
<b>WEI Participants</b>						
Argentina	3	68				29
Chile	7		3		54	36
China	21		3		30	46
India			91			9
Indonesia	63		7			30
Jordan	65				19	16
Malaysia	82					18
Paraguay	67					33
Philippines	37		24			39
Thailand	55					45
Uruguay	100					

Blanks indicate that the level of government does not have primary responsibility for the types of decisions covered in this domain.  
Source: OECD Education Database. See Annex 3 for notes.

*Note: Blanks indicate that the level of government does not have primary responsibility for the types of decisions covered in this domain.*

Source: Source: OECD. 1998. Education at a Glance: OECD Indicators.

Finally, the OECD provides very disaggregated detail to analyze the level of decentralization by domain and by function. Table 6 (see two pages below) provides these details for 30 countries, but we will concentrate on Turkey and France. Turkey originally designed much of its local government sector based on the French system, emphasizing a strong role for central government with limited local autonomy. Nonetheless, France has introduced major reforms to give greater autonomy to local governments and reshape the central government's role in local affairs from command and control to an advice and support role during the past twenty years. This has occurred

while strongly protecting the secular nature of schools (e.g., the banning of headscarves). Note that while France is considered quite centralized, many decisions are taken at the school level including the school level use of resources for staff and some current expenditure. Many decisions are taken at the intermediate (or regional) level of government including the hiring, pay and dismissal of non-teaching staff. In fact, since 1998, France has moved the dismissal of principals and teachers to the regional level as well (Table 7). Thus, it is clear that it is possible to maintain a great deal of control over a national system of education, including ideological control,<sup>11</sup> while still decentralization a significant number of important decisions.

**Table 5**  
**Level of government at which different types of decisions about curriculum are taken in public lower secondary education (1998)**

	<b>Choice of textbooks</b>	<b>Design of programs</b>	<b>Selection of programs offered</b>	<b>Range of subjects taught</b>	<b>Definition of course content</b>
Czech Republic	<b>School</b> Framework at central level	<b>Central</b> Framework at central level	<b>School</b> Framework at central level	<b>Central</b> Framework at central level	<b>Central</b> Framework at central level
France	<b>School</b> Autonomous	<b>Central</b> Autonomous	<b>Central</b> Consultation with sub-regional level	<b>Central</b> Autonomous	<b>Central</b> Autonomous
Hungary	<b>School</b> Autonomous	<b>School</b> Other	<b>School</b> Consultation with local level	<b>School</b> Other	<b>School</b> Framework at central level
Ireland	<b>School</b> Autonomous	<b>School</b> Framework	<b>School</b> Framework at central level	<b>School</b> Framework at central level	<b>Central</b> Other
Turkey	<b>Central</b> Framework	<b>Central</b> Framework	<b>Central</b> Framework	<b>Central</b> Framework	<b>Central</b> Framework

Source: 1998 OECD-INES survey on the Locus of Decision-making in Education.

**Table 7 Education Devolution/Deconcentration in France**

Teacher Compensation	Set nationally
Teacher Recruitment	Regional level for Primary, national for secondary
Principal Recruitment	Regional level for Primary, national for secondary
Allocation of Budget	Mostly central funding sources with regional budget allocation. Some, limited school-level budget responsibility
School Construction	Regional and Local

<sup>11</sup> One example would be the banning of Muslim headscarves, for instance.

**Table 6: Level of government at which different types of decisions are taken at lower secondary education (1998)**

	Decisions taken in full autonomy					Decisions taken in consultation or within framework																										
	Central level	Intermediate levels	Local level	School	Central level	Intermediate levels	Local level	School																								
	■	●	▲	◆	■	●	▲	◆																								
	Turkey	Malaysia	Jordan	Portugal	Indonesia	Greece	Korea	Austria	Thailand	Italy	France	Philippines	Denmark	Ireland	India	China	Belgium (French)	United States	Chile	UK (Scotland)	New Zealand	Germany	Argentina	Czech Republic	Finland	Spain	UK (England)	Netherlands	Sweden	Hungary		
<b>Organisation of instruction</b>																																
School attended by students	■	■	◆	■	◆	◆	●	◆	◆	◆	■	◆	◆	◆	◆	■	◆	▲	◆	▲	◆	◆	◆	◆	◆	▲	◆	◆	◆	▲	◆	◆
School careers of students	■	■	◆	■	◆	◆	●	◆	◆	◆	■	◆	◆	◆	◆	■	◆	▲	◆	▲	◆	◆	◆	◆	◆	▲	◆	◆	◆	▲	◆	◆
Instruction time	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Choice of text books	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Criteria for grouping students	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Additional support activities for students	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Teaching methods	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
Assesment methods of students/ regular work	◆	◆	■	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆	◆
<b>Personnel Management</b>																																
Hiring of principal	■	■	▲	◆	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Hiring of teacher	■	■	▲	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Hiring of non-teaching staff	■	■	▲	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Dismissal of principal	■	■	▲	●	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Dismissal of teacher	■	■	▲	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Dismissal of non-teaching staff	■	■	▲	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Duties/conditions of service, principal	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Duties/conditions of service, teacher	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Duties/conditions of service, non-teaching staff	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Fixing of salary scales for principal	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Fixing of salary scales for teacher	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Fixing of salary scales for non-teaching staff	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Career of principal	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Career of teacher	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
Career of non-teaching staff	■	■	■	■	■	■	●	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	◆	●	●	●	▲	◆	◆	◆	◆	▲	▲	▲
<b>Planning and structures</b>																																
Creation/closure of a school	■	■	▲	■	●	●	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	■	■	■	■	■	■	■	■	■
Creation/abolition of a grade level	■	■	◆	■	◆	●	■	■	■	■	■	●	◆	◆	●	▲	●	▲	▲	▲	■	●	●	■	■	■	■	■	■	■	■	■
Designing programmes for a specific school type	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Selection of programmes offered in a school	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Range of subjects taught in a school	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Definition of course content	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Setting examinations for a certificate/diploma	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Credentiailling (practical arrangements)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
<b>Resources</b>																																
Allocation to school for teaching staff	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Allocation to school for non-teaching staff	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Allocation to school for other current expenditure	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Allocation to school for capital expenditure	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Use in school for staff	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Use in school for other current expenditure	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■
Use in school for capital expenditure	■	■	■	■	■	■	●	■	■	■	■	●	■	■	●	▲	●	▲	▲	▲	■	●	●	●	▲	■	■	■	■	■	■	■

Countries are ranked in descending order of percentage of decisions taken at the central level less the percentage of decisions taken at the school level.

Source: OECD.

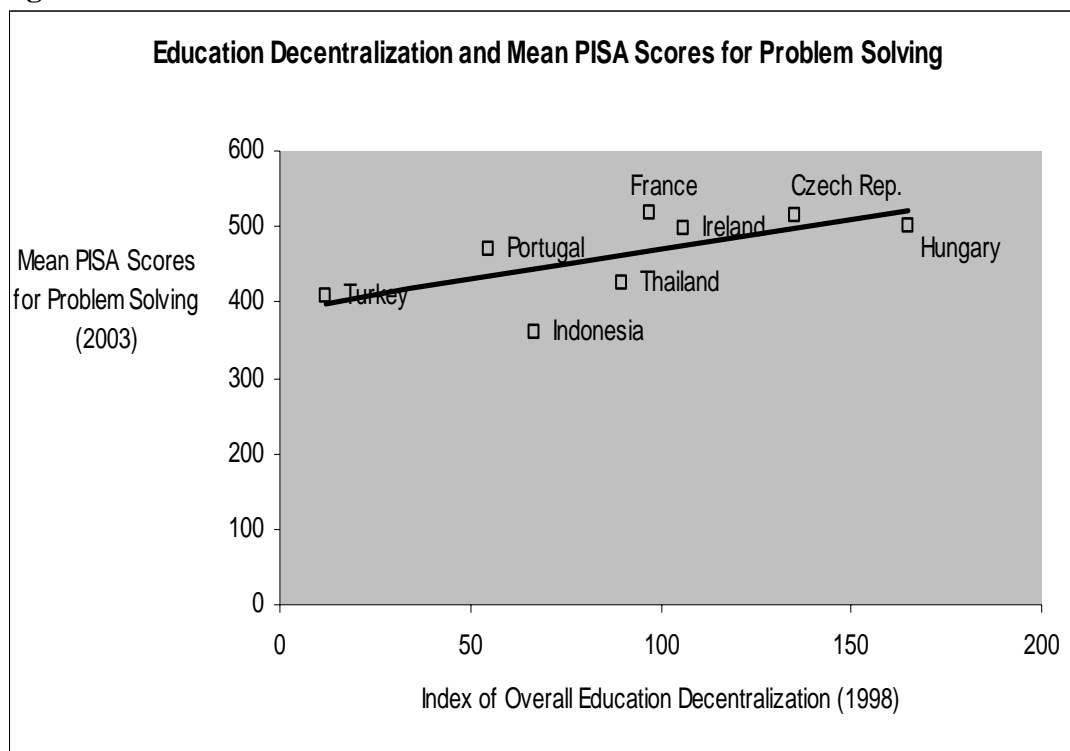
One other lesson to take away from Table 6: *Decentralization is a very complex process that involves decisions about hundreds if not thousands of activities each of which can potentially be given to as many as six or seven different stakeholders at different levels of government, communities, and schools.* Each of these stakeholders can be given relative autonomy over certain decisions, while having to make others within a framework set by another stakeholder—or in consultation with various other stakeholders. The unique combination that is best for any country to implement is as difficult to conceptualize as it will be to implement. A great deal of planning is necessary, including coordination among a large number of stakeholders. Another important insight from Table 6 is that decentralization in and of itself is an empty term, one that can be filled up with a wide variety of institutional relationships. Certainly the “devil is in the details,” and it is important to be very precise and have all stakeholders share a common understanding of the intended goals of decentralization and means for achieving them.

Despite the enormous number of decisions for policymakers as implied in Table 6, and while it is very difficult to measure the distribution of real decision making power, international experience reviewed suggests *a few key indicators or decisions that seem more critical than others.* These indicators can be expressed in terms of questions:

- Who determines marginal changes in teacher compensation?
- Who makes the decision to recruit or transfer a teacher to a specific school?
- Who selects the headmaster?
- Does the school community or local government partly finance the school?
- Who decides how to allocate the school’s annual budget?

Whether or not decentralization improves educational outcomes is a nearly impossible question to answer. Social science and policy analytic methods are nearly always insufficient to make causal inferences, and government are reluctant—often rightly so!—to arrange for experimental designs with control groups that would help make such determinations.

**Figure 1** Sources: OECD and PISA



With these caveats, it is intriguing to look at the association between decentralization and learning outcomes. Figure 1 is one example for a small selection of relevant comparator countries for Turkey for which we have data. For these countries, the association is positive, although it is just as likely that countries with strong outcomes can decentralize more easily, as it is that decentralization causes improved outcomes. Even more likely, there are other factors (e.g., effective governance) that contribute positively but independently to both decentralization and learning outcomes.

### **Key issues and challenges for decentralizing education**

Another point that becomes clear in from Table 6 is the *complexity of the potential assignment of functions under decentralization*. Governments and Ministries of Education have (or should have) the kind of local and institutional knowledge necessary to develop a specific plan likely to be effective in a given country context. Nevertheless, considerable international experience provides some insights into what are likely to be among the key considerations and kinds of challenges faced.

Intergovernmental transfers: Under decentralization, sub-nationally provided education is largely financed through intergovernmental transfers. Such transfers tend to take one of two models. The first model is *block grants to local governments*, which may then decide on their spending priorities for education. **Poland, Hungary, and Romania** all make use of these to some extent. The second model is *conditional grants to local governments* which require that the grant proceeds be used for specific education purposes. While the former is preferred by most public finance economists, the latter is preferred by many educators who distrust local preferences.

It is crucial to create the best incentive environment possible through the design and implementation of intergovernmental transfers. It is equally *important not to try to achieve too much through the funding formulas and transfers*. There are often political (and sometimes policymaking) pressures to make the system of transfers very complex. Transfers and formula will almost always contain three basic components: 1) a per capita component (generally either per student or per eligible student population; 2) a component for fixed costs so as not to disadvantage small and/or rural schools; and 3) a compensatory component based on poverty and other needs. The intergovernmental and school funding formula for the **State of Minnesota in the United States** is about 500 pages long. The formula for funding of provinces in **South Africa** is only a few pages.

One recent international conference at the World Bank summarized the lessons learned as follows:<sup>12</sup> *Keep it simple and transparent*--even at the expense of ending up with a bit less equity and efficiency. It is critical that citizens not used to full democratic participation and perhaps too accustomed to seeing corruption in their daily lives believe that resources are distributed fairly and predictably. It is important that they are able to see and understand financing arrangements. Once policymakers attempt to satisfy some political interests with the finance formulas and intergovernmental finance arrangements,

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<sup>12</sup> Education Finance and Decentralization, an international conference, The World Bank, Washington, DC: 13-14 January 2005. See <https://register.rti.org/EducationFinance/index.cfm>

they will likely find themselves having to settle many more competing interests. The results is very likely to be political paralysis (as in the case of **Romania**) or overly complex, messy, and even contradictory reforms (which has been the case in too many cases to list).

**Romania** provides an interesting example of a common set of policy debates around funding formulas. First of all, the country had abundant technical support—World Bank, USAID, DfID—on how to construct the potential funding formulas. So, the technical options were clear and on the table. The debate was almost entirely political, even when it was couched in technical terms, and it was among the most contentious debates in the reform process. One debate has been between conditional (earmarked) grants or block grants to local governments. Some stakeholders (e.g., teachers) want little discretion for reallocation between current and capital expenditure. And policy debates about the nature of the formula show how political agendas can play out in ways that make funding formulas very complex. Each variable has a constituency behind it arguing for “corrections” to the formula based on school level, location, poverty, ethnic minority populations, after school services, and “local coefficients” which are essentially a way to make the outcome of the formula nearly fully negotiable and to reflect historical costs.<sup>13</sup>

In addition, educational decentralization in **France, Poland, Hungary, and Romania** took place in an overall fiscal decentralizing environment that granted significant new control over local revenues (both taxes and fees) to all regional and or local governments—some specifically for education and others more generally as part of own source revenues. For example, local governments in Hungary devote about 30% of their budget to education. This form of fiscal decentralization nearly always plays a role in educational decentralization to sub-national governments.

Implementation and sequencing: Most decentralization policies start off by devolving service delivery responsibilities and later consider how to provide the financing. **Indonesia** is a prime example of this strategy, and the problems that result. Ad hoc financing procedures may be followed for several years before permanent mechanisms are adopted. At a minimum, “expenditure assignment should be clear and determined before money moves. There should be no unfunded mandates. Sub-national governments should both be able to reduce expenditures if they wish to do so and also to increase expenditures, provided they fund such additions from their own resources. [**Poland and Hungary** appear to have this flexibility, though there are inevitably unfunded mandates]. Although local budgets should not require prior central approval, there should be uniform budgetary and financial reporting systems for all levels of government, the results of which are subject to external audit and are also publicly reported in a comprehensive, comprehensible, and comparable way.”<sup>14</sup> Even if the goals are clear regarding what kind of decentralized system policymakers want to achieve, getting there is always a challenging process.

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<sup>13</sup> Ionita (2005) Education Finance and Decentralization, an international conference, The World Bank, Washington, DC: 13-14 January 2005. See <https://register.rti.org/EducationFinance/index.cfm>

<sup>14</sup> Ibid., Richard Bird, Keynote Speech.

Policymakers face several a strategic choices including “putting the reform cart before the legislative horse” as well as whether to proceed incrementally or with a so-called “big bang.” Each set of choices creates different risks and rewards. **Colombia** spent years negotiating a decentralization law doing little. **Indonesia** did a “big bang” approach of a very swift and complex devolution, and confusion has arisen. **Mexico** negotiated a legal set of agreements with states, did a very swift official transfer that took a decade in practice to accomplish. **France** has taken a very incremental approach. And **Nicaragua** achieved a wide-spread school autonomy reform with no legal backing; it was driven entirely by ministerial decrees and while they achieved a great deal in a short period of time, the changes could have been reversed at any point in time by a change in the political agenda.

**Figure 2: Initial Strategic Dichotomy Faced in Education Reform Strategies**

1) High Legislative Involvement:

Start with a comprehensive normative and legal framework (e.g., Mexico, Colombia). The Ministry of Education may play a role, perhaps even a leading role, in the development of policies and legislation, but these must pass through the politicized process of gaining approval from the national legislature.

Emphasizes:

- Consistency
- Comprehensiveness
- Clean sense of final outcomes

Disadvantages:

- May maximize opposition
- Builds in unforeseen problems
- Prevents learning by doing
- Enforces a one-size-fits-all approach
- Subsequent changes may be costly
- May emphasize pork-barrel politics

2) Low Legislative Involvement (Ministry led):

Start with *de facto* changes (e.g., Nicaragua). The Ministry of Education plays the lead role in the development of policies and implements them without gaining approval from the national legislature.

Emphasizes:

- Operational viability
- Local responsiveness
- Learning by doing
- Subsequent changes may be less costly
- Putting reform in the hands of education officials

Disadvantages:

- Reforms vulnerable to reversal or abandonment
- May create confusion or lack of transparency
- Scandals/mistakes can doom entire reform

Source: Framework developed in Gershberg (1998a,b)

Figure 2 examines the basic choice most reforming governments face with initiating education decentralization reform processes. On the one hand, countries can emphasize high legislative involvement from the outset. This gives stability and legal standing to the reform, and puts the political choices on the table from the outset; however, it also makes

it difficult to achieve much change very quickly and may not allow enough flexibility to adjust the reform to improve effectiveness. On the other hand, pursuing a strategy of low-legislative involvement potentially allows for a lot of change quickly, flexibility to implement on-going lessons learned quickly, and minimizing political opposition; however, the strategy can be risky since changes in administration of political whims can wipe out the entire reform very quickly, too. In practice, governments do not actually choose one strategy or another, but rather choose to emphasize different aspects of each in the reforms they develop.

Regarding the political economy of finance reform, *it is important that reformers be persistent*. **South Africa** and **Bulgaria**, for instance, both had a long, technical and political road to reform. It is important to bring the different stakeholders together, so they have a shared understanding of the problem as well as the pros and cons of alternative solutions. It is necessary to provide an objective and an empirical basis for what in the end are political decisions.

It is also important that the **Ministry of Finance** and **Ministry of Education** work together as much as possible. Often decentralization is led by the Ministry of Finance, but if the ministry of education is not involved, as it often isn't, its interest may not be protected. But one must also assess the capacity and motivation of the Ministry of Education, which may include teachers and bureaucrats at heart rather than interests of children. Honest assessment is, thus, essential for those initiating reforms. International finance expert, Richard Bird, recalling one of his early professional experiences, captured this tension perfectly:

So far as I could tell, at least at the working level not only did no one in either Ministry ever talk directly to anyone in the other but they did not trust each other at all. In effect, they were two warring baronies, one of which, Finance, definitely had the upper hand although the other, Education, had achieved a bit of a temporary advantage owing to the urgent political need to resolve the teachers' strike that had precipitated the promise to pay salaries from national funds... As seen from the Ministry of Finance, the Ministry of Education was, like Oliver Twist, always asking for 'more' while resisting fiercely any attempt to make their budget more sensible... On the other hand, Finance, as seen from Education, was always saying 'no' and telling them to make better use of their already clearly inadequate funds while having no idea of the real problems facing the educational system. Throw decentralization into this pot, and you have the recipe for an endless 'blame game' as everyone involved blames their problems on someone else – the nation blames the local governments for not doing their part and educationists for wasting money and local governments and educationists blame the national government for inadequate funding and inappropriate regulation, and so on and on.<sup>15</sup>

Finally, *it may help to have a crisis*, and policymakers must be prepared, in advance, for such opportunities. In the case of **South Africa** and **Bulgaria** the nature of the crisis differed—it was financial in Bulgaria and political in South Africa—but in both crisis helped provide the impetus for reform. Many of the most radical reforms in education reform have sprung from crisis. For instance, the reforms in **Chicago** in the U.S. came

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<sup>15</sup> Education Finance and Decentralization, an international conference, The World Bank, Washington, DC: 13-14 January 2005. See <https://register.rti.org/EducationFinance/index.cfm>



after a teacher's strike that paralyzed the system and, at one point, the death of a popular mayor.

Promoting equity: If jurisdictions are thrown more at the mercy of their endowments, then inequity can arise from decentralization. *Compensatory finance* and regulation is, thus, key. Strategies include: fiscal equalization by the central government across jurisdictions (not sector specific), minimum standards ("adequacy"), minimum expenditures, transfers targeted on jurisdictions and/or schools with low fiscal capacity, and grants targeted on the poor and children with special needs. Except in systems where the decentralization is quite inter-sectoral, the targeted transfers seem to work best, and minimum or "adequate" standards appears to be the most difficult strategy to follow successfully.<sup>16</sup> *Equity is expensive*, and it is almost always the on-going responsibility of the decentralizing central government.

School autonomy is gaining in popularity and slowly evidence is accumulating that *if done well* it can improve performance. Almost all models include some form of school council, but the membership, their selection, and specific powers vary widely. Most models also include some capacity for local revenue enhancement and personnel management. Including curriculum and other educational decisions is far more controversial. No matter what model, *strong central oversight and evaluation are critical*. So is true devolution of important decisions to the schools and their communities. Which decisions are devolved can be negotiated. But, they must be decisions that matter to the schools and community; the central government must trust those stakeholders to make those decisions freely, even if they are not made as the central government expects; and community and school level stakeholders must have some training and support to understand the nature of their decisions. Almost always, some money is involved, and there will be connections to the equity issues raised above.

School grants and direct formula funding of schools: School grants are becomingly increasingly common as a vehicle for transferring resources to school governing councils, as a means for ensuring minimum spending on non-personnel outlays, as incentives for school behaviors, and as a means of targeting schools serving the poor. They have been widely supported by donor agencies, although there is little evaluation as to their effectiveness. Generally, they have three components very similar to those for intergovernmental fiscal transfers: 1) a capitation component; 2) a fixed component for small and/or rural schools, and 3) a compensatory component to enhance equity.

With both school autonomy and the accompanying school grants, ministry-led strategies can prove helpful because the space for learning by doing allows for making changes to the regulations (e.g. the size of the school grants, the membership and powers of the school councils) as local capacity and tastes are revealed. One popular strategy is to start with pilot projects and then go to scale. It is worth, however, considering doing something (even if small) with all schools to jump start the reform (e.g., **Macedonia**) or

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<sup>16</sup> The reasons for this are largely social and political. The tendency is to set the bar quite high, due to the influence of the schools at the top end of the quality and resource spectrum, but these standards are not likely to prove affordable for most countries.

establishing clear criteria for schools to become autonomous and then allowing them to organize themselves to choose to enter the program (e.g. **Nicaragua, El Salvador**).

### **Guideposts from international experience.**

There is by now a significant accumulated international experience with education decentralization. This rich experience provides several lessons learned that should help guide the policy dialogue in Turkey. Some key lessons include:

- **Efficiency and effectiveness are most likely to improve under decentralization when service providers—schools, local governments, or regional governments—are held *accountable for results*** (i.e., they suffer the consequences of poor performance, or receive rewards for good performance). In the case of decentralization to sub-national governments, accountability occurs at the ballot box; in the case of decentralization to schools, principals and/or teachers may not have their contracts renewed when performance lags far behind expectations (e.g., **El Salvador, Minas Gerais, New Zealand**). Accountability is arguably stronger when the local government or school community provides a share of school financing.
- **Accountability requires *clear delineation of authority and responsibility and transparent and understandable information on results (both educational and financial)***. When responsibilities are shared by more than one level of government, or when a school principal has only limited managerial powers, it may be difficult to identify who is responsible for poor performance. The clients of education—parents and citizens—need reliable and timely information on their school’s performance, and how it compares to national standards and comparable schools. School assessments may take the form of annual, censal tests of students’ academic knowledge (e.g., Chile, the Netherlands) or periodic, in-depth assessments of school performance (e.g., New Zealand).
- **Decentralization of real decision-making power to schools or school councils is a means of increasing the voice of education’s clients and can significantly increase *parental participation in the school*; alternatively, school councils which are only advisory in often nature cannot sustain parental participation**. High levels of parental and community participation are associated with improved school performance (El Salvador, Nicaragua). In several cases, parents play a role in monitoring teacher absenteeism in rural schools, and sometimes they have the power to authorize payment of teacher salaries or salary supplements. In such cases, teacher absenteeism largely disappears as a problem.
- **Decentralization of education to sub-national governments—a policy which is usually part of a larger reorganization of government--does not in and of itself empower parents and improve *school performance* (Argentina, Chile). Further decentralization to schools (school councils or school boards) or local**

**communities—a policy which is often initiated within the education sector itself—can empower parents and can improve school performance, especially when changing the organization of education is simultaneously accompanied by attempts to improve teaching and learning (Memphis, Minas Gerais).**

- **For decentralization to schools to be successful, *principals* must acquire new skills in leadership and management—including financial management, teachers and personnel management, and community relations.** In developing countries where principals often receive no special management training, this alone is an immense task, which can be facilitated by creating principal networks, identifying and disseminating examples of successful principals and successful practices, and through development of formal training programs.
- **Most decentralization includes the transfer of financial resources to sub-national governments or schools.** The *design of transfers* has powerful effects on both efficiency and equity. Formula-based capitation transfers ensure predictable revenues and can be designed to give schools serving the poor or disadvantaged higher levels of per student funding. When the capitation unit is *average daily student attendance*, as opposed to the number of registered students, there are powerful incentives for schools to attract and retain students (**Chile, Memphis, New Zealand**). These transfers and formulas could be kept as simple as possible without sacrificing equity or efficiency.
- **Decentralization requires that national and/or regional *ministries of education* be restructured to provide the new functions which they should provide to sub-national governments and schools:** diagnosis of problems and policy formulation, design of policies to ensure equity, student assessment, collection and dissemination of reliable information, training and technical assistance to those now responsible for delivering schooling. Failure to restructure and reorient ministries impedes the implementation of decentralization and constrains its results.
- **The single largest obstacle to education decentralization is often the *teachers' union or the civil service regime more generally*, which fears a loss of negotiating power and a loss of income if salaries are paid by poorly-financed sub-national governments.** However, several countries have designed teacher pay and transfer policies that have won the acquiescence of unions (**Chile, El Salvador, New Zealand, Nicaragua**).
- ***Teachers* are the most important factor in delivering instruction to children.** Thus, if the teacher management—recruitment, evaluation, transfer, and salary supplements—is not decentralized along with other responsibilities, the potential benefits of decentralization are highly constrained.

- **School construction is a good candidate for decentralized provision.** France decentralized school construction while maintaining tight central controls in other areas. Many other countries have reaped efficiency gains by decentralizing aspects of school construction, which is also often well-suited to local government interests and capacity.
- **The single largest fear expressed by national education ministries is that sub-national governments, communities, and/or schools lack the *capacity to manage education*.** While numerous actors—principals, school councils, municipal education secretaries, etc.—require training to provide new skills and knowledge, evidence shows that in practice even poorly educated parents and communities can manage community schools (El Salvador, Nicaragua).
- **Capacity will emerge with decentralization**—it “hides” until there is something to manage. Those who need capacity-building will not take training seriously, until there is something to manage and they feel accountability pressure. In the longer term, the capacity assessment tied to policy implementation needs will provide feedback on “how much is enough.”
- **Space for learning by doing is important for local managers and school staff, but it is also important for central policymakers.** That is, the most effective reform processes have generally started by decentralizing something right off the bat and working over time to learn how to fine tune the processes and policies.
- **Decentralization is a *long, evolutionary process*.** While legislative and constitutional changes may radically change responsibilities over night (Argentina, Chile, Mexico), real changes in governance, accountability, and impact in the classroom take much longer—decades even. On the other hand, reformers may only get one real political opportunity per decade to pursue decentralization. Failed decentralization reforms (even if they do not represent true decentralization) taint any efforts in the future to decentralize. The word itself can literally take on negative connotations in the public debate. Thus, it is also important to plan and stage reform strategies carefully, while building in flexibility for learning by doing and the inevitable setback in the political arena.

Experience with education decentralization around the world suggests an idealized model of decentralization consistent with schools effective in enrolling and teaching students. In this idealized model, the national ministry of education is a proactive agent for change trying to ensure that decentralization is accompanied by an increased focus on teaching and learning; communities are empowered to manage their own schools, irrespective of which level of government is constitutionally or legally responsible for K-12 education; principals take on significantly enhanced roles in leading and managing schools; parents are annually provided with information on their school’s performance relative to others and provided with a mechanism (e.g., school or municipal education council) to increase their “voice”; and financing instruments are introduced to provide predictable revenues with incentives for enrolling and retaining students. The ideal is impossible to achieve in

practice, but understanding it should be in the minds of reformers as they conceive and implement decentralization strategies.

**When and How Can Decentralization Improve Learning?** Perhaps the best strategy is the following:

- Begin by asking what makes for effective schools
- Then ask which of those factors can be affected by decentralization
- Then ask how can one design decentralization to ensure the necessary changes take place

In other words, start from the reality in the schools and work backwards.

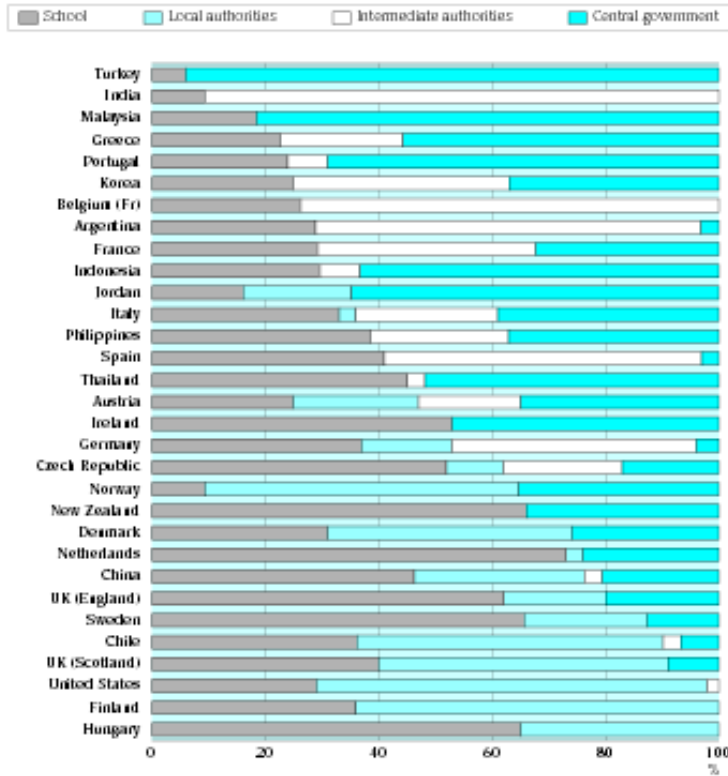
**What does this all mean for Turkey??: TO BE DETERMINED**

REFERENCES NEED TO BE ADDED

Annex 1

ROBIN, THIS CHART COULD REPLACE TABLE 4 IF YOU THINK IT IS MORE APPROACHABLE TO THE AUDIENCE. I CAN IMPROVE THE RESOLUTION OF ALL THESE FIGURES IN THE ANNEX AND/OR GET RID OF THEM ALL.

**Chart 1: Distribution of Decisions Taken at Each Level of Government in Public Lower Secondary Education (1998)**



Countries are ranked in descending order by the percentage of decisions taken by central government and intermediate authorities.

Source: OECD. 1998. Education at a Glance: OECD Indicators.

**Table Xa: Percentage of Decisions Taken at Each Level of Government in Public Lower Secondary Education, by Domain (1998)**

	Organisation of instruction						Personnel management					
	Central	State	Provincial/ regional	Sub- regional	Local	School	Central	State	Provincial/ regional	Sub- regional	Local	School
Austria	17					83	58	25			17	
Belgium (Fr. Community)		13		13		75		15	8	77		67
Czech Republic	14					86	4			29		
Denmark					25	75	42				33	25
Ethiopia						100					83	17
France	13			13		75	67		25			8
Germany		13				88	17	37	15		10	21
Greece	38					63	100					
Hungary						100					33	67
Ireland						100	42					58
Italy	13					88	83		17			
Korea	13			13		75	50		42			8
Netherlands						100	21					79
New Zealand	19					81	17					83
Norway	25				38	38	44				56	
Portugal	25					75	91		5			5
Spain	13					88		86				14
Sweden					13	88	8				25	67
Turkey	75					25	100					
UK (England)						100						100
UK (Scotland)					25	75	17				71	13
United States					31	69				8	83	8
<b>WEI Participants</b>												
Argentina	13	31				56		100				
Chile	13					88					100	
China	25		13			63					25	75
India			63			38			100			
Indonesia	38					63	58					42
Jordan	38				13	50	67				33	
Malaysia	50					50	100					
Paraguay	50					50	100					
Philippines	13					88	50		33			17
Thailand	13					88	67					33
Uruguay	100						100					

*Note: Blanks indicate that the level of government does not have primary responsibility for the types of decisions covered in this domain.*

Source: OECD. 1998. Education at a Glance: OECD Indicators.

**Table Xb: Percentage of Decisions Taken at Each Level of Government in Public Lower Secondary Education, by Domain (1998)**

	Planning and structures						Resources					
	Central	State	Provincial/ regional	Sub- regional	Local	School	Central	State	Provincial/ regional	Sub- regional	Local	School
Austria	67	17				17		29			71	
Belgium (Fr. Community)				86		14		13		71		17
Czech Republic	45				20	35	4			55	22	19
Denmark	64				29	7					83	17
Finland					71	29					100	
France	50		7	43					13	54		33
Germany		50	29			21		13	17		54	17
Greece	43		29			29	42		58			
Hungary					40	60					67	33
Ireland	71					29	75					25
Italy	43		29			29	17		54		13	17
Korea	86			14					83			17
Netherlands	36					64	38				13	50
New Zealand	60					40	42					58
Norway	71				29						100	
Portugal	100						58		25			17
Spain		42	17			42		56	22			22
Sweden	42				25	33					25	75
Turkey	100						100					
UK (England)	79				14	7					58	42
UK (Scotland)	20				40	40					67	33
United States					95	5					67	33
<b>WEI Participants</b>												
Argentina		57				43		83				17
Chile	14				29	57			13		88	
China	57				29	14					67	33
India			100						100			
Indonesia	57		29			14	100					
Jordan	71				14	14	83				17	
Malaysia	93					7	83					17
Paraguay	50					50	67					33
Philippines	86		14						50			50
Thailand	57					43	83					17
Uruguay	100						100					

Note: Blanks indicate that the level of government does not have primary responsibility for the types of decisions covered in this domain.

Source: OECD. 1998. Education at a Glance: OECD Indicators.



## Annex 2

### Illustrative Detailed Case Studies upon which the paper draws.

**France:** Turkey originally designed much of its local government sector based on the French system,<sup>17</sup> emphasizing a strong role for central government with limited local autonomy. Nonetheless, France has introduced major reforms to give greater autonomy to local governments and reshape the central government's role in local affairs from command and control to an advice and support role during the past twenty years. Before analyzing the process in education decentralization in France, it is important to examine the general administrative and civil service reform in the country.

Decentralization in the 1980s transferred selected central government tasks to regional and local authorities. This transfer of responsibility was intended to increase the administrative capacity of subnational governments and also brought more national civil servants into the service of subnational governments.<sup>18</sup> Prior to the Law of March 2, 1982, the prefect (an agent of the state and member of the national-level prefectural corps) exercised power over administration in the communes and departments, and acted as the head of departmental assemblies and the director of communal councils. However, decentralization created a new territorial organization: the region. Thus, many powers of the prefect were transferred to the presidents of the departmental general councils or regional councils. The prefect was to act as a broker and mediator between the central state and subnational units. The transfer of jurisdiction to territorial bodies was accompanied by the transfer of services and credit, and compensated for by the conferral of taxes and allowances. Today ministries and central agencies in Paris employ less than 30% of the national civil service. The departmental prefects, deputies and subprefects, appointed by and responsible to the Minister of the Interior, are subject to policies defined at the center. Moreover, these prefects have leverage in determining personnel arrangements in the prefectural administration, as well as in communal structures.

Public sector reforms were also implemented in the education sector, which is made up of four levels: the Ministry, the Rectorat<sup>19</sup> (Regional level), the Academic Inspection Board (Departmental or county level) and Bursar groupings (*Regroupement d'intendance*). In France, the school system consists of three levels: primary schools (ages five/six to ten/eleven), lower secondary schools or colleges (ages eleven to fifteen/sixteen), and upper secondary schools or lycees (ages fifteen/sixteen to seventeen/eighteen+). Moreover, schooling is compulsory from age six to sixteen.

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<sup>17</sup> The local government structure in France consists of municipality (commune), départements, and regions

<sup>18</sup> World Bank. "Administrative and Civil Service Reform in France"

(<http://www1.worldbank.org/publicsector/civilservice/francestudy.htm>)

<sup>19</sup> *Rectorats* are responsible for managing their expenditure, though subject to accounting controls by the field service of the Finance Ministry. In addition, they i) determine the distribution of academic streams and subjects between various schools they administer, ii) define regional teaching and learning priorities, iii) control most aspects of staff management, and iv) are responsible for control over school inspections.

While the state is responsible for providing education, and it establishes most of the rules and regulations, one can see the devolution of power to regional and local levels. For example, the education minister appoints the head of each academie (deconcentrated level of educational responsibilities from the ministry to regions) to serve as the ministerial representative in each region. Furthermore, in order to achieve more responsibility at the regional level, a contract between each academie and the ministry whereby the regional level is responsible for the priorities and specificity of its own education policy, has been implemented within the national education framework laid down by the ministry. In return, the ministry provides additional resources (either staff or funds) to allow the academie to implement the mutually agreed-on priorities (Bonnet 2004).

Until the mid-1980s, the French model of central government was responsible for the general organization of the education system, the building and maintenance of secondary schools, the regulation of national exams, the content of the curriculum from the primary school to the university, the training of teachers, the organization of school timetables and the close control of teaching methods. In 1981 the notion of a school development plan (*projet d'établissement*) was introduced as part of the renovation of junior secondary schools. The decentralization reforms of 1982 and 1985 brought in a radical change in education. A substantial proportion of the state's responsibilities was given to local authorities, while the decentralization process was matched by a move towards greater delegation of decision making within the government. During the period 1985-88, the Education Ministry aimed to make the regional field services (rectorats) strong enough to deal with the local and regional authorities and to prevent the latter from taking over state rights in education.

Education decentralization has also significantly developed the need for local dialogue between the local political bodies (regions, departments and municipalities) and local educational authorities (*Rectorats* and *the Inspections Academiques*), and between these authorities and the central political and administrative ones (Zanten 2002). In the education decentralization laws of 1983 and 1985, local and regional authorities were given several functions: new building operations, extensions and renovations to existing buildings, the supply of material equipment, provision for the daily functioning of schools and the right to produce educational forecasts. The division of responsibilities was based on the idea that the state could abandon its secondary functions (buildings and equipment) without losing control over the education system. However, control over core functions (staff movement between academies, overall pedagogical orientation, and the distribution of financial resources to the academies) remained determined at the central level.

As for funding, today the State funds the initial equipping of schools as part of a national program to introduce new technologies and provide specialized equipment that is essential for the renewal and improvement of courses. This measure covers acquisition of the following equipment:

- Office technology and computer-aided manufacturing equipment
- Specialized electronic equipment

- Equipment for technological education workshops in colleges
- Audio-visual communication technology

Furthermore, the regions have responsibility for the lycees (upper secondary schools) and the departmental councils for the colleges<sup>20</sup> (lower secondary schools). On the other hand, primary schools are administered by the communes. There are two notions of the French educational system (Derouet 2000). On the one hand, there is the notion of centralization, which emphasizes that the common good is determined at the Ministry of Education and each school implements orders from the top. On the other hand, there is the notion based on school autonomy, which signifies that every school determines its own definition of what the common good is at a local level and is integrated into a network of conventions, including the *commune*, *département* and *region* which offer complementary resources to schools. This is one area where many analysts argue that the French could improve (e.g., see Bonnet 2004)

<i>Local Authority</i>	<i>Major Decentralized Functions</i>
Communes (Municipalities) (36,779)	They ensure construction, the rebuilding, extension, the major repairs, the equipment and the functioning of the schools.
Départements (counties) (100)	They are in charge of providing equipment, the construction and the restoration of collèges. The département also has the responsibility for the organization and of the operation of school transportation.
Régions (26)	They are responsible for providing equipment, construction and renovation of high schools, special education establishments, as well as agricultural education establishments.

Source: Ministry of National Education of France

As a result, decentralization transferred (Malan 2002):

- to the *départements* the responsibility for the construction, fitting and material functioning of *collèges* (first-cycle secondary education) and for school transport;
- to the regions the responsibility for continuing occupational training, for the construction, fitting and material functioning of *lycées* (those providing general and technological education, vocational training, or both vocational and traditional education), and schools providing special education.

On the other hand, at the national level, the Ministry of Education, Research and Technology has kept overall responsibility for national education as a public service. Thus, it is the ministry that defines the broad objectives of education policy, guidance as regards to teaching and course content, study programs and diplomas. It determines the conditions under which staff are recruited, managed and trained and their pay. Moreover, the state has control over the main elements of the budget, i.e. staff salaries and

<sup>20</sup> Colleges are lower secondary schools with pupils from 11 to 15 years. All French have to go to colleges so the central government has the responsibility of an important part of the whole school system.

educational expenditure, and also subsidies to the regions and *départements* for financing educational building. The state is responsible for spending on staff and on teaching aids (Malan 2002):

- In investment terms, it is responsible for the basic computer, office automation, electronic and telematics equipment, and for fitting the technology workshops in *collèges*.
- In operating terms, it is responsible for the maintenance of this equipment, the provision of textbooks in the *collèges* and teaching documents in vocational *lycées*, and educational research and experimentation.

As for the operating costs, a decree issued in 1985 stated that the State would continue to fund expenditure in secondary schools relating to (OECD 1995):

- Provision of textbooks in colleges and special schools and teaching materials for collective use in vocational lycees
- Special educational projects
- Educational research and experimentation
- The maintenance of equipment acquired by the State

On the other hand, from a pedagogical point of view, France is moving toward more local autonomy. Although one of the main features of instruction is the predominance of a national curriculum for all school levels, some amount of local adaptation is encouraged. The curriculum is couched in terms of objectives rather than in terms of content, which makes it possible to entrust more freedom to teachers in what they teach. Head teachers are increasingly encouraged to exercise some flexibility with respect to time allocation for certain subjects and to emphasize some areas of the curriculum to suit their school development plan, all within national guidelines.

As for teacher appointment, because each region organizes its own competitive examination, new primary school teachers are appointed to a school in the region where they have taken their competitive examination. Previously, new secondary school teachers were appointed to a school anywhere in the country directly by the Ministry of Education in Paris, for their competitive examination is national rather than regional. In 2000 this process was partly decentralized so that newly recruited secondary school teachers are now allocated to one of the regions by the ministry (the representative of the education minister in the region makes the actual appointment to a specific school). Decisions about the transfer of teachers to different schools within a region are entirely the responsibility of the representative of the education minister in the region. For teachers wishing to move to another region, the application procedure is dealt with nationally.

In spite of the reforms towards decentralization, the French education system can be described as a mixture of deconcentration, decentralization and centralization, which can further be demonstrated by the examples of teaching profession, a branch of the French civil service, and financing of educational buildings. For example, until 1999, all teacher movements were directly managed by a bureau of Education Ministry and a joint union-official committee in Paris. However, since September 1999 staff transfers between schools within the regions have been dealt with at the level of the academy itself.

Furthermore, the system of financing educational building, marked by a major transfer of responsibilities to the regional and local authorities since 1982, is another major example of educational reform movements in France. With the introduction of decentralization, total financing received by the local authorities as a whole rose from 14.5% of financing of overall spending on education in 1982 to 18% in 1992 and 20.4% in 1998. The transfer relates to educational planning, the financing of the construction, maintenance and material operation of educational buildings, and school transport systems (Malan).

As decentralization has progressed, it has been accompanied by higher local taxes and increased local authority borrowing: borrowing by regions almost doubled between 1986 (FRF 13 billion) and 1991 (FRF 23 billion). As a result, the state's share in the overall financing of the education sector fell from 69% in 1980 to 64.7% in 1998, while the regional and local authorities' share rose from 14.3% in 1980 to 20.4% in 1998, these shifts being due to both the decentralization laws and the authorities' involvement in higher education (the other sources of financing being other levels of government: 2.2%, business: 5.8% and households: 6.9%) (Malan 2002).<sup>21</sup>

In conclusion, as emphasized by Derouet (2000) during the first few years of the decentralization process, local political authorities have been very careful in exercising their rights. First of all, they did not have sufficiently skilled staff to deal with all educational matters (although latent talent certainly existed). Thus, they had to create a body of executives able to negotiate with the Ministry of Education's specialized staff. Furthermore, the grants, which the state allocated to schools, gradually became more and more insufficient. As a result, a significant challenge of education finance in France is that whenever a school or a group of teachers wish to take advantage of the possibilities autonomy offers, they have to find external funding.<sup>22</sup> By and large, the devolution of power from the ministry toward regional and school administration remains imperfect. It exists on paper; all the rules and regulations to implement it have been published. Yet in practice less has been than was aimed for. This is partly related to political difficulties: French trade unions are very suspicious of such moves, which they see as a threat to the unity of the education system and its national character; they also realize that they will not be so influential at the local level. And this is largely because of the attitude of most teachers and local administrators, whose professional practices were molded by and for a different system (Bonnet 2004).

**Poland:** The school education system existing in Poland in 1980s was characterized by extremely far-going centralization. Strategies and policy for the development of education were designed by the authorities of the communist party. All other, even detailed, issues were however decided by the Minister of National Education. The powers of the MONE covered issues concerning:

- curricula,
- textbooks and other teaching aids admitted for use in school,
- rules for the functioning of all types of schools,

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<sup>21</sup> Note that these figures are not entirely comparable to those in Table 3 since the latter does not include, for instance, business or household expenditures.

<sup>22</sup> Financial backing generally comes from local political authorities, or sometimes from companies

- rules for recruitment of pupils to schools,
- organization of the school network,
- classification of occupations and specializations in which education in vocational schools was provided,
- rules for awarding titles and diplomas attesting to vocational qualifications,
- rules for organizing and setting examinations.

The Minister of National Education was also authorized to supervise schools coming under the authority of other sector ministries. Assigned with similar powers, kurators (heads of educational authorities at regional, i.e. province, level) were authorized to carry out inspections in all types of schools and educational establishments regardless of the sector ministry the latter were subordinate to. Acting as the head of the educational authorities at the province level, the kurator supervised all schools in his/her area, including those subordinate to other sector ministries. The kurator was responsible for the so-called staff policy, taking decisions on employment and dismissal of teachers in schools under his/her authority, as well as for in-service teacher training. School education in a *gmina* (the lowest local government level or, in other words, an administrative unit at the lowest level) was managed by the school inspector. The inspector was responsible for financial matters in school education, submitted proposals concerning the organization of the school network, including those for opening and closing down educational establishments. Considering the extensive powers of educational authorities, one can see that the scope of powers of a school head teacher and teachers' council was very limited; thus, school autonomy was practically non-existent (MONE of Poland 2001).

As from 1996, all primary schools in Poland are run by *gminas* (municipalities), with kurators exercising the pedagogical supervision. 1996 was also the date when the responsibility for post-primary schools in 46 largest cities was delegated to their local governments under a pilot program. *Gminas*' powers in the area of running schools cover financing and administration. *Gminas* finance educational establishments in their area from a state budget subsidy and their own revenues. The key factors determining the amount of the subsidy were the number of pupils, the type of school, the type of *gmina* (with village *gminas* being privileged), and the number and qualifications of teachers. Where, for example, the number of pupils in a *gmina* dropped significantly, this was not followed by a proportional reduction in the amount of a subsidy. Many *gminas* contributed large amounts to their school education budgets, thus creating better conditions for pupils and teachers. The head teacher (appointed through competition) had considerable latitude and a fairly wide scope of powers. He/She was responsible for the staff policy and pedagogical supervision of teachers. In theory, the head teacher could manage the school budget. Between 1997-1998 the change of the administrative division of the country, introduced together with the school education reform, encouraged the transfer of responsibility for running schools to local governments. Districts, introduced with the 1998 administrative reform, are responsible for lycee, technical, and basic vocational schools. The district distributes the funds independently to individual schools, where the principal or institution director is responsible for their allocation and use. *Gminas* (the lowest local government level) are the units which run primary schools and

gymnasia<sup>23</sup> (the latter to be taken over in 1999), whereas powiats (local government units at the level above gminas) are responsible for lyceums, vocational schools and special education schools. Gminas allocate funds to primary schools and gymnasia, and the principal is responsible for their allocation and use. The municipality can provide further financing for school activities, provide extracurricular lessons, increase teachers' salaries over and above state guarantees, increase nonacademic salaries and services. The State provides funds for school financing, supplementing gminas' own revenues with an appropriately calculated subsidy. The key factors determining the amount of subsidy would be the cost of education per pupil in a given type of school and the number of pupils (MONE of Poland 2001).

Financing of education comes from two different sections of the central budget: a general subsidy for local governments and investments. The educational subsidy is part of a general subsidy allocated to municipalities and districts. It constitutes no less than 12.8 % of planned state revenues for the given year. Moreover, municipalities are free to set their own rules for allocating money to schools. Some local governments may pay on the basis of the budget outlay sent by the school; others may use last year's school budget; some may take into account the amount expended on teachers' salaries; and others may use the per pupil formula set by the MONE (Fiszbein 2001).

As a result of the reforms more responsibilities for educational decisions have been devolved at the local authority level. Today in addition to being responsible for the management of almost all the institutions involved in delivering preschool, primary and secondary education in Poland, local governments also finance at least 25 percent of the costs of these institutions out of their own general revenues (Levitas and Herczynski). In short, the national government has decentralized much of the responsibility for education in Poland to local governments (i.e. appointment of school principals) over the last decade. Nonetheless, the central government has the control of the bulk of educational management, setting a core curriculum that defines skills and proficiencies expected at different levels of education, determining the number of teaching hours for individual subjects and programs, and setting the financing formula. There are two other agents of central control as well: the Central Examination Commission, which sets standard requirements for testing at different levels of education, and the provincial superintendents, who act as pedagogical supervisors on behalf of the MNE minister. In Poland, educational reform is closely linked to the state administration, which transferred many powers (including educational services) to local self-governments. Since the administration reform was implemented in 1997, there have been three levels of self-government in Poland: provincial, district, and municipal. Estimates indicate that from 40 to 60 percent of all expenditures in municipal and district budgets are allocated to educational services (Fiszbein 2001). In general, the preschools, primary schools, and gymnasia are operated and financed by municipalities; secondary schools, vocational schools, counseling, and guidance are operated and financed by districts; and teacher training institutions are financed by provinces. On the other hand, the superintendent of education, which represents the MONE, is appointed by the governor, and implements

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<sup>23</sup> Gymnasia are part of the comprehensive and compulsory education system and are attended by pupils aged 13 to 16, which is an intermediate level between primary and secondary education.

ministerial policy. He or she exercises legal control; evaluates public schools and institutions, including assessing teaching and other activities of the school and teachers; issues licenses to establish schools; and supervises the public schools belonging to municipalities, nonpublic schools run by institutions, and private individuals.

**Hungary** The Hungarian public education system is the product of a long-term transformation process and recent reforms. It moved from a highly centralized system to one in which most decisions regarding the use of resources are made autonomously by local actors and where the central government has had only indirect tools to influence these decisions. Decentralization is characteristic of almost all functions, from establishing schools to employing teachers to defining the contents of the curricula (World Bank 1998).

The decentralization process began at the end of the 1960s in Hungary. Until then, the education departments of local governments were subordinate to local elected officials, to county-level education departments and, ultimately, to the ministry of education. With the 1971 Act on Councils, schools fell under the administrative control of locally elected councils. By the end of the decade, most high schools were managed locally: their professional management was provided by county councils, but local councils were in charge of establishing schools and deciding and managing budgets. Teachers became employees of school directors at the beginning of the 1970s. During the 1980s education departments stopped to exist as separate administrative units in most municipalities and were merged with other departments such as health, social policies, youth, and sports, which cut the direct connections of departments with the central administration. Thus, by the end of the 1980s, the system was almost fully decentralized. On the other hand, there were several factors that interfered with local autonomy: local budgets were not separated from the central budget and spending was strictly regulated; funds were allocated centrally, under the direct control of the National Planning Office; and, until 1985, schools could not deviate from programs defined by the detailed central curriculum. The process of decentralization continued after the political changes of 1989. Major legal reforms include the following (World Bank 1998):

- In 1989 local budgets were separated from the central budget. Central subsidies were transformed into normative grants, and local councils became independent units interested in raising their own revenues.
- In 1990, the councils became autonomous local governments. Almost all state schools became the property of the new local authorities. Providing primary and secondary education became a legal obligation of local governments.
- In 1990 the Public Education Act was amended to allow private and church schools to operate. A year later expropriated assets were returned to the church and church schools nationalized after 1945 went back to their former proprietors.

The responsibilities of the minister for the development of education is mainly connected with the content of education (to support development projects that serve the solution of pedagogical problems and to involve innovation); with planning (to elaborate the long-term and middle term developmental plan of public education, to provide professional support for the development of the county and local level development plans); and with



quality (the elaboration, the operation and the development of the system of examinations; ensuring the conditions of educational research). The Ministry of the Interior has the overall governmental responsibility for the system of local governments, including the local and regional administration of education. The general responsibility for financing the public services and within them the financing of education lies with the Ministry of Finance.

On the other hand, regional administration in Hungary is divided into 20 counties, including the capital, where there are decentralized self-governments. County governments are responsible for providing schooling for pupils whose towns or villages cannot provide compulsory education, and these governments are also responsible for maintaining institutions with regional functions to meet the needs of several communities from secondary schools to vocational training institutions. County income relies far more on state support than local government income does. Counties have no independent right to levy taxes and cannot dispose of any of the income taxes levied in their territory.

At the local level the majority of decisions concerning public education are made by the representative bodies elected by the inhabitants of the settlement. The president of the representative body, the mayor, is elected directly by the electorate. Local governments are responsible for kindergarten and basic school education. They can decide to create, maintain, reorganize, or close particular schools. They also can enter into cooperative agreements with other local governments or contract with another maintainer (public or private) to provide schooling. Local governments hire, appoint, and evaluate school heads, but in practice they rarely perform any evaluations. Although the school employs teachers, local governments determine the size of academic and nonacademic staff according to school needs and central regulations. The head of an educational institution evaluates his or her staff (with outside experts), assigns duties (with departments), and determines salary increases above the centrally regulated minimum (Fiszbein 2001).

As for education financing, local governments have two kinds of revenue sources: local revenues and central governmental transfers. Own revenues include local taxes (the most significant being the local business tax), rent revenues, fees, user charges, surplus of financial investment activities and revenues from selling property. The most important types of transfers are shared taxes (the dominant in this category is the personal income tax), lump-sum formula grants and earmarked discretionary grants for investment projects. Formula grants for school maintenance are computed on a per student basis. These grants are not earmarked, i.e. local or county governments may use this amount as they wish, and not exclusively on education services (Davey 2002). Local authorities spend more on education than they receive from the center. On average, municipalities allot a little less than 30 percent of their incomes to education, can use subsidies without restrictions and are free to define their school budgets. Furthermore, each educational institution is an independent legal entity, and many of these entities have independent economic means, which can represent a relatively large proportion of financing for material expenditures and activities other than teaching. The institutions may have their own revenues in addition to those received from the government. For instance, schools

may engage in profit-oriented activities, as long as this does not hinder meeting basic educational goals and the municipality allows it.

## **Romania**

In the early 1990s, the education system in Romania was one of the most highly centralized in Central and Eastern-Europe. The major responsibilities of the Ministry of National Education comprised determining national and local school curricula, secondary school entry and graduation examinations, and budgets. On the other hand, the regional, or *judet*, administration included a school inspectorate, which had not only administrative responsibilities but also provided teacher training according to centrally formulated guidelines. Schools had no autonomy for planning or implementing their budgets, and school directors and administrative councils could not define school personnel policy. Moreover, local communities participated only to a very limited extent in managing schools. Nonetheless, during the years 1990-1992 efforts were made to reform the education system. The current structure includes compulsory basic education comprising the first four grades of primary school and four years of lower secondary school (*gimnaziu*), grades five through eight. After the eighth grade, pupils take a compulsory final examination (*capacitate*) to go on to upper secondary education.

Romania's education reform can be distinguished by three major phases: i) a preparatory phase (1990-94), ii) a capacity-building and institutional development phase (1995-97), and iii) the period from 1998-2000, where the reform program accelerated the pace of implementation. Thereafter came a period of stability, quality control, and focus on equity issues. During the first two reform phases, more emphasis was placed on issues of quality assurance (changes in the curriculum, assessment and evaluation, and new concepts of teaching and learning embedded in alternative textbooks, etc.) and on human and material resources (capacity building and logistic preparation). In the late 1990s significantly more schools than in the early 1990s became so-called budgetary centers. They had their own bank account and were accountable for spending public monies. After 1993 when Romania became a member state of the Council of Europe, more attention was paid to promoting local and regional initiatives and facilitating decision-making at local levels. In 1995 decentralization process was begun and some expenditure (i.e. school unit maintenance and repairs) were transferred to the local public authorities. Furthermore, during the same year under the coordination of a National Management and Financial Board (a body similar to ones created for curriculum development and assessment and evaluation), different working groups began to promote and facilitate an optimization of the education system based on new decentralized management and financing principles and mechanisms. Objectives included (Georgescu and Palade, 2003):

- strengthening the managerial capacity of Ministry of Education, school inspectorates, and schools;
- implementing new decentralized management and financing mechanisms;
- providing extensive training in modern education management and financing, and disseminating best practices;
- promoting new quality assurance tools through a new inspection model and training in school development;

- setting up an Education Management Information System (EMIS) and a Data Interchange Agreement (DIA); and
- improving education financing through new mobilization, allocation, and fund management approaches.

During the third phase of the reform (in 1999) additional expenditure responsibilities on pre-tertiary education were transferred to the local public authorities. Thus, as a result of this, today in addition to maintenance and repairs and other such expenses, local public authorities are financially responsible for investments, student scholarships and other current expenditure. Moreover, starting with the 1998/1999 school year the Ministry of Education implemented a more flexible structure, leaving more room for local decision-making. Schools were given the ability to determine their own calendar of holidays and school-year structure according to local needs and conditions while observing the general duration of the school year (175 working days) and the national examinations calendar.

Although supported by new legislative provisions in the late 1990s and 2001, the devolution of power from central to intermediate and local administration levels is still ongoing. Strategic goals were formulated in the following phases (1997-2000 and 2001 onwards) as quality assurance mechanisms began to take hold in primary schools. In addition, more emphasis was placed on equity issues, including programs fostering equal opportunities, and increasing access and retention rates. Efficiency issues were also addressed and included implementation of new mechanisms for financing and management, strengthening quality control, and promoting new relationships between school and community based on accountability and effective partnerships. A significant source of equity problem in Romanian secondary education is the ethnic composition of the society. In general Romania has tried to accommodate the needs of its many ethnic minorities, with varying degrees of provision of textbooks in their respective mother tongues, despite the expense of this for the smaller linguistic groups. However, one large minority, the Roma or Gypsies, have very limited access to secondary education opportunities, in large part because few of them manage to complete even the compulsory basic education. The Roma represent as much as 8% of the total population, and they are a significantly higher share of the school-age population, because they have a much younger age-structure than other ethnic groups, or the Romanian majority. Official awareness of this problem is recent, and as part of its endeavor to achieve EU accession, it will be necessary for Romania to address actively the issues of improved Roma access to and performance within the education system (Fretwell, 2001). In this sense, Romania is similar to Turkey because Turkey also faces the challenge of the issue of ethnic minorities in the decentralization process.

A major component of the education decentralization reform in Romania is the Law on Local Public Finance, which transferred new expenditure responsibilities for capital expenditures in education and social assistance institutions to local budgets. As a result, today local governments are responsible for financing all social assistance cash benefits and services for poor households, and an increasing share of services for children at risk and the elderly. Local governments assume responsibility for all capital and for some

current education expenditures (World Bank, 2002). The prominent reasons for decentralizing the education system in the country include (Georgescu and Palade, 2003):

- By shifting decision-making and budgetary functions from central to local levels, schools and local authorities would be able to capitalize on their autonomy and make decisions that were best for the local context.
- Autonomy and decentralization were seen as powerful incentives for motivating education stakeholders to support educational initiatives at local levels.
- Decentralized structures were also supposed to become more accountable and maximize the efficient use of human, financial, and material resources and costs.

On the other hand, limitations of decision-making at local level include:

- Standards (school curricula, textbooks etc.) are established at central level
- Number of staff in education established at central level
- Salaries of education staff are set at central level

As for reform measures in management and financing, so far a gradual introduction of decentralization has been promoted, with several areas of decision-making and financing not yet completely decentralized. For instance, an important part of the curriculum is still decided at the central level, and teacher salaries are determined and paid by the central government while salaries for other support staff (librarians, secretaries, etc.) gradually have been delegated to local/county levels. Another major positive change over the last decade has been the increased involvement of local authorities and education stakeholders in school decision-making. In 2000, for example, 3,600 representative schools (schools with consistently good results over the years) were given the authority to recruit their own teaching staff. They were also entitled to decide how to spend funds generated by the school without approval from education management bodies, as had been required in the past. In addition, proposals were made for schools to run money through commercial banks, rather than the treasury offices.

Education expenditures for funding of primary and pre-university state education are provided from the local budgets of the local government's jurisdiction. These activities are funded partially from state budget and partially from own sources of the local budget. Expenditures with education have special impact on local budgets, because education is an activity with full central regulation (except for material expenditures, available to local authorities, for which there are no quality/quantity standards imposed from the central level) and provided locally (Needs Assessment Report for Romania, 2002). The budget law establishes the legislative framework of the education finance process and provides annual financial resources. The Ministry of National Education and the Ministry of Finance negotiate a total budget and allocate funds to budget lines on the basis of: student numbers, average teaching staff salary, equipment needs, scholarship students etc. Local public authorities finance their contributions to education from intergovernmental transfers and local revenues. In 1998, equalization transfers to local public authority budgets were based on: total population (5%), street network length (5%), pre-tertiary school-age population (25%) etc. Moreover, the spending pattern at the national level is almost the same in each region (that is, local public authorities tend to spend about 10 % of the revenues collected locally on education). One of the deficiencies of the system is that although it is supposed to rely on central evaluation and control as the main

accountability mechanism, no standardized reporting, performance grading, data analysis exist to make it happen. In addition, departments and governmental organizations tend to work in isolation with little will to cooperate, little know-how and no accountability mechanisms. Locally, there is little accountability to those who are supposed to benefit from education. Local governance is held financially responsible by the Court of Auditors and MoF, and politically responsible by the community, but citizens are only theoretically in control of education management (OECD, 2000).

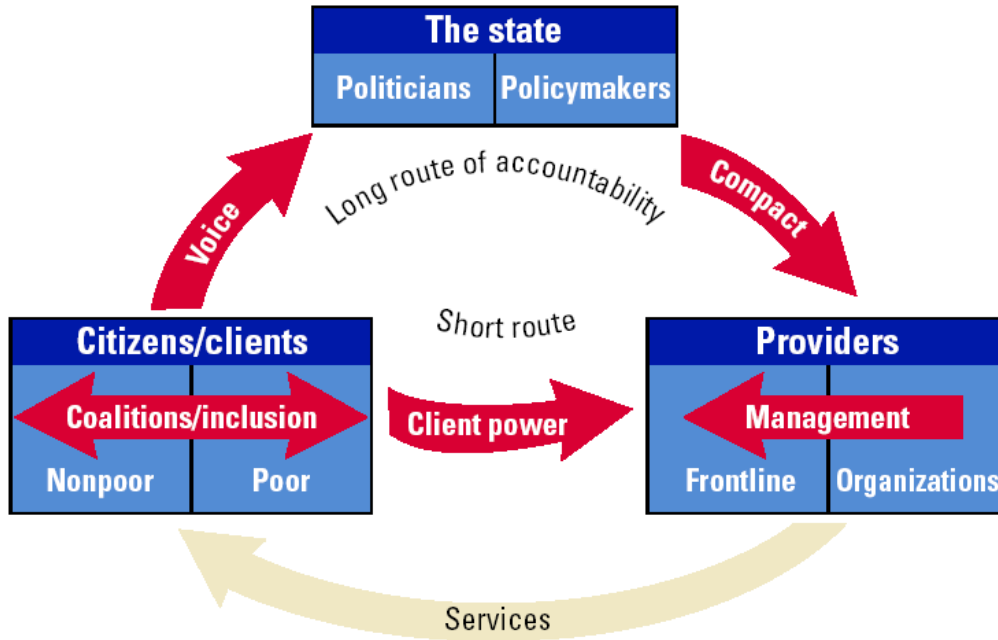
To sum up, Romania has not gone as far as countries like Hungary and Poland in decentralizing its educational system but is moving forward. The ad hoc nature of the decentralization process has led to significant imbalances in fiscal responsibilities across levels of government. In education, expenditure mandates have not been matched by adequate local revenues or transfers from the central government. This has had significant implications for both the effectiveness and equity of service delivery across Romania, as the poorest local governments are least able to raise revenues - because of more limited tax bases and weaker administrative capacity. Reform of educational finance and management is also being undertaken with a view to achieving a degree of decentralization and in particular to empower school principals to become active participants and initiators in the process of delivering educational services, instead of being recipients and implementers of instructions from above. Furthermore, the role of the inspectorate is being extensively revised in order to make the inspectors active partners in the process of school. Parents are also encouraged to become active partners in schools, instead of observers (Fretwell, 2001).

**Annex 3:**

**Initial inventory of potential and actual accountability measures in education**

NB: items in bold are those activities most commonly referred to (within the World Bank) as “Accountability Mechanisms.” Figure 3.2 is from the WDR2004. Levy (2004) adds a third route, “the intermediate route,” to accountability. This “intermediate” route he says is political decentralization to local governments or other elected local bodies. We think this is a useful conceptual addition to the framework.

**Figure 3.2 Key relationships of power**



**Politicians/policy-makers and service providers**

<b>From politicians and policy makers to bureaucratic organizations (Ministries)</b>	<b>From bureaucratic organizations to policy makers</b>
Sufficient resources, but also improved and more effective mechanisms of resource flow, such as capitation grants, formula-driven rather than ad-hoc allocations, etc. Issue of layers to be considered since flows might flow from central government to provincial or district government and only then to provincial or district education departments	Analysis of what can be achieved with given levels of resources, in setting standards. Proof of efficiency in resource use. Note conflict of interest in helping determine what politicians can promise but also reporting what has been accomplished. Thus the need for independent technical advice available to legislature. (As in previous section.)
Well-structured requests for analysis to underpin policy development and vision-crafting (see previous section)	Provision of analysis on major issues, trends.
<b>No specific quid-pro-quo.</b>	<b>In decentralized systems, provide upper-level politicians and policy makers, as well as local legislative bodies, information on relative performance or comparative performance of schools by district or localized region.</b>

**Voice: citizens and politicians/policy-makers**

<b>From citizens to politicians/policy-makers</b>	<b>From policy-makers to citizens</b>
Votes, general taxes.	Creation of “vision” and long-range goals, policies, and plans for education. Creation of basic education laws. Explanation of education policy and achievements. Creation of overall law and order environment, where service provision and use can flourish, reduction of localized arbitrariness, nepotism, warlordism, protection of girls and female teachers from rape and abuse. Provision of direct or demand-side funding as a way of empowering citizens to express demand directly to service providers (schools).
Pressure through lobbies, pressure groups, think-tanks sponsored by civil society.	Hearings/consultation, policy change promises, actual policy changes. Creation of “vision” and long-range goals, policies, and plans for education. Creation of basic education laws.
Direct pressure through mass action, demonstrations, strikes.	Hearings, policy change promises, actual policy changes.
Compliance by citizens with basic laws such as compulsoriness of education where appropriate, or appropriate use by citizens of demand-side incentives and direct subsidies.	Enforcement of regulation binding on citizens to send children to school, where relevant. (Tied to enforcement of laws on provision of spaces and/or other incentives.)
Pressure through editorial opinion in mass media.	No specific <i>quid-pro-quo</i> .
Direct citizen pressure or participation in legislative hearings and constituent feedback to parties.	Promise from legislatures that citizens’ issues on education will be reflected in legislation and/or on pressure on the executive branch.
As direct representatives of the citizens, the legislative branch can pressure the executive branch, or the cabinet can pressure the lower levels of the executive branch.	Creation of basic education laws via collaboration between legislative and executive. Executive branch delivery of improved policy, explanations of policy implementation.
Use by citizens, or by one level of politicians, of the judicial system, to force executive branch, or another level of system, to perform and enforce service provision.	Judicially-enforced action by bureaucracy and service providers, in provision to standards or definition of standards.

<b>From provider organizations (Ministries) to citizens</b>	<b>From citizens to provider organizations</b>
<b>Appropriate (comparative, relative to similar schools, value-added, etc.) information on school performance. Training and organization in how to use information, to demand accountability from schools, and how to support schools in meeting standards, how to participate in governance bodies. Training in how to reward schools and teachers using localized means.</b>	<b>No direct quid-pro-quo.</b>
Control of local bad-governance problems related to local nepotism and local capture. (Inappropriate appointments and inappropriate resource use, etc.)	Information and feedback to bureaucracy on local governance problems.

<b>From bureaucracy and bureaucratic leadership (Ministry) to front line providers (schools)</b>	<b>From front line providers to bureaucratic leadership</b>
Sufficient resources, but also improved and more effective mechanisms of <i>resource flow</i> , such as capitation grants, formula-driven rather than ad-hoc allocations, etc.	Proof of efficiency in resource use, compliance with audit requirements.
Development of performance metrics, and process norms and standards, including, importantly, norms to regulate relationship of schools to citizens (governance and management rules as a form of standards-see next section) and management at schools. These performance metrics normally should include some form of student assessment oriented at accountability and quality assurance.	Reporting on metrics and process norms
Development and application of sanctions and rewards related to performance, including, importantly, community-based rewards and sanctions	Understanding and complying with, in particular, norms related to community-based rewards and sanctions
Development and use of systems for supporting schools so they can come to standard or improve performance (teacher training, principal training, PTA training, etc.). Development of systems to link measurement of performance to referral for support or intervention.	Responsibility to carry out self-assessment and apply support.
Development of standards of bureaucratic performance whereby central and district offices can be evaluated by schools.	Evaluation of central office and district (or other intermediate entity) office performance.

**Providers (organizations and front-line) to citizens**

<b>From front-line providers (schools) to citizens</b>	<b>From citizens to front-line providers</b>
Provide parents and the community with well-educated children to some well-specified standard (standards developed and specified as listed above)	Provide monetary, in-kind support, as well as social esteem
<b>Involve parents and community members in school governance as per governance standards. Provide school as general-purpose center of community and leadership development, both for purposes of cross-sectoral development and in allowing adults to learn about effective local governance in general.</b>	<b>Give governance tasks time and effort. Understand and not over-step line between governance, as goal-setting and overall supervision of goal-seeking, and day-to-day management.</b>
<b>Organization of community to support school in “outreach” and campaign modality. Thoroughly involving communities in holding schools accountable is a more complex task, and a more recent innovation, than simply trying to organize communities to support an innovation or program, especially in relatively simple programs such as school construction or maintenance. Programs that attempt to mobilize communities by, for example, raising awareness about the importance of school enrollment are also fairly common. Mobilizing communities largely to come up with funding, support a government program, or create awareness, are quite different from promoting accountability to schools, but it may be a first step towards real accountability.</b>	<b>Support to schools in “campaigns” to, for example, improve girls’ attendance.</b>