Decentralisation of Basic Education Financing and Delivery in Asia

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UNESCO Bangkok
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  - Challenges

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  – Typology
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• Experiences of Education Decentralisation in Asia
  – Origins, scope and milestones of the education decentralisation reform
  – Current status and trends of decentralisation in financing and delivery of basic education
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Financing and Delivery of Basic Education in Asia

Progress and Challenges
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Progress in Expanding Basic Education

Fastest progress in South and West Asia
On the whole, NER in PE in the region is catching up with the world and even with the developed countries
Significant progress in PE enrolments has begun creating pressures for SE expansion

Source: EFA GMR
### Growth of Secondary Education

<table>
<thead>
<tr>
<th></th>
<th>Transition Rate *</th>
<th>Enrollment Ratio in Secondary Education **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Asia</td>
<td>98</td>
<td>99</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>88</td>
<td>65</td>
</tr>
<tr>
<td>East Asia</td>
<td>-</td>
<td>93</td>
</tr>
<tr>
<td>Pacific</td>
<td>-</td>
<td>111</td>
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<tr>
<td>South &amp; West Asia</td>
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<td>84</td>
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<tr>
<td>World</td>
<td>91</td>
<td>93</td>
</tr>
<tr>
<td>Developed Countries</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

- Rapid growth in GER between 1999 and 2007
- Except for South and West Asia, expansion of SE in terms of NER in all sub-regions far exceeded world average in 2007

* from primary to secondary education; median values
** weighted average

Source: EFA GMR (relevant years)
Risk of Increased Inequality

- Growing disparities within countries, particularly a persistent urban/rural divide
- Regional variations exist in access to and quality of education
- Gender, poverty, language and culture can combine to increase the risk of marginalisation

Reduced Resource Base for Public Spending

Annual Growth Rates in GDP in Asia (%)

- Estimated decrease in real growth rates from around 10% in 2007 to 5-6% in 2009 (ESCAP 2009), means less revenue for governments
- Education, as a non-revenue generating sector, is likely to be affected by reduced public funds

• No steady progress in public resources devoted to education (either as % of GNP or % of total government expenditure) in many countries.
• In fact, a decline has occurred in a number of countries between 1990 and 2007.
Wide Variations in the Priority Given to Education

Percentage of Budget Allocated to Education


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Wide Variations in the Priority Given to Primary Education

Public Expenditure on Primary Education as % of GNP, 2007

Source: EFA GMR (relevant years)
Ineffective Legal Framework for Free PE

<table>
<thead>
<tr>
<th>Country</th>
<th>Legal Guarantees for Free Education</th>
<th>Charges Levied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Bangladesh</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Bhutan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Myanmar</td>
<td>Yes</td>
<td>Yes</td>
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<td>Cambodia</td>
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<td>Yes</td>
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<tr>
<td>India</td>
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<td>Yes</td>
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<tr>
<td>Indonesia</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>Laos</td>
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<td>Yes</td>
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<td>Malaysia</td>
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<td>Yes</td>
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<tr>
<td>Maldives</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Mongolia</td>
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<td>Yes</td>
</tr>
<tr>
<td>Nepal</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Pakistan</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Philippines</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Singapore</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Sri Lanka</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Thailand</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Vietnam</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Armenia</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Georgia</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Tomasevski (2006)
Private cost burden of basic education

• Despite legal guarantees for free primary education, many countries continue to charge fees as a way to generate additional resources for education

• The cost burden of education is transferred from the government to households making basic education less affordable for poorer families. For example,

  – In Viet Nam, although fees are not authorised at the primary level, “voluntary” contributions are levied per child and vary little with ability to pay. For the poorest and near poorest households, contributions accounted for 32% and 27% respectively of the total private cost per child (UNDP, 2005)

  – In China, due to inequitable distribution of the education budget, many schools have resorted to charging fees that are as high as one quarter of their annual income (Yardley, 2002)
Education Decentralisation
Definition

• Decentralisation can refer to a variety of concepts
• For this review, decentralisation is defined as “the transfer of decision making authority, responsibility, and tasks from higher to lower organizational levels or between organizations” (Hanson, 1998).
• This definition distinguishes redistribution of powers within the government machinery from the redistribution of functions between government and non-government (non-state) organisations
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Typology of Education Decentralisation

Education Decentralisation

Deconcentration
Transfer of administrative authority & responsibility from the central to lower levels of an organization (e.g. ministries to regional offices)

Devolution
Transfer of authority & responsibility to lower levels of government

Delegation
Transfer of authority and responsibility to semi-autonomous government agency or non-state organisations
Expected Benefits and Concerns

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Positive Impact</th>
<th>Little or No Impact/Unclear</th>
<th>Negative Impact</th>
</tr>
</thead>
</table>

- Research has produced mixed findings but does suggest improved service delivery, improved public funding efficiency, greater resource mobilization and thus relieved fiscal constraints at the central level
- Concerns exist, however, over the effect on equity, corruption and sustainable reform

Experiences of Education Decentralisation in Asia

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Origins, Scope and Motivations of Education Decentralisation Reform

- **Political and economic transformation**
  - Transitional countries: Mongolia, Kyrgyzstan, Viet Nam

- **Response to ethnic, language and cultural diversity**
  - Philippines, Indonesia, Sri Lanka

- **To improve the delivery of basic services**
  - Thailand, Nepal

- The motivations for education decentralization have been diverse and manifold
  - In East Asia, decentralisation often occurs for political and fiscal rather than educational motives

- Improving service delivery is an implicit motivation behind most of these decentralisation efforts even when it is not explicit
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Origins, Scope and Motivations of Education Decentralisation Reform
Key Milestones of Education Decentralisation Reform in Selected Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Key milestone of education decentralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>Major fiscal reform in 1994 to shift the intergovernmental fiscal system from ad hoc, negotiated transfers to a rule-based tax assignment.</td>
</tr>
<tr>
<td>India</td>
<td>73th constitutional amendment in 1992 to put in place a local government system called <em>panchayati raj</em> as the country's third level of governance after the central and state governments.</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Two laws were enacted in 1999: law 22/1999 on regional governance and law 25/1999 on the financial balance between central government and the regions</td>
</tr>
<tr>
<td>Pakistan</td>
<td>A three-tier federated local government system at the district, subdistrict (<em>tehsil</em>) and union levels was set up in 2001</td>
</tr>
<tr>
<td>Philippines</td>
<td>Revised local government code was enacted in 1991 to consolidate all existing legislation on local government affairs, providing the legal framework for the decentralisation programme</td>
</tr>
<tr>
<td>Thailand</td>
<td>The 1997 Constitution of the country embraced decentralization</td>
</tr>
<tr>
<td>Cambodia</td>
<td>First introduced SBM in 1998</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>First introduced SBM in 1991</td>
</tr>
</tbody>
</table>
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Education Decentralisation - Coverage

• Progressive wave and popularity of education decentralisation over the last two decades
• 19 out of the following 23 countries and territories* have legislation and/or carried out measures toward education decentralisation reforms:
  Afghanistan, Bangladesh, Cambodia, China, DPR Korea, Hong Kong (China), India, Indonesia, Japan, Kyrgyzstan, Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Republic of Korea, Singapore, Sri Lanka, Thailand, Timor-Leste, Viet Nam

* with available data
Education Decentralisation – Typology

Typology of Education Decentralisation in Selected Asian Countries

<table>
<thead>
<tr>
<th>Deconcentration</th>
<th>Devolution</th>
<th>Delegation</th>
<th>Hybrid/Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>India</td>
<td>Thailand (SBM)</td>
<td>Hong Kong (delegation – privatization)</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Indonesia</td>
<td></td>
<td>Singapore (delegation - privatization)</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Nepal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Pakistan (fiscal)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Philippines</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Compilation from various sources
Education Decentralisation - Processes and Approaches

• More advance in implementation:
  – China, India, Indonesia, Nepal, Pakistan, the Philippines

• “Big bang” strategy:
  – Indonesia, Pakistan

• Incremental approaches:
  – Bangladesh, Sri Lanka, Viet Nam

• Fluctuation between decentralisation and recentralisation:
  – China, Indonesia, Mongolia
Decentralised Education Financing

- Wide variations in the level of education budget exercised by the decentralised level, ranging from 13% (Mongolia) to 80% (Tajikistan) of total public education expenditure.

Decentralised Education Financing

- Evidence from many countries including China, Indonesia, Nepal, the Philippines suggests that transferring financial responsibility can exacerbate inequalities with wealthier regions better placed to mobilize resources.

<table>
<thead>
<tr>
<th>Country</th>
<th>Study by</th>
<th>Main findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Asia</td>
<td>WB 2009</td>
<td>Greater but not necessarily more equal spending on education</td>
</tr>
<tr>
<td>Nepal</td>
<td>UNESCO 2010</td>
<td>Improvement in access with regional disparity</td>
</tr>
<tr>
<td>China</td>
<td>UNESCO 2010</td>
<td>Exacerbated regional disparities in educational expenses</td>
</tr>
</tbody>
</table>


Fiscal Decentralisation and Equity: the case of China

Inequality in per-student education expenditure in China following decentralization

<table>
<thead>
<tr>
<th></th>
<th>Primary education (constant 2006 US$)</th>
<th>Lower secondary education (constant 2006 US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest-spending</td>
<td>157</td>
<td>357</td>
</tr>
<tr>
<td>province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>66</td>
<td>90</td>
</tr>
<tr>
<td>Lowest-spending</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>province</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of highest-spending to lowest-spending province</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>


• In the 1990s the central government gave more responsibility to local governments, schools and communities, reducing its own share in overall education financing.

• Decentralization contributed to the rapid expansion of educational opportunities, but it also caused the over-decentralization of financial responsibility and the inadequate finance of budget spending.

• The strategy exacerbated regional disparities in educational expenses, and the parents and local community members had to bear the heavy financing burden.
### Bottlenecks for Service Delivery

Challenges in decentralisation of basic education financing and delivery from selected Asian countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Under-funding</th>
<th>Limited local fiscal capacity</th>
<th>Regional disparity in funding</th>
<th>Private financial burden</th>
<th>Roles and responsibilities</th>
<th>Accountability</th>
<th>Local capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td>China</td>
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<tr>
<td>Indonesia</td>
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<td>X</td>
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<tr>
<td>Lao PDR</td>
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<tr>
<td>Nepal</td>
<td>X</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>Viet Nam</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Source: Compiled from various sources
Challenges in delivering basic education (I)

- **Clarity** in roles and responsibilities and the interplay between actors in delivering services
  - Restricted autonomy (e.g. in setting staffing and wage levels in China and Viet Nam) makes controlling administrative expenditure difficult for local managers.
  - Lack of clarity on roles and responsibilities hinders the accountability of local service providers.
  - In Lao PDR, procedures are not communicated to the lower levels of government thus making roles and responsibilities unclear.
  - The fund flow process in Nepal is extremely complicated consisting of over 33 steps while management is still mostly centralized and many levels are unsure of their roles and responsibilities which tend to overlap.
Challenges in delivering basic education (II)

- **Accountability** relationships with and within service providers
  - E.g. limits on local authority have led managers in the Philippines and Indonesia to bypass regulations, risking reduced accountability and vulnerability to corruption
  - The limited autonomy of subnational governments in Cambodia and Thailand poses important challenges for local accountability
Challenges in delivering basic education (III)

- **Local capacity** to perform decentralized responsibilities
  - Implementation of devolved functions in Indonesia and the Philippines is running up against the limited staff capacity in local administrations
  - China and Viet Nam have made training for civil servants a priority, but local administrations continue to lack the capacity to manage resources
  - In Thailand and Cambodia, central governments fear that local administrations do not have the capacity to take responsibility for service delivery. Both countries have therefore set up decentralised structures without devolving significant authority
Challenges in delivering basic education (IV)

• Organising **financing**
  – Insufficient public funding for basic. Partly, the problem in some countries is that basic education is not adequately prioritised.
  – Funding inequality issues particularly in rural and more disadvantaged areas within the countries where poverty plays a role and the local governments are often unable to raise revenue
  – Little discretion for resource utilisation at the local level due to norm based funding (India, Mongolia). This generates both allocative and technical inefficiencies within the education sector as the local governments have very limited decision making power over the funds that they want to spend.
  – User’s affordability (China, Viet Nam)
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Thank you
Questions?
Comments