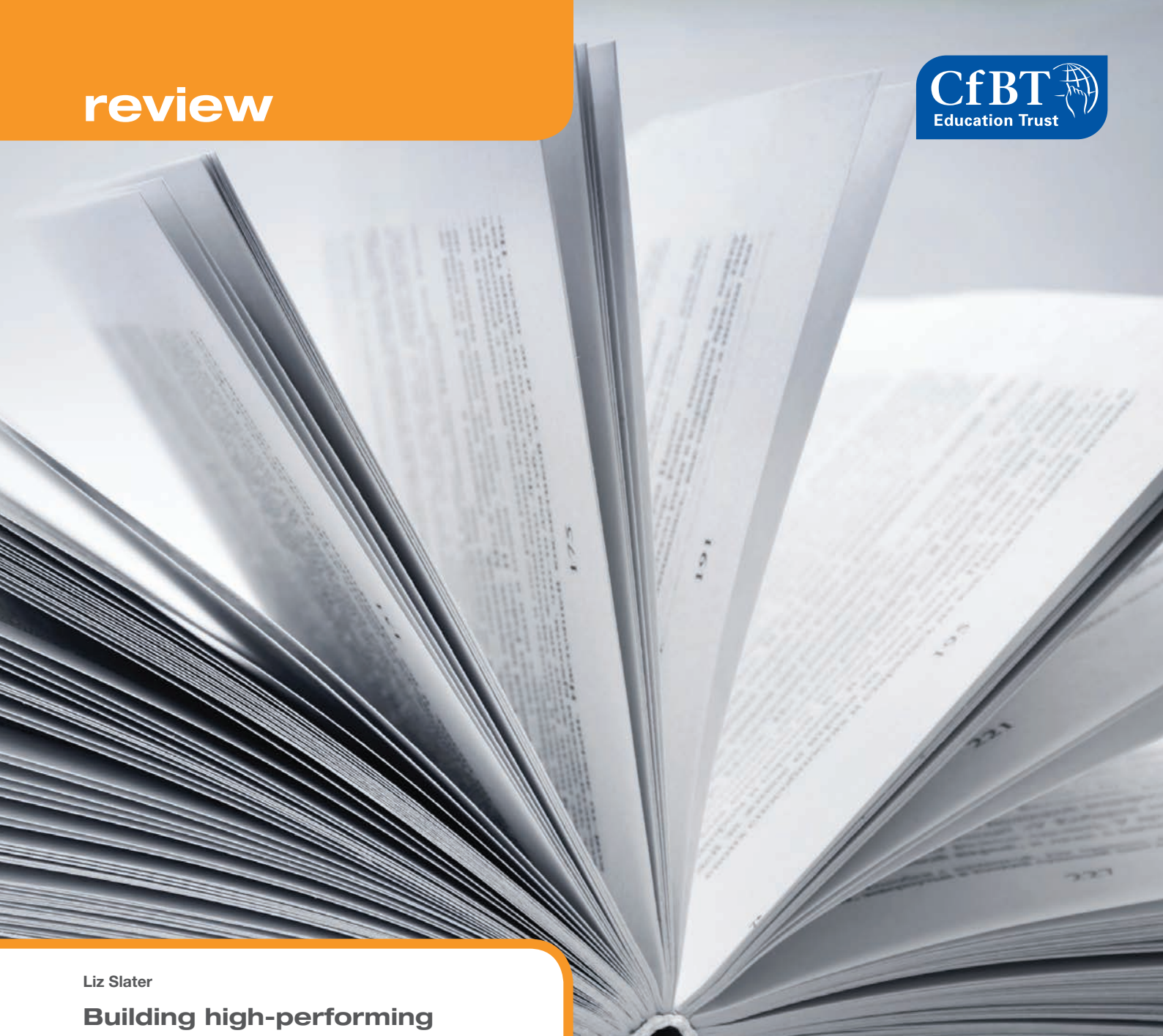


review



Liz Slater

**Building high-performing  
and improving education  
systems**

Systems and structures:  
powers, duties and funding

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## 1 Introduction

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### Why link governance, finance and private provision?

This Review looks at the way high-performing and improving education systems share out power and responsibility. Resources – in the form of funding, capital investment or payment of salaries and other ongoing costs – are some of the main levers used to make policy happen, but are not a substitute for well thought-through and appropriate policy making. Nonetheless, having control over resources can be critical to achieving policy implementation.

This Review also looks briefly at some models of private schooling, since they are used in many systems in conjunction with public education.

## 2 How is power distributed?

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### Structures

Responsibility is distributed through structures, to which the central government (usually represented by a ministry of education) chooses to give powers and duties. Depending on the size of the system and its context, structures are likely to include:

- a. a central ministry
- b. regional or provincial government
- c. municipal or district government
- d. schools, with school boards/councils and possibly a range of consultative bodies.  
The board/council generally includes representatives of teachers, parents, students (depending on the phase) and the community.<sup>1</sup> It may also include representatives of local government and employers.

The central ministry (and even regional government) may choose to establish specialist bodies to advise on aspects of policy development and implementation, such as assessment, the curriculum, pedagogy and quality assurance/inspection.

### Powers and duties

Governments decide the extent to which they give powers and duties to the subordinate organisations – often called ‘decentralisation’. Hanson<sup>2</sup> describes three approaches:

- a. deconcentration, where tasks, but not authority, are transferred away from the centre;
- b. delegation, where decision-making authority is transferred to organisations lower down the hierarchy. However, the superior organisation keeps the power to take back the authority;

- c. devolution, where authority is transferred to a separate organisation that can act independently or act without asking permission.

Naidoo<sup>3</sup> uses the same definitions of decentralisation, going on to provide a framework for unpicking precisely how decentralisation might be put into practice and evaluated, in terms of:

- a. the context, for example economic, political and social influences
- b. the rationale i.e. the reasons given for decentralisation
- c. the form and level of implementation i.e. the organisational structures and policies put in place to support decentralisation
- d. the stage reached and outcomes achieved. (See Annex A for an example.)

Decisions about the shape of organisational structures, as well as their powers and duties, need to take account of the culture, priorities and capabilities of the community.<sup>4</sup> If decentralisation is implemented in carefully-managed stages, it will give time for the development of capabilities and change in attitudes of those administering the system, whether they are officials in central government or principals. It will also allow for the development of trust and skills by stakeholders.

Even where there is a long-established agreement about how education policy should be made and implemented, decentralisation does not mean that the state can abandon all its responsibilities for education. William Yat Wai Lo<sup>5</sup> cites Fukuyama:<sup>6</sup>

*'For individual societies and for the global community, the withering away of the state is not a prelude to utopia but to disaster... They do not need extensive states, but they do need strong and effective ones within the limited scope of necessary state functions...'*

Therefore, alongside decentralisation, high-performing and improving systems generally put in place frameworks and processes which allow them to be sure of maintaining quality and equity. These may include:<sup>7, 8</sup>

- a. curriculum frameworks
- b. student performance standards and thresholds
- c. resource allocation requirements
- d. professional standards and requirements for the workforce
- e. operational requirements (for example staffing levels, equipment levels, admissions and disability policies)

- f. review, evaluation and quality assurance arrangements, including provision for intervention and support
- g. data collection arrangements
- h. accountability mechanisms and requirements.

Sometimes, where there has been a tradition of considerable institutional independence, as in the Netherlands,<sup>9</sup> the municipal or central government's power may be increased to promote policy goals such as equity and quality.

High-performing and improving systems learn from international best practice and research. They do so more successfully where they themselves are in control of initiatives and can therefore take account of their own circumstances. They may contract with external experts to provide input to a very specific part of the system, decide to work in partnership on a project, or pilot new approaches before going to (system) scale with them.<sup>a</sup>

### 3 Why the emphasis on decentralisation?

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High-performing and improving education systems have chosen differing approaches to the process of allocating roles, responsibilities and authority. One of the most common features in terms of governance is a move towards decentralisation.

Decentralisation is rarely a one-off policy event. Many systems have made several changes to their structures and processes. This may be because they had planned to introduce decentralisation in stages, because of later developments, or changes elsewhere.

#### What are the reasons for the trend towards decentralisation?

The reasons often given are quality, efficiency, equity and responsiveness. Decentralisation may also be driven by contextual factors, such as history and politics, as well as economic, organisational or educational objectives. Sometimes the real reasons are not made explicit. They are, nonetheless, important and may include lack of capacity at the centre, the desire to limit the power of some interest groups, to cut costs, to manage pressure for greater devolution, or to reduce calls for increased transparency and democracy by giving limited power over a narrow range of activities.<sup>10</sup>

Towards the end of the 20th century,<sup>11</sup> there was increasing interest in management at school level, since this offered the possibility of achieving a direct impact on student outcomes. One result has been the growing importance given to developing and managing school leaders. Another has been increasing recognition of the role played by parents in supporting and motivating their children. School-based management has the

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<sup>a</sup> i.e. rolling out the policy at system level.

potential to give parents a chance to make their views known through school boards/ councils as well as various consultative arrangements.

### **Ontario: improving student attainment and reducing costs**

In countries such as Australia and Canada, there has been a long tradition of independence at provincial/state level. In Canada in general, and Ontario in particular, the drive to reduce costs and improve student attainment<sup>12</sup> led to changes in the distribution of power towards the end of the 20th century. The election of Dalton McGuinty in 2003 led to distinctive, interlocking roles for the Ministry, districts and schools. All were linked by giving priority to limited aims: Literacy and Numeracy and Student Success. These priorities drew on international experience elsewhere (particularly the successful national Literacy and Numeracy Strategies in England). The unifying focus was on enabling teachers to do their job more effectively and on raising standards in terms of outcomes and experiences for students. Structures and processes were designed to make this happen:

- a. The Ministry was responsible for setting expectations and facilitating mechanisms such as funding, collective bargaining arrangements, support for improvement.
- b. Districts were responsible for promoting the emphasis on improvement, through school staffing and support arrangements.
- c. In schools, teachers were encouraged to work together to solve problems and improve teaching and learning. The role of the system was to ‘support... the learning and change occurring in schools’.

The provincial government was able to maintain overall control, quality assurance and accountability through mechanisms which included a curriculum framework and the assessment arrangements. The system used a combination of ‘consistent central pressure for higher results with extensive capacity building...’. This was again shaped by the pressure and support model used in England in the period 1997–2006.

At the same time, and also driven by the desire to use funds efficiently and share effective practice, the Canadian Council of Ministers of Education had chosen to collaborate in areas such as funding, the curriculum and assessment. This reflected a degree of centralisation alongside the decentralisation noted above. There has also been a movement across the system to give priority to putting resources into the classroom, rather than into administration.<sup>13</sup>

### **New Zealand: Giving responsibility to principals and communities**

In New Zealand, while the aims of decentralisation were similar to Ontario’s, the mechanisms were different. In addition to looking for improvements in efficiency, the Ministry put the focus on principals and on community involvement to drive improvement.



Starting in 1989, New Zealand devolved authority for staffing, their payment, negotiation of industrial agreements, and buildings to schools and their communities. Principals were given responsibility for governance, corporate planning, leadership and management.

Principals had to change the way they operated. Their changed role needed them to be able to work with their communities. Evaluations suggested that principals gained increased influence and respect, while communities showed they were able to take on the additional responsibilities.<sup>14</sup> (Once again, there was a curriculum and quality assurance framework in place. Although, with increasing experience, schools were given greater flexibility to design their own curricula,<sup>15,16</sup> the central government made rules about instruction time<sup>17</sup> and introduced the National Standards for reading, writing and maths<sup>18</sup> in 2010, when monitoring showed that 20% of students left school with poor literacy and numeracy skills.)

### **Embedding democracy: the Czech Republic, Ghana and Korea**

In the former Communist countries of Eastern Europe, such as the Czech Republic, Slovenia and Poland, the shift of power to regional, municipal and school levels has been part of the move to a democratic society. In Poland<sup>19</sup> the process of decentralisation was handled in a measured way. In the first instance, smaller steps were taken to introduce democratic and market values, including the removal of Communist ideology from textbooks, laying the groundwork for private schools and starting to transfer operational responsibilities to regional governments. More radical changes, including further decentralisation alongside the introduction of national quality assurance arrangements, formed part of the preparation for joining the European Union.

Similarly, in Ghana, decentralisation was introduced partly in order to improve responsiveness at district, community and school level. However, it was also a cost-reduction measure in the early stages (i.e. circa 1988) since communities, churches and district assemblies were expected to contribute funds.<sup>20</sup> In its Education Strategic Plan (ESP) for 2010–2020,<sup>21</sup> the government saw further decentralisation as a way of improving effectiveness, while recognising that lack of local capacity to tackle operational problems (such as delays in paying salaries) was an additional management and financial burden in the first five years of the ESP.

Whereas Singapore gave schools greater autonomy (including independence in some cases) in order to give them the freedom to innovate and use resources more efficiently (as a route to improved student attainment), Korea put in place a requirement for school management committees as part of a process of democratisation.<sup>22</sup>

### **Managed stakeholder input: Hong Kong, Indonesia and Tunisia**

In some places, such as in Hong Kong,<sup>23</sup> there has been a shift of power from sponsoring bodies, many of which already had considerable independence,<sup>b</sup> to schools where teachers had professional freedom within a system-prescribed framework of professional

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<sup>b</sup> Sponsoring bodies include the aided sector, which has the largest proportion of primary and secondary schools.



development, curriculum and assessment requirements. At the same time, stakeholders are directly involved in quality assurance of their schools as lay members of inspection teams, where they gather the views of parents, staff and students.<sup>24</sup>

In both Indonesia and Tunisia, the World Bank supported and encouraged moves towards decentralisation. Indonesia's declared aims for decentralisation were ambitious, including the reduction in the role of central government, to improve planning of economic and social programmes (and hence support for those programmes), to strengthen national unity and to enhance people's capacity to manage their own affairs. The policy was implemented swiftly, possibly to counter pressure for further democracy, which limited the time available for planning and capacity building.<sup>25</sup>

In the case of Tunisia, the World Bank's project appraisal document of 2000 proposed investment to support decentralisation and deconcentration to improve quality, efficiency and responsiveness.<sup>26</sup> Subsequently, the National Report covering the period from 2004 to 2008 outlined progress in giving more autonomy to regions and schools, as well as establishing school councils. The focus of the councils and associated activities was 'dialogue' rather than decision-making.

## 4 What governance structures have education systems chosen? How have they evolved? What issues have arisen? How well do they work?

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### Designing governance structures

#### Potential benefits of decentralised governance

Among the potential advantages of decentralisation are:<sup>27, 28</sup>

- a. the possibility of making sensible links with other services provided at local level
- b. the opportunity to match provision to local needs and priorities, as well as responding more quickly
- c. greater efficiency and effectiveness
- d. encouraging innovation and commitment because the authority and resources are within the control of the school or local authority
- e. generating pressure at local level for more investment in education.

#### Issues to consider in designing governance structures

A number of writers have warned that there is limited evidence of the effectiveness of decentralisation.<sup>9</sup> In some circumstances, decentralisation may not be appropriate. In

<sup>9</sup> Naidoo (2002) quotes Litvack et al. (1998), saying that the reasons for education decentralisation are based on assumptions reflecting a 'curious combination of strong preconceived beliefs and limited empirical evidence'.

deciding on whether to decentralise, on the extent of decentralisation and in planning implementation, there are potential risks and disadvantages to be considered:<sup>29</sup>

**a.** Cultural, economic and political circumstances:

- the political climate; where there is limited experience of democracy, there is a possibility that powerful interest groups may exercise undue influence
- a weak tradition of participation or hierarchical culture; at school level, parents may be poorly educated
- external imposition of decentralisation (for example as a condition of funding)

**b.** human resources:

- lack of clarity about roles and responsibilities
- lack of capacity in terms of the knowledge and skills required at central, regional, local and institutional level
- unwillingness to surrender responsibility and authority, or to work collaboratively

**c.** weak infrastructure, inadequate frameworks and standards

**d.** the credibility of decentralisation will be damaged if organisations are unable to carry out basic tasks, such as paying salaries on time

**e.** lack of IT for communications, data capture and transfer

**f.** insufficient capacity to collect, analyse and use data for planning, evaluation and improvement

**g.** inadequate benchmarks for inputs (for example taught time, curriculum frameworks) and outputs (for example performance standards) will make it difficult to monitor performance

**h.** financial:

- if decentralisation is not matched by reallocation of control over resources, stakeholders will not be able to carry out their new responsibilities
- differences in resources among schools and regions may become more marked, leading to greater inequality in access and outcomes (a geographical lottery)
- failure to bring together resources from diverse sources and use them according to a coherent plan

i. probity and accountability:

- that the reallocation of roles and responsibilities will be superficial with accountability still flowing upwards to central government
- failure to demonstrate that power and resources are being used in line with policy – i.e. a lack of transparency and accountability.

High-performing and improving education systems differ widely in terms of scale; their history of access to education; the capabilities of their teaching and other education professionals. Some, such as Ontario (Canada), Victoria (Australia) and the Netherlands have adapted long-established structures. Others, such as Singapore, former Eastern European communist countries and Chile, have set out to build and progressively develop new structures reflecting their changing values and goals. The greatest challenges face systems – such as in Ghana and Indonesia – aiming to achieve free compulsory basic education for all alongside improvements in equity and quality of educational experiences.

## **The distribution of power and responsibility in well-established systems**

### **Ontario, Canada**

In Ontario,<sup>30</sup> authority, accountability and participation are aligned from the Ministry of Education, through the school boards to schools, including school councils.<sup>d</sup> The Ministry of Education provides the policy and legislative framework through:

- a. setting standards and expectations for student achievement as well as for qualifications
- b. development and management of the province-wide curriculum (there are curriculum guidelines for all subjects)
- c. establishing principles about the learning environment (e.g. equitable, inclusive)
- d. supporting improvements in teaching
- e. making regulations governing the school year,<sup>e</sup> the duties of teachers, principals and school board officers and the organisation of schools and school boards.

Accountability arrangements are run at provincial level. The Education Quality and Accountability Office was set up in 1996. It collects information on educational assessment and quality (including testing students' academic achievement) and reports to the Minister and the public.<sup>31</sup>

Education policy is made and implemented at provincial level. In Ontario, for instance, there are two publicly-funded systems of education: the public school system and

<sup>d</sup> School councils have an advisory role. Their task is to make the system more accountable to parents and to improve student achievement.

<sup>e</sup> There are standards for teaching time.

the separate Catholic school system. Ontario sets objectives and guidelines for them through legislation (for example through General Legislative Grants Regulations which set provincial grant arrangements for education funding).<sup>32</sup>

There are 5,000 schools in Ontario, managed by 72 school boards comprising: 31 English, 29 English Catholic; eight French Catholic and four French public school boards.<sup>33</sup> Boards decide how education programmes and services are to be provided and the resources they require to meet their responsibilities.

Both public and Catholic school boards have the authority to develop and implement local policies within the provincial framework, including:

- a. an overall vision statement
- b. a strategic plan<sup>f</sup>
- c. setting budgets
- d. implementing curricula
- e. appointing teaching staff
- f. maintaining school buildings
- g. monitoring and holding schools to account for meeting provincial and board standards.

School board trustees are elected. Boards must also encourage parental involvement through a parent involvement committee.

School boards are expected to build consultation arrangements into their strategic planning, organisational structures and other processes (including arrangements for monitoring and evaluating policy implementation) and to ensure good communication and transparency.

As the political and economic context has changed, so school boards' roles have changed too. In the search for efficiency savings alongside school improvement, the end of the 20th century saw the merger of school boards alongside a drive to change classroom practices. While supervisory officers continued (and still continue) to have responsibilities for ensuring their schools operate within the provincial and board policy frameworks, the nature of their role evolved.<sup>34</sup>

Instead of having a hierarchical relationship with schools, with an emphasis on operational issues, supervisory officers took the lead in encouraging professional development, progressively sharing leadership with principals in schools. Supervisory officers demonstrated and led change through collaborative working, as well as observation

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<sup>f</sup> Boards now have a multi-year (i.e. three-year) plan that is reviewed annually.

(rather than inspection) of teaching and the sharing of knowledge across schools. Similarly, families of schools<sup>9</sup> changed their emphasis from administration to professional development. Supervisory officers relied for credibility and effectiveness on their detailed knowledge of the schools for which they were responsible:

- a. First they worked together to develop a common vision for the new, amalgamated school boards. Supervisory officers ensured cross-board consistency through a Supervisory Council.
- b. Then they worked with their schools to match schools' goals with those of the school board district. The focus was on improving student learning, which was an effective way to unite supervisory and teaching staff.
- c. Then they worked together to use the vision as a basis for school planning, again with the focus on student learning, to change actual teaching in the classroom.
- d. They designed programmes of professional development where supervisory officers shared responsibility for leading workshops on aspects of school improvement. The workshops were also adapted (in consultation with professional development committees for families of schools) and presented to principals. Principals then went on to use this model within their own schools.

This process laid the groundwork for further evolution when McGuinty came to power in 2003. In the period from 2003 to 2010, McGuinty's government set out to achieve improvements in student performance by focusing on two policies: Literacy and Numeracy, and Student Success strategies. This enabled them to achieve change at provincial, school board and school level because stakeholders were able to share a commitment to improving student outcomes. Although the broad allocation of responsibilities did not change significantly, school boards' supervisory officers increased their focus on supporting the work of teachers, from school planning to teaching and learning. They used their meetings of families of schools for professional development rather than administration. Knowing their schools well, they were able to adapt their practices to particular contexts. To support this, the Institute for Education Leadership, funded by the Ministry of Education, offered leadership development strategies for supervisory officers, school board members and headteachers.<sup>35, 36</sup>

## Australia and Victoria

While Australia, too, comprises states and territories, there is a federal department responsible for education – the Department of Education, Employment and Workplace Relations. It sets the context for the states through, for example, its Strategic Plan.<sup>37</sup> The federal government defines policy frameworks, such as those for the curriculum and assessment (through the specialist Australian Curriculum, Assessment and Reporting Authority).

<sup>9</sup> i.e. clusters or groups of schools.

Within this framework, the states (such as Victoria) develop and implement their own policies for education, early childhood development and children's services. Victoria is also responsible for school improvement in both primary and secondary education. The state has established statutory bodies to provide advice and carry out specific activities including:<sup>38</sup>

- a. development and delivery of curriculum and assessment programmes and linked reporting arrangements (the Victorian Curriculum and Assessment Authority)
- b. regulation and promotion of the teaching profession (the Victorian Institute of Teaching)
- c. regulation of education and training providers and qualifications in Victoria (the Victorian Registration and Qualifications Authority).

However, rather than school boards overseeing schools across a district, the emphasis is on individual institutions' governing bodies.<sup>39</sup> School governing bodies have been long established (mandatory since 1976) in Victoria:

- a. There has been a step-by-step increase in the nature and levels of their responsibilities. At first, they had the power to advise on general policy, decisions about expenditure and help with teachers' accommodation as well as general oversight of buildings.
- b. Subsequently (in 1993), as part of the *Schools of the Future* policy, which established frameworks for the curriculum and standards, as well as three-yearly evaluations of schools, boards became responsible for the development of their charters, for decisions about 90% of school budgets and for selection of staff. They had to produce annual reports to explain how they had fulfilled their responsibilities.
- c. Their powers were extended further in 2006, where more strategic responsibilities were balanced by even greater powers to take actions required to realise their objectives, including entering into contracts and establishing trusts.

In Victoria, principals have extended scope for participation beyond membership of the main board, by establishing sub-committees. These sub-committees are able to research, consult and make recommendations for board approval in areas such as finance, the curriculum, student discipline and fund-raising.

As in Ontario, the evolution of power and responsibility, particularly at school level, has required a considerable change in the attitudes and expertise of both principals and administrators. Administrators have had to change their relationships with schools. Headteachers have had to learn to work collaboratively and make links with the community in order to bring stakeholders in to contribute to sub-committees.

## The Netherlands

In the Netherlands,<sup>40</sup> central government, through the Ministry of Education, Culture and Science, creates the 'right conditions' for schools, establishing frameworks governing areas including examinations, salaries, buildings, capital investment and the national curriculum. A specialist Education Council advises the national government on education policy and the application of legislation, as well as providing guidance to municipal authorities.<sup>41</sup>

The twelve provinces have a limited role,<sup>42</sup> including ensuring there are sufficient schools. Municipal authorities are the local authority for all publicly and privately run schools. Their powers and duties include the annual plans and funding for new schools, the budget relating to educational disadvantage and monitoring compliance with the Compulsory Education Act.

All schools<sup>43</sup> have a legally recognised 'competent authority' – the school board, which manages and administers one or more schools. The powers and duties of competent authorities include:

- a. establishing the school
- b. choosing teaching materials
- c. choosing optional subjects
- d. determining the timetable
- e. the appointment and dismissal of headteachers and other staff
- f. personnel policy
- g. admissions/exclusions
- h. management of the school's financial resources.

The day-to-day management is the responsibility of the headteacher. The headteacher helps the competent authority with policy-making.

The competent authority for public primary and secondary schools may be the municipal authority, although it may delegate its responsibilities (for example to a governing committee or foundation). The competent authority for a private school is often a foundation. Members of a competent authority usually include parents as well as representatives of the local community with relevant expertise.<sup>44</sup>

Stakeholder participation in school governance is long-standing. The 1992 Education Participation Act required schools to establish Participation Councils comprising equal



numbers of elected staff, parent and student representatives. The remit of Participation Councils evolved further in 2007, when legislation required competent authorities to obtain the agreement of their participation council to decisions about a school's aims, curriculum, special needs policy, etc.

Following a study comparing the performance of students in public and private schools, Hofman et al.<sup>45</sup> found higher levels of achievement in Catholic schools, even though prior attainment and SES levels tended to be lower. While not denying the importance of classroom factors, such as the quality of teaching, they concluded that in private schools, the boards tended to comprise mainly parents and volunteers as opposed to representatives of the local authority. As a result, there was more discussion between parents and staff, leading to a greater shared understanding of educational aims. This is consistent with the three factors identified in good schools and associated with school-based management: a positive education climate, effective school-based management and parents' involvement in the education of their children.

### Building and developing systems to match evolving political aspirations

#### Singapore

Whereas the Netherlands' governance arrangements are the result of an evolution of a long-established system, in Singapore the process has been carefully managed over a period of half a century since independence. The process:

- a. took account of political, economic and cultural contexts
- b. recognised the capabilities of personnel (and development needs)
- c. had a steady implementation timetable (i.e. did not rush change) which took account of external factors
- d. had close links with other policies (such as principal development, curriculum development and quality assurance).

Singapore's relatively small size means that the lines of communication between central government and schools are short and direct. The government makes and implements policy, including the development and administration of government and government-aided primary and secondary schools and junior colleges.<sup>46</sup>

There has been a step-by-step move towards giving greater autonomy to schools. The Ministry of Education<sup>47</sup> has explicitly linked national economic development (including responding to external market forces) with changes in school governance. This has meant that as teachers' skills and student attainment have increased, Singapore has given greater freedom to schools, encouraging innovation and sharing of expertise.<sup>48</sup> As outlined in the paper for the SEAMEO conference, the process has been carefully staged.<sup>49</sup>

- a. In the two decades following attainment of independence in 1959, the emphasis was on building a cohesive nation and ensuring economic competitiveness. This was achieved through centralised control over all aspects of school governance, including curricula and day-to-day operations.
- b. In the 1980s, the Ministry of Education introduced different types of schools, so offering more choice. The Ministry itself was reorganised to support the change, including changing the inspectors' role from monitoring compliance to supporting planning and improvements in quality. A specialist Curriculum Development Institute of Singapore was created to support curriculum delivery in schools. From 1983, schools were given more freedom through the establishment of School Executive Committees (comprising senior members of the leadership team) which carried out school planning, self-evaluation and management of budgets and staff. External quality assurance was achieved through external evaluation by the MoE's inspectors every four-five years. A few particularly strongly-performing schools were given independence. They were required to set up Boards of Governors who had strategic responsibility for matters such as staffing (including the appointment of the principal), fees, admissions and the curriculum. In practice, the responsibilities tended to be delegated to principals who also managed staff performance and carried out strategic planning.
- c. In the 1990s, the government introduced the *Thinking Schools, Learning Nation* (1997) policy designed to respond to the need to build a knowledge-based economy as well as a greater sense of social cohesion and service to the community:
- There was a gradual increase in decentralisation, with 'outstanding' schools given autonomous status from 1992. This enabled them to establish specialisms, to take on responsibility for some staff appointments and student admissions, and to undertake innovative curriculum development.
  - Additional independent schools were also created.<sup>h</sup>
  - To help them develop and improve, schools were grouped into 'clusters' so the Ministry of Education could organise support for them. Superintendents at cluster level were responsible for mentoring principals in their extended role. Schools themselves were identified as Centres of Excellence, taking on responsibility for the dissemination of good practice, professional development and taking the lead in enriching student learning in their areas of expertise.
- d. School evaluation was further developed into the School Excellence Model, which looked not just at outputs, but also processes. It was designed to encourage principals to think about how they could take action to improve their schools themselves, rather than being administrators following Ministry requirements.

<sup>h</sup> Totalling seven independent and 18 autonomous schools by the end of the 1990s.

More recently, there has been an emphasis on inclusion and the recognition of the economic and social benefits of developing a diverse range of talents among school students (as well as through lifelong learning). The focus is increasingly on giving freedom to schools so that they can innovate, develop and disseminate expertise. Independent school numbers have increased to nine and autonomous schools to 26. The focus of responsibility appears to have shifted to principals, rather than bodies representing stakeholders. The Ministry describes its role as:

- a. giving 'top-down support for ground-up initiatives' i.e. as a facilitator, whether of development for principals, so they can fulfil the demands of their expanded role, or providing funding to adapt schools so they can provide new educational programmes
- b. ensuring parents understand the new, wider definition of education success, and take account of it when they are looking at the performance of their own children and thinking about the help and support they might need.

This is all within a framework of legislation and quality assurance at central level.

### **Former Communist systems: the Czech Republic, Poland and Slovenia: democratisation and quality**

Before the fall of Communism, these systems had achieved universal basic education. However, students' opportunities were constrained by political considerations and the requirements of centrally-planned economies.

The policy and administrative structures established afterwards were designed to:

- a. widen access to educational opportunity, irrespective of political views
- b. improve the quality of education and, therefore, countries' economic competitiveness.

In common with other high-performing and improving systems, the distribution of powers and duties is carefully set out, with different levels of the system required to carry out interlocking functions. Specialist bodies have been created to provide professional advice.

In parallel, policy-makers have:

- a. created frameworks for the curriculum, monitoring and quality assurance
- b. re-defined the roles of headteachers.

Systems have been refined in the light of experience and developing capacity. In some cases, numbers of administrative bodies have been reduced; in others, the responsibilities of particular roles have been changed to reflect an increased emphasis on educational improvement.

These systems have drawn selectively and discriminatingly on external funding and support.

In the **Czech Republic**,<sup>50</sup> the Ministry is responsible for policy development. It also decides teachers' responsibilities, and qualifications, and the requirements for professional development and career progression, as well as requiring open competition for specified posts. The Ministry has established institutions to carry out specialist functions, including the Research Institute of Education which designs the framework educational programmes (i.e. curricula) for pre-primary to upper secondary schools, prepares teaching materials and provides guidance; and the Centre for Evaluation of Educational Achievement which prepares evaluation instruments for the *maturitni zkouska*.<sup>i</sup> By maintaining a register of schools, the Ministry keeps open the option of regulating provision since schools wanting public funding must obtain government registration.

Within this framework, there is now a well-established board structure<sup>51</sup> at school level.<sup>j</sup> Board members comprise representatives of parents, the community, employer organisations, staff and secondary school students. Their powers include approval of the annual report of the school and the duty to give their views on educational outcomes, teaching, curriculum, finance, work plans, staffing and student numbers.

In **Poland**,<sup>52</sup> distinctive responsibilities were allocated to central, regional, district, commune and school levels. Poland also established a series of frameworks, including a core curriculum with national standards and accountability arrangements including external examinations<sup>k</sup> at the end of primary, lower secondary and upper secondary school.

The Polish Ministry of National Education decided to set up a framework of national monitoring arrangements. After considerable planning, the Ministry used funding from the EU to buy expertise from a range of sources, including Brunel University and the Scottish Council for Education Research.<sup>53</sup> The focus was on identifying features specific to the Polish system that would affect national implementation and to build internal capacity.

The balance of powers and duties aims to ensure equity and quality. Responsibility for policy-making is held by the Minister of National Education.<sup>54</sup> The Minister implements policy largely through legislation which sets the framework requirements for the system including the curriculum and assessment; duration and structure of tuition; procedures for the appointment of *kurators*<sup>l</sup> (as well as how they will exercise their role), headteachers and other senior staff; standards for pre-service teacher training and in-service teacher training institutions, and salaries for teachers/examiners.

<sup>i</sup> High school leaving examination.

<sup>j</sup> The Ministry directed schools to set up boards in 1993.

<sup>k</sup> Implemented from 2002 and run by the Central Examination Commission and the eight regional examination commissions established in 1999. (*Organisation of education system in Poland: 2009/10*)

<sup>l</sup> *Kurator oswiaty* – chief education officer/schools superintendent. [http://www.proz.com/kudoz/polish\\_to\\_english/human\\_resources/1113767-kurator\\_oswiaty.html](http://www.proz.com/kudoz/polish_to_english/human_resources/1113767-kurator_oswiaty.html)

At regional level,<sup>55</sup> the head of the region is a representative of the national Council of Ministers. The *Kuratorium oswiaty* (Educational Superintendent's Office) is part of the regional administration. The *kurator oswiaty*, nominated by the head of the region, is responsible for 'pedagogical supervision' of educational institutions. Following legislation in 2009, this role was changed to put more emphasis on the quality of education in schools, compliance with legislation and support for school improvement.<sup>m</sup> This is a deconcentration of power rather than decentralisation. However, important professional judgements are made at this level, including actual pedagogical supervision, implementation of state policy (for example re-examinations), cooperation with lower-level territorial units in the implementation of local education policy within the state framework and operation of higher-level institutions. In 1999, the number of regions was reduced from 49 to 16.

While the region does carry out some operational tasks – having responsibility for teacher training and in-service training centres, pedagogical libraries and schools of regional or national importance – operational responsibility for running senior schools for students aged 16-19 is devolved to districts (*powiat*) and for pre-primary, primary and lower secondary schools (for students aged 3-16) to communes (*gmina*). At school level,<sup>56</sup> the headteachers work within the national and regional frameworks, with considerable freedom. However they do so in collaboration with pedagogical councils, school councils and parents' councils.

**Slovenia** adopted a similar approach, though with fewer levels.<sup>57</sup> Slovenia's governance operates at three levels: national, regional/local and institutional. The Ministry of Education and Sport is responsible for policy and legislation, supported by advice provided by expert bodies including the National Institute for General Education, the National Institution for Vocational Education and Training, and the National Centre for Adult Education. In addition to advice to support policy-making, these bodies develop curricula for state approval and help in evaluating schools and the development of national exams, as well as giving expert advice to teachers.

Within the national framework which sets the structures and financial arrangements, self-governing municipalities administer public pre-school institutions and basic schools. At school level, the headteacher is the professional leader. The school councils, comprising teachers, parents and representatives of the municipality, determine whether to adopt the annual work and financial plans, as well as dealing with the appointment of the headteacher, disciplinary and behavioural issues.

### The evolution of governance arrangements: moving from free compulsory universal basic education (FCUBE) to quality

Systems aiming to complete the provision of free compulsory universal basic education and increase the emphasis on quality often start with a highly-centralised system with limited professional capacity on the part of officials and headteachers. Parents tend to

<sup>m</sup> For an example of an explanation of the policy see: <http://eng.kuratorium.szczecin.pl/index.php/polish-educational-system/the-pedagogic-supervision> (Downloaded 24/10/11).

be poorly educated, with limited experience of exercising choice (for example in terms of their children's school) or participation in decision-making (for example as a member of a school board/council). Their choices may also be reduced by poverty and isolation.

## Chile

In Chile,<sup>58</sup> the original aim of the military regime of Pinochet (1973-1990) was to reduce the role of central government and use market forces<sup>59</sup> to improve education. There were three aspects to the change:<sup>60</sup>

- a. decentralisation of the responsibility for schools to municipal level
- b. school funding via vouchers issued to students who had registered and been to school in the previous month
- c. information to parents about the performance of schools designed to improve competition and quality. (The intention was that access to information on student performance via the SIMCE testing system<sup>n</sup> would inform parents' decisions.)

SIMCE was also intended to give headteachers (and teachers) the information to benchmark their schools' performance and design programmes of improvement; for education authorities and national government to design policies and programmes to address identified weaknesses.<sup>61</sup>

The strategy had some significant weaknesses:

- a. It did not take account of the capacities of headteachers and municipal administrators.
- b. While the accountability framework was in place, it was insufficiently fine-grained to do all that was asked of it;<sup>o</sup> the reports produced were not right for the audiences. Headteachers lacked the professional skills (such as classroom observation) to follow up identification of weaknesses via SIMCE with work to improve teaching and learning.

After the move to democracy, rather than reverse the decentralisation implemented by the military regime, the Ministry of Education has gradually put in place additional, complementary measures, including national frameworks<sup>62</sup> and standards,<sup>p</sup> more transparent recruitment processes,<sup>q</sup> programmes focusing on disadvantaged students, professional support and quality assurance.<sup>r</sup><sup>63</sup>

<sup>n</sup> Education Quality Measurement System: assessments taken by students in 4th and 8th grade and 2nd secondary year. (*Improving school leadership: background report for Chile*: <http://www.oecd.org/dataoecd/13/11/39052630.pdf>)

<sup>o</sup> Ranging from diagnosis of weaknesses in practice by teachers to the design of national programmes by policy-makers or selection of schools by parents (Taut et al., (2009) *Evaluating school and parent reports of the national student achievement testing system (SIMCE) in Chile: access, comprehension, and use.*)

<sup>p</sup> The Good School Leadership Framework, to encourage municipal administrators and headteachers to understand the shift in the role of headteachers from administration to professional leadership; The Good Teaching Framework.

<sup>q</sup> Including competitions for the appointment of headteachers.

<sup>r</sup> Including establishing a 'superintendency' i.e. inspectorate.

## Tunisia

Having established access to education, the government switched its emphasis to achieving improvements in quality and efficiency. It requested a loan from the World Bank to fund the development of management systems and processes to enable it to deconcentrate some functions and decentralise others.<sup>64</sup>

The Ministry of Education retained considerable central control including over:

- a. policy, opening and closing primary schools (working with provincial and regional administration), setting standards (for example for infrastructure, inputs), resource allocation, selection of primary and secondary school directors, recruitment of teachers, management of teacher training, definition of textbook and curriculum content, setting standards and management of examinations
- b. quality, by setting up benchmarking and monitoring arrangements, including:
  - participation in TIMSS (alongside Jordan and Lebanon) and PISA<sup>65</sup>
  - establishing a national assessment system for students in 4th, 6th, 8th and 10th grades
  - IT systems to enable information to be transferred between the centre and the regions in order to be able to monitor schools and take action, where necessary.

Alongside this, 'experiments'<sup>65</sup> in decentralisation included:

- a. increased independence for Regional Directors who were promoted to Directors General in March 2007 with responsibilities that included supervision of school results
- b. in April 2006, creation of consultative councils in educational and vocational training at district level to examine/coordinate direction of district regional projects
- c. establishment of school councils in October 2004
- d. opportunities for headteachers to work with education service providers to develop school plans ('a school project') which took account of their school's context
- e. structures for improved communication such as teachers' pedagogic councils and school boards.

Managing participation is particularly difficult where democracy is (or has been) limited. As yet, it is not possible to determine the extent to which existing structures will be adapted by the government that followed the departure of Ben Ali.

<sup>65</sup> Where, though students scored below average, their performance compared favourably with that of students in other states in the region: <http://www.economist.com/node/21534782> 1/11/11. [http://mideast.foreignpolicy.com/posts/2011/10/31/will\\_the\\_arab\\_spring\\_lead\\_to\\_a\\_revolution\\_in\\_education](http://mideast.foreignpolicy.com/posts/2011/10/31/will_the_arab_spring_lead_to_a_revolution_in_education) 1/11/11



## Ghana

In Ghana, decentralised structures have been in place for a long time. Decentralisation started in 1988, with a programme<sup>66</sup> to ‘strengthen’ the 110 district education offices to promote community involvement, more efficient use of resources and cut costs.

Further decentralisation in 2002 was described as ‘deconcentration’ to regions and districts. The Ministry continued to make policy, which the regions, led by directors, were responsible for implementing. District education offices, led by assistant directors, reported to the regional offices. They were responsible for supervising schools, as well as data collection and analysis.

The policy:

- a. increased local interest and participation
- b. generated some contributions to school budgets by communities and district assemblies, though there was no guarantee of this
- c. increased rural access to central government resources and institutions.

The 2008 Education Act<sup>67</sup> retained the Ministry of Education’s (MoE) role in policy-making, coordination and monitoring standards. This was potentially strengthened by provisions in the Act enabling the Ministry to establish external quality assurance agencies: the National Inspectorate Board, the National Teaching Council and the National Council for Curriculum and Assessment. In common with high-performing systems, these had the potential to help with management of a system where more power was given to districts and parents.

Ghana’s Education Strategic Plan 2010–2020 aimed to build on progress to date to use ‘accountable decentralisation’ to improve the effectiveness of education, including the school report card,<sup>†</sup> decentralised planning (and linked financial management), community participation and strengthened capacity at institutional level (and regional/district levels):<sup>‡</sup>

- a. The MoE would retain responsibility for the overall budget, monitoring, evaluation, reporting, internal audit, strategic planning and policy development.
- b. Decision-making was to be delegated to district assemblies.
- c. Community oversight and accountability would be achieved through School Management Committees (SMCs) and Boards of Governors (BoGs) (for basic and second cycle schools respectively).

<sup>†</sup> Drawing together data from the existing Education Management Information System as well as examination outcomes, etc.

<sup>‡</sup> Material downloaded from the Ghanaian government’s official portal on 21/10/11 reported that the 110 district assemblies are responsible for building, equipping and maintaining schools in their areas. All district assemblies have a District Education Fund for this. With the approval of District Assemblies, communities can impose special levies to raise funds. Community structures include the District Education Planning Team, the District Education Oversight committee, the School Management Committee and Parent Teacher Association.

- d. Schools would be responsible for developing School Performance Improvement Programmes, using funds from district capitation grants. SMCs/BoGs would oversee and be accountable for these activities and use of related resources.

The 2010-2020 Education Strategic Plan<sup>v</sup> identified strengths and weaknesses in existing arrangements, as well as risks from further decentralisation. It went on to lay out a phased implementation timetable, with the first phase running from 2010 to 2013 and comprising legislation, capacity-building and a hybrid of school autonomy, devolution and deconcentration. The roadmap of activities included:

- a. capacity building at district level (for example in budgeting, procurement, resource management, data collection)
- b. capacity building at GES-HQ and regional levels (for example in facilitation, monitoring and evaluation, research and development; compare with Ontario)
- c. the design of new funding arrangements at district and school levels
- d. the establishment of a budget for the transition to decentralisation, taking account of support costs, establishing district and regional communications systems and the expansion of the districts.

Through the Decentralisation Secretariat, the MoE would have responsibility for planning and implementation of decentralisation.

The MoE/GES Education Sector Review Committee was established specifically to address lack of management capacity, bearing in mind decentralisation. Its terms of reference include not only potential changes to policies, but also analysis of sub-systems and linkages (compare with Ontario), and improvements to community/school partnerships. Its overall focus was to be driven by a concern for educational outcomes.

## Indonesia

In Indonesia,<sup>68</sup> Law 22 of 1999 which came into force January 2001 was the legal basis for decentralisation of authority from central government to district and municipal governments:

- a. The national government's responsibilities were: setting national policies and standards, supervision and guidelines, with the Ministry of National Education (MoNE) responsible for the planning and execution of education policy.
- b. The Curriculum Development Centre, reporting to MoNE, was responsible for policies on curriculum development, guidance, programme structures and course outlines, teaching and learning models (i.e. pedagogy), learning materials and advice on government policy.

<sup>v</sup> Dated November 2009.

- c. MoNE is represented by a Provincial Office of Education in each of the 27 provinces and a District Office in each of 305 districts.<sup>w</sup> They are responsible for implementing policies aligned to local culture and needs.
- d. In 2002, local communities were required to form education boards at city level and committees at school level.
- e. In parallel, the Ministry of Religious Affairs is responsible for Islamic primary and junior secondary schools.

This represented a striking change because Indonesia's policy-making and administration had been very centralised. The speed of implementation in a large and complex system led to some difficulties:

- a. Neither legislation, nor subsequent documentation had set out new roles and responsibilities, especially at school level. In school committees, for instance, it was unclear who should make decisions about allocation and monitoring of block grants.
- b. There was a lack of capacity at local and school level. Decentralisation added to the demands on districts and schools, but gave them little incentive to change the way they operated.
- c. The culture was traditionally hierarchical with limited opportunities for participation in decision-making. Headteachers and local officials were used to accountability travelling up the line via district offices to the Ministry. Members of the new school committees tended to lack experience and to be less well-educated than the school staff.
- d. While richer parents were able to benefit from increased choice and the opportunity to use their increased influence, the same was not true of poorer parents
- e. There were concerns about transparency and corruption.

Some writers<sup>69</sup> considered decentralisation in Indonesia to be a mistake, given the country's circumstances, and based on 'fashion [rather] than solid arguments'. However, with decentralisation mandated, alongside School-Based Management,<sup>x</sup> evaluations<sup>70</sup> showed lessons to be learned. These covered both the detail of implementation and the need for supporting frameworks.

A pilot project reported by the World Bank<sup>71</sup> in 2011 explored how school committees could be empowered to take on their new responsibilities so that schools became accountable to their communities. Its findings focused on practical measures:

- a. democratic elections, ensuring under-represented groups were represented on school committees

<sup>w</sup> I.e. deconcentration rather than delegation.

<sup>x</sup> Introduced alongside decentralisation with the establishment of school committees in 2002.

- b. training and manuals revised by local experts to make them accessible to non-professionals, with staff and committee members trained together
- c. clarification of roles, particularly in relation to the committees' power to make decisions and monitor the use of block grants
- d. enabling school committees to meet each other so they could discuss shared difficulties and good practice
- e. transfer of block grants at the start of a funding cycle so committees could plan with certainty
- f. encouraging innovation by giving outstanding school committees additional funds to carry out school development, with district officers responsible for disseminating outcomes.

### Changing roles and building capacity at school level

One of the most difficult challenges is making the link between powers, duties and resources in order to promote school improvement.

If decentralisation is to take real account of the wishes of stakeholders, particularly parents and communities, the mechanisms available to them to make their views known have to be appropriately structured (for example in terms of location, timing and management). If stakeholders are to make sound judgements about the quality and relevance of education on offer, or to propose changes, they also need to understand what good quality education looks like and have to get hold of reliable information (which needs to be easy to obtain and understand.) It is particularly important that disadvantaged communities should be able to obtain and use this information.

The OECD<sup>72</sup> considered that the school board<sup>y</sup> was potentially a powerful driver of school improvement, because it strengthens the links between the school and the community. In order to be effective, board members will require clear roles and responsibilities and the right level of authority to carry them out. These roles and responsibilities need to be designed so they tie in with the roles and responsibilities of other organisations further up the educational hierarchy as well as fitting in with the day-to-day professional role of the principal.<sup>z</sup> It has been suggested that board members can be most useful concentrating on tasks directly related to strategic elements of school governance including monitoring and review (particularly of areas such as student achievement), planning and budgeting. They need to be able to communicate and work with outside groups and government.

While ideally board/council members should have a range of skills and reflect the diversity of the community, training and support can be used to widen participation and build capacity. While training must be tailored to participants' needs, it should include school governance (including school evaluation and improvement).

<sup>y</sup> i.e. the institution-level body, which may be called the school council, governing body, sponsoring body, etc.

<sup>z</sup> Given the need to be able to work in partnership with the principal, the board should take part in the appointment and review process.

Even in countries with highly-qualified education professionals and experienced policy-makers and administrators, the delegation of responsibilities to local and school level can be challenging, requiring a gradual approach to implementation and a reversal of roles as schools are encouraged to take on professional leadership. It also requires that national and regional/local administrators change their relationship with schools and develop new capabilities:

Reallocation of responsibilities and changing roles is even more challenging:

- a. when the initial decentralisation happens quickly
- b. where there is no tradition of participation and democracy
- c. if professional staff in local offices and schools are quite poorly qualified with inappropriate skills.

Often it involves learning lessons from the initial roll-out, adjusting the policy and putting in place supportive or compensatory policies.

In Ghana, decentralisation required that districts and schools were able to evaluate performance and make decisions about resources in ways appropriate to their roles. Research had identified a need for specific types of training for headteachers as well as stakeholders (see Annex B). The Ghana Education Service and Link Community Development (LCD) worked on a project in four districts in the Upper East and Ashanti regions to make a reality of School Performance Review.<sup>aa</sup> It involved intensive training; collection of a range of quantitative and qualitative data,<sup>bb</sup> a cycle of review which built progressively from school to district level, and communication tailored to different audiences. (See Annex C for further details.) (The challenges of effective communication with parents were not limited to Ghana. Evaluation of parents' understanding of national assessments in Chile showed the format in which they were presented to them was inaccessible to many.<sup>73</sup>)

Decentralisation under ESP looked ahead to devolution of the management of basic and second cycle of education to district assemblies.

<sup>aa</sup> School Performance Review uses data to audit schools to inform planning. It is supposed to increase parents' understanding of school performance so they will push for improvements, as well as informing stakeholders at community and district levels. It is a key mechanism for ensuring accountability at school and district level.

<sup>bb</sup> While schools were given reports showing areas for improvement, parents were given the information in tabular form (represented by a thermometer) since it was a more accessible format.

## 5 How funding is linked to the allocation of responsibilities within the system

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Organisations are only able to fulfil their responsibilities if they are given matching control over funding – and they know how much funding they will have in time to plan effectively.

Aside from public funding, national, local and institutional resources may be supplemented in a number of ways: through the provision of alternatives to publicly-funded schools; through grants and loans from international bodies and charities; and through contributions from communities and parents.

## 6 Why is it so important to get the allocation of funding right?

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High-performing and improving education systems aim to make good quality education available to all, not just on the grounds of equity, but also to ensure all students are equipped to contribute to the economic well-being of the society in which they live.

The OECD<sup>74</sup> has reported that socio-economic disadvantage has a strong effect on student performance. Some countries, including Finland, Canada, Japan and Hong Kong, have students who have achieved high levels of performance in PISA, irrespective of their socio-economic status. Other countries, including New Zealand and the Czech Republic, have achieved high scores, but there is a strong link between students' socio-economic status and their academic performance and a wide equity gap. This suggests there is scope for further improvements in test scores if the impact of socio-economic status can be reduced. The OECD argues that funding policy can be used to counteract the effects of disadvantage. However, decisions about the policies need to take account of the relationship between student under-performance and disadvantage:

- a. Where the link between social disadvantage and academic performance is weak, then policies targeted only at disadvantaged students might have less impact on quality and outcomes (e.g. Korea).
- b. In some systems outcomes are poor overall – pointing to a need to improve overall quality (e.g. Indonesia, Tunisia).
- c. In systems where there is a close relationship between socio-economic status (SES) and outcomes, and there is a marked gap in student outcomes between those of high and low SES, targeting resources at disadvantaged groups is likely to prove a good investment (e.g. Slovak Republic, New Zealand).

In discussing why Canada appeared to have successful education systems, the OECD identified,<sup>75</sup> that even at a time when costs were being cut, measures were put in place to improve quality<sup>cc</sup> and funding policy was designed to ensure poorer districts had access

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<sup>cc</sup> Such as the development of curricula by the provinces and selection of high-performing individuals to become teachers.

to the same resources as their richer neighbours. In addition, specific programmes were funded to address potential disadvantage. For instance, funding for immigrant students was equal to or exceeded that for native-born students.

Indonesia displayed a slightly more mixed picture.<sup>76</sup> While an initiative to provide scholarships for poorer families from 2005 reduced student drop-out, individual school districts with poorer populations had a smaller [tax] base from which to pay for education. In order for their students not to be disadvantaged, resources available would need to be increased in real terms.

## 7 How much money is available?

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While the median percentage of GDP spent on education in 2008 in the high-performing and improving countries selected (see Table 1, page 29) was circa 5.7%,<sup>dd</sup> some countries, such as Chile and Korea, spent a considerably larger percentage and others, such as the Czech Republic and Indonesia, spent much less.

The percentages of GDP spent can give some indication of the priority that countries give to education. (In the case of OECD figures, this reflects ‘choices made by governments, enterprises, and individual students and their families.’<sup>77</sup>) Similarly, the relative proportion of public expenditure on education as compared to other services reflects the importance governments attach to it. However, this does not fully expose the reality of individual systems’ circumstances, including the existing foundation of skills and infrastructure or the size of the population relative to the funds available. The GDP ranges widely from £1.4tn<sup>ee</sup> in Canada to £16bn in Ghana, with respective GDPs per capita of £45,073 and £692 in 2008.

In addition, countries have to deal with widely differing scales of challenge. Whereas it was anticipated that Indonesia would have 43m students aged 5–14 in 2005,<sup>78</sup> New Zealand’s figure was 606,000. Demands on budgets may arise from the age profile of the population (e.g. older populations may require more expenditure on health and social care). The OECD reported that in 2007, Australia, Chile, Korea and New Zealand had above-average proportions of their population aged 5–14 and above-average expenditure on education as a percentage of GDP.<sup>79</sup>

These factors drive decisions about priorities for the allocation of resources as well as the types of resources to be made available. In Ghana, the Education Strategic Plan for 2010–2020 includes plans to increase the resources for basic education, including making provision to accommodate increased numbers of students transferring from primary to junior high schools as part of its drive to achieve free, compulsory basic education for all. At a practical level<sup>80</sup> this means ensuring conditions – including good housing with running water – are sufficient to ensure an adequate supply of motivated teachers.

<sup>dd</sup> In the same period, the OECD average was 6.1%.

<sup>ee</sup> Using the definition where a billion is a thousand million (1,000,000,000) and a trillion is a million million (1,000,000,000,000).



Some countries have chosen to increase expenditure on education at a greater rate than overall growth in GDP; in some cases, such as Korea, the increase has been marked (from 6.1% to 7.6% between 2000 and 2008).<sup>ff</sup>

Where education budgets are under pressure, it is particularly critical that resources are used to best effect:

- a. In Ontario, numbers of school boards were reduced and provision for administrative costs capped.<sup>81</sup>
- b. In its Education Strategic Plan, Ghana's government identified the need to rationalise staffing in junior and senior high schools to achieve more efficient student-teacher ratios and better deployment.
- c. In the case of Indonesia, the World Bank identified scope for reducing costs and improving teacher quality by limiting schools' ability to misuse school-based budgets to hire excess teaching staff, and by establishing more cost-effective staffing models.<sup>82</sup>

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<sup>ff</sup> Of course, if GDP increases, even if actual expenditure on education increases (but at a lower rate), there will be a drop in the percentage of GDP allocated to education.

**Table 1: Composite data on funding**

Country or Area	Year	GDP Value (Note 1)	Per capita GDP value	Year: 2005, Medium variant model, Value 000s	% GDP expenditure on primary, secondary and post-secondary non-tertiary education 2000 (Note 2)	% GDP expenditure on primary, secondary and post-secondary non-tertiary education 2008 (Note 3)	% GDP expenditure on education: all: 2000	% GDP expenditure on education: all: 2008	% Expenditure on education as a % of overall government expenditure: 2008: (Notes 4, 5 and 6)	% Expenditure on primary, secondary and post-secondary non-tertiary education as a % of overall government expenditure: 2008: (Notes 4 and 5)
Australia	2008	1,015,217,254,200.00	49,877	2 739	3.5	3.6	5	5.2	12.9	9.7
Canada	2008	1,400,090,721,224.50	45,073	3 985	3.3	3.6	5.9	6	12.3	7.8
Chile	2008	169,458,036,567.30	10,167	2 816	4.4	4.2	6.7	7.1	16.8	12.3
Hong Kong, China	2008	215,354,551,486.50	30,843	748					23.0	
Czech Republic	2008	216,485,327,621.50	20,940	1 061	2.8	2.8	4.2	4.5	9.5	6.1
Finland	2008	271,281,926,812.50	50,991		3.6	3.8	5.6	5.9	12.4	7.9
Ghana	2008	16,123,436,501.40	692	5 391		4.0				
Indonesia	2008	514,388,987,529.70	2,246	43 086	Missing	2.9	Missing	3.3	17.9	
Korea, Republic	2008	929,120,911,029.40	19,343		3.5	4.2	6.1	7.6	15.8	11.0
Netherlands	2008	860,335,669,609.20	52,843	1 998	3.4	3.7	5.1	5.6	11.9	7.7
New Zealand	2008	130,693,034,619.00	30,708	606	4.4	4.5	5.6	6.6	18.6	11.8
Poland	2008	526,966,367,424.10	13,893		3.9	3.6	5.6	5.7	11.8	8.0
Singapore	2008	181,948,343,395.70	40,793						15.3	
Slovenia	2008	54,613,121,506.30	27,117		Missing	3.7	Missing	5.4	11.8	7.9
Tunisia	2008	40,180,180,180.20	4,026					7.3	20.8	

**Note 1:** GDP and GDP per capita; populations: UN Data Centre UNESCO Institute for Statistics downloaded 15/11/11. Money in current \$US.

**Note 2:** % GDP expenditure on education from OECD *Education at a Glance 2011* unless otherwise stated.

**Note 3:** Figure relating to Ghana coloured green relates to basic education only for 2006. Source: World Bank.

**Note 4:** From OECD *Education at a Glance 2011*. Derived from charts, so percentage is approximate. Yellow cells from UN Data Centre as above.

**Note 5:** For Canada, the year of reference is 2007 instead of 2008; for Chile, year is 2009.

**Note 6:** Figure relating to Tunisia coloured pink relates to 2005 and is derived from [http://www.childinfo.org/files/MENA\\_Tunisia.pdf](http://www.childinfo.org/files/MENA_Tunisia.pdf)

## Sources of funding and distribution mechanisms

There are variations depending on the circumstances in particular education systems. However, there are broadly three approaches to finding and allocating funds for education:<sup>83</sup>

- a. mainly via central government
- b. mainly by regional government
- c. mainly by local government.

Often the distinction is not so clear-cut. Sometimes, responsibility is shared between central and local or regional government. Central government, for instance, may fund the salaries of teaching and non-teaching staff,<sup>99</sup> while running costs or capital costs are met by local or regional authorities.

Even where central or regional government provides all or most of the funds, subsidiary bodies at regional or local level may be used to distribute them.

### Mainly central government

In New Zealand,<sup>84</sup> while schools can raise additional funds, the central Ministry of Education provides an Operations Grant and Salaries Grant to school boards. (The Operations Grant is for items such as the salaries of administrative staff, school maintenance, additional teaching staff and learning resources.) The Salaries Grant is for staff holding management positions in the school. Teachers' salaries are paid directly by central government. The approach is consistent with giving schools considerable autonomy and makes a clear link between funding and accountability.

Sometimes, funding may be distributed through regional governments. While this may help greater tailoring to particular circumstances, it can lead to a loss of transparency and uncertainties about accountability.

In the Czech Republic,<sup>85</sup> as in New Zealand, schools are independent legal entities with considerable autonomy and, while most of their funding is from public sources, they, too, can raise supplementary funds themselves (e.g. from prospective employers, rental of premises etc). The Ministry of Education provides funds for 'direct education costs' (largely salaries); makes the rules governing the allocation of funds; then either allocates funds to schools via the regional bodies (or, in the case of schools under its direct control or the control of the Church, allocates the funds directly). Regional bodies then distribute funds to schools within rules set by the Ministry of Education, based on per capita sums for each student. Schools' organising bodies at regional and municipal level provide funds from their own budgets for capital costs and running costs that are not directly related to education.

<sup>99</sup> And may also negotiate national pay arrangements.

In Slovenia, the Ministry of Education and Sport is not only responsible for policy development, but also for finance. The Ministry decides the funding criteria and provides resources for school employees, as well as supplementary funding for buildings, equipment and operational expenses. As in the Czech Republic, it is the local administrative bodies (municipalities in this case) that must make available most of the capital funding, as well as resources for maintenance and extra-curricular activities. Funding comes from national and municipal taxes, with schools able to raise money from other sources (for example from the founder, or from student payments, e.g. for outings).

In Ghana, most education is funded by the national government.<sup>86</sup> (Government statistics from 2007 showed that 89.7% of education funding was provided by Ghana itself, with 10.3% coming from external sources, such as donors.) Expenditure broke down broadly into recurrent costs (80% – of which 87% was salaries) and capital costs (20%). However, district assemblies have a District Education Fund to be used for building, equipping and maintaining their schools. With the approval of District Assemblies, they can impose special taxes to fund specific school projects. The government envisages greater decentralisation of responsibility, with more resources given to district offices.

## Mainly regional government

A significant number of countries (8/23 in NFER's survey of OECD and European school funding models)<sup>87</sup> gather and distribute funding for education at regional level.

In Australia, the federal government provides 27% of funds (for example for national programmes). However, states and territories raise most of the funds (73%) via income tax.

Just as governance of education in Canada is regional, with some collaboration at national level, so funding is collected and distributed regionally. In Ontario,<sup>88</sup> funding is raised through personal and corporate taxes, retail sales tax and other general taxes. The provincial government provides the largest proportion of the funding for education (70% compared with 26% from local taxes and a small amount – 4% – from central government).<sup>89, hh</sup> Since 1998 funding has been raised largely through property tax. The provincial government of Ontario sets the rate throughout the province. Residential property tax rates are the same everywhere, but business taxes may vary by municipality. Municipalities collect the education element of these taxes and distribute funding. Since 1998, the province has used formulae, reflecting policy decisions, to determine each school board's overall allocation. Where the municipal authorities cannot raise sufficient funds through taxes to meet school boards' allocations, the province makes good the shortfall. In principle, this ensures that school boards in poorer municipalities are not disadvantaged and ensures the province has control over board policies.

<sup>hh</sup> Citing OECD statistics for 2000.

## 8 How are resources allocated? How does this link to policy implementation?

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Decisions about how funds are allocated to schools may be made at central, regional or local level. At national level, first of all, decisions are made about the balance of funding between the different education sectors. In Ghana, for instance, the government<sup>90</sup> plans to increase the funding for basic education by 2015,<sup>ii</sup> counterbalanced by cuts in the overall tertiary budget.

Subsequent decisions about the allocation of funds may be made on the basis of a formula or on an ad hoc basis. Alongside this, governments may choose to fund programmes designed to address short-term needs. Central or regional governments may either require that the formulae they use are copied in distributing funds to schools, allow subsidiary bodies flexibility to adapt the allocations to fit local circumstances (subject to adherence to guidance, thresholds/caps on expenditure), or ring-fence broad categories of expenditure such as teachers' salaries, special needs or capital investment.

In theory, the more direct and short the line between schools and the financial provider, the greater the chance that there will be an understanding of local needs. On the other hand, greater central (or regional) direction can ensure fairer access to education and help to avoid a geographical lottery that may exacerbate ethnic or other (for example SES or rural/urban) divides that reflect differences in local tax bases. It can also implement policies seen as important by the system leaders. NFER identified<sup>91</sup> a range of local/regional responsibilities from:

- a. considerable independence, where regional/local authorities bring together resources from a range of sources, including central government (and possibly external providers) and develop a budget. Where funds from central government are involved, these may come with requirements or be ring-fenced. In Finland, for instance, municipal authorities receive two allocations from central government, one of which must be spent on capital costs and the other on operational costs
- b. a shared responsibility between central and local government, where the local body may make decisions (about capital allocations, for instance) where it is responsible for raising funds
- c. local/regional bodies' roles limited to distribution of central funds in accordance with national requirements.

Formulae have the advantage of greater transparency. They can be designed to reflect the student population and take account of policy priorities.<sup>92</sup> Where resources are allocated according to a set of criteria, the most common take account of student numbers, phase of education, age and teaching hours. Systems looking for a broader range of indicators

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<sup>ii</sup> Including an increase in funding for junior high schools from 16.3% in 2008 to 21.9% in 2015, balanced by cuts in tertiary funding from 23% to 14.1% in the same period.

also use factors such as student attainment, deprivation and school size. (More details can be found at Annex D.) The result may be:

- a. allocation of a general pot of money, possibly with some guidelines for use
- b. ring-fencing of some budgets so that they are spent on particular groups of students or for particular purposes. For instance, indicators may be used to identify (and give extra resources for) special needs or deprivation. Alternatively, authorities may choose to channel some of these funds via targeted programmes.

### Models involving central government

In the Czech Republic,<sup>93</sup> the Ministry of Education decides how education funds will be allocated. It allocates funds:

- a. to schools under its direct control, or under the control of the Church
- b. via the regions to institutions under their control or run by other authorities
- c. to schools carrying out pilot programmes as well for the Ministry's own education development programmes.

The Ministry of Education meets the direct costs of education, especially the salaries of teachers and others. The funding is allocated using formulae based on student numbers and phase of schooling (i.e. aged 3–5, 6–15, 16–18 and 19–21 years).

Based on the indicators set by the Ministry, regional authorities decide per capita sums for the direct costs, taking account of the type of school and education programme, as well as policy objectives. Per capita sums for students with special needs are larger. Funding is then passed to schools managed by the regional authority, as well as to nursery and basic schools operated by municipal authorities.

Slovenia<sup>94</sup> has a similar approach. The Ministry of Education, which provides funding for school employees' salaries and additional funding for capital and operational costs,<sup>jj</sup> sets and applies the national funding criteria annually.

In Chile,<sup>95</sup> school funding via vouchers was introduced by the military government in 1980. Its stated aims included improvements in quality and access. Public schools are managed by municipal governments and entirely funded through student vouchers, which are based on student attendance. Subsidised private schools are partly funded through student vouchers.<sup>96</sup> (There are also entirely private schools, which receive no government funding.) The democratic governments kept the voucher system, but added funding in the 1990s in order to improve quality in municipal schools.<sup>kk</sup> Although highly decentralised in operational terms, policy responsibility for the voucher system and any parallel funding programmes remains with the Ministry.

<sup>jj</sup> Municipalities provide most of the capital funds, together with funding for maintenance and extra-curricular activities.

<sup>kk</sup> Through the Educational Quality Improvement Programme (MECE). (Council on Hemispheric Affairs <http://www.coha.org/the-failings-of-chile%E2%80%99s-education-system-institutionalized-inequality-and-a-preference-for-the-affluent/>)

*The failings of Chile's education system: institutionalized inequality and a preference for the affluent.* Analysis was prepared by COHA Research Associate Andrea Arango 30 July 2008.)

While some argue that the voucher system has increased the provision of education and achieved improvements in outcomes, it has some distinct problems:

- a. The more disadvantaged parents are less likely to have access to usable information about school performance or the ability to exercise choice.
- b. Parents of poorer students cannot afford supplementary charges at subsidised private schools, nor are they able to fund the travel costs which may be necessary to access better schools. Consequently, schools tend to serve different portions of the population, based on socio-economic status, with the wealthier students having access to the better-funded provision. This leads to increased social selectivity and the equity gap in attainment.
- c. The quality of outcomes in private-subsidised and private schools is better.

Arenas<sup>97</sup> argued these disadvantages could be mitigated by:

- a. targeting extra funding at students from disadvantaged backgrounds
- b. ensuring vouchers cover the entire cost of education (particularly for disadvantaged students)
- c. requiring that schools receiving government funds operate inclusive enrolment policies. (This can be hard to put into practice.)

### Models involving regional and local government

In Ontario, funds are allocated by the province to school boards on the basis of indicators. The main factors are student numbers, which, in turn, determine allocations for funding items such as teachers, textbooks and classroom supplies. However there are further indicators used to refine the allocations to take account, for instance, of school size (e.g. elementary schools with fewer than 50 students are allocated funding for 0.5 of a principal) or language (French-language-only boards receive additional funding to offset the higher costs of French language programmes).<sup>98</sup>

While the principle of a student-based formula allocation has remained, there have been developments to reflect political and economic changes. There were funding cuts in the 1980s and 1990s. Later funding additions were often in the form of targeted grants and programmes. The provincial government has also taken the initiative to limit the impact of the economic crisis by negotiating collective agreements with staff, increasing Grants for Student Needs and adjusting benchmarks for board costs affected by inflation (e.g. transport) while capping administrative costs.<sup>99</sup>

Monitoring<sup>100</sup> has identified areas where formula funding has left gaps (such as transport costs for remote schools). The special purpose grants are adjusted each year to reflect policy priorities. For 2011–12<sup>101</sup> allocations to school boards comprised:



- a. a Pupil Foundation Grant (the largest grant at \$9,802.4m out of a total of \$21,014.6m) covering the costs of teachers, assistants, textbooks, classroom supplies, library and guidance services, specialist teachers, professional/para-professional support staff and classroom consultants
- b. a School Foundation Grant covering the costs of principals, vice-principals, school secretaries and school office supplies
- c. thirteen special-purpose grants relating to a range of policies including special education, language (i.e. English as a Second Language), programmes for Aboriginal students and learning opportunities (e.g. additional English and maths, funding for programmes to offset socio-economic deprivation and potential under-achievement)
- d. funding relating to interest payments and capital debts.

In devising their allocations to schools, school boards have flexibility to develop and act on their budgets. However, they have to take account of provincial requirements (e.g. for teaching time, class size as well as for curriculum delivery), they are not permitted to vire<sup>ii</sup> from some grants (e.g. for special education) nor to exceed the allocation for others (e.g. school board administration and governance).<sup>102</sup>

Decentralisation of decisions about how funds are to be allocated may lead to greater responsiveness because of a better understanding of local needs.<sup>103</sup> However, it requires that local officials have (or are helped to develop) the capacity to carry out the work, that funds are sufficient to enable students to have equitable access to education and that there is transparency and accountability for the allocation and expenditure of resources.<sup>104</sup> Therefore, the national government needs to establish a framework of requirements, as well as monitoring arrangements, within which the bodies with delegated authority can operate.

Some systems leave responsibility for allocation of funds to local government. In Poland, while education is funded by the national government, through a budget announced each December, the bodies responsible for 'running and supporting' the schools (i.e. the districts and communes) set the budgets for the schools in their area.<sup>105</sup> The regional governments, which have responsibility for more professional matters, 'cooperate' with the districts and communes in respect of school finances. (Teacher salaries, which are a significant proportion of each school's budget, are determined by central government.)

In Ghana,<sup>106</sup> as part of an earlier decentralisation programme, the Ministry introduced a capitation grant in 2004 which led to increased enrolments, particularly in the first grade. However, it was insufficient to cover all costs. A review of Ghana's progress<sup>107</sup> and plans for the future recognised the need to give fairer access to education, including secondary education. The Education Strategic Plan (ESP)<sup>108</sup> planned to increase decentralisation at district, community and school levels, including the delegation of increased funds to

<sup>ii</sup> Move money.

district offices. Alongside this, the ESP included extensive capacity-building in the first part of the Plan period (from 2010 to 2013).

In Indonesia, responsibility for funding free, compulsory basic education is shared between central government, the provinces, districts and municipalities. (About 60% of funding is provided by central government.) The balance of responsibility for funding and the mechanisms used have evolved:<sup>109</sup>

- a. In 1999, school-based management (SBM) was introduced, with the aim of improving schools.
- b. In 2002–03, 92% of primary school budgets were funded by district governments, whereas the figure was 82% and 77% in junior secondary and senior secondary schools respectively. Parents were responsible for finding the balance.
- c. From 2001 to 2005, central government allocated funds to a scholarship programme for students from poorer families (BKM). This followed a programme which ran for three years from 1998 to 2000.<sup>110</sup>
- d. In 2005, the government reduced funding for BKM,<sup>mm</sup> while introducing block grants for schools to cover operational costs (the Operational Aid to Schools programme, BOS.) This was based on student numbers, with primary schools receiving approximately two-thirds of the per-student funding compared with junior secondary schools. The aim was to reduce or eliminate school fees. Funds were paid quarterly into individual school bank accounts to reduce ‘leakage’ and provide ‘greater transparency’. Schools’ budgets are approved by the school committee, comprising the principal and parents’ representatives.

A small-scale evaluation of the first scholarship programme concluded that it had proved a successful response to the Indonesian economic crisis of 1998, reducing drop-out rates.<sup>111</sup>

The World Bank concluded that SBM had successfully improved access by poorer students.<sup>112</sup> Parents had become more involved and teachers had changed their behaviours, leading to reduced failure and repetition rates and improved student outcomes.<sup>nn</sup>

While the initiatives have had positive outcomes, they have raised issues to be considered by other systems considering formula funding and decentralisation of responsibilities:<sup>113</sup>

- a. Inadequate links between central, local and school responsibilities have led to lack of clarity about responsibilities and weaknesses in policy implementation.
- b. The risk that decentralising BOS from 2011, with allocation via regional government

<sup>mm</sup> In 2009, BKM accounted for 8.9% of national education expenditure, funding 208,000 schools with 41.3m students.

<sup>nn</sup> Net enrolment of pupils from poor backgrounds increased to more than 93% in primary schools in 2009; junior secondary from 52% in 2006 to 59% in 2009 alongside increasing completion rates from 50% to 55%.

budgets, would lead to delays, loss of transparency and 'greater fiduciary risks'.<sup>114</sup> If schools are to plan properly, they need to know their budget allocation at the start of the budget cycle and preferably for more than one year to allow sensible planning.

- c. Lacking cost-effective student/teacher ratios, schools are using school budgets to fund unnecessary numbers of staff, when the intention had been that BOS could only be used to make good temporary skill shortages.
- d. Without good data about disadvantaged students, BOS does not target them effectively. Evaluation of the scholarship programme identified the same weakness because of the lack of household-level data.<sup>115</sup>
- e. Careful targeting of funds for particular policy aims (e.g. the retention of poorer students) is more cost effective.
- f. There are gaps between high- and low-performing school districts, as well as between levels of regional wealth. Decentralisation can increase the effect of differences in wealth. If there is to be equitable access to education, the World Bank recommended funding to supplement BOS which took account of factors such as regional GDP per capita and poverty rates.
- g. Training and guidance for local officials and school committees, particularly in BOS, needs to be clear and accessible.
- h. It would be worthwhile for district offices to support the development and dissemination of good practice by school committees through grants and the arrangement of meetings for cluster groups.

### **Schools managing their own budgets**

In high-performing and improving systems, schools are increasingly being given the freedom to manage some or all of their budgets.<sup>116</sup> Their freedom may enable them to make decisions about the entirety of their budget allocation. Alternatively, their funding may be allocated to specific categories, such as teachers' salaries and maintenance. In some cases, part of the costs may be met at central, regional or district level, with schools receiving resources in kind – such as an allocation of teaching hours.

In theory, the greater the degree of flexibility, the greater schools' ability to match their budgets to their specific needs.<sup>117</sup> In some systems, financial autonomy includes responsibility for budget deficits, as well as the scope to save or take out loans.

If resources are to be used effectively and appropriately:

- a. officials, school staff and any stakeholder committee members will need training
- b. officials and relevant school staff will need to have time to carry out their

responsibilities, and stakeholder committee members will need to be asked for appropriate levels of input (i.e. at strategic rather than operational levels)

- c. schools will need access to accurate information<sup>oo</sup> and effective professional support,<sup>pp</sup> whether from local, regional or national sources
- d. budget planning will need to make clear links between spending and plans to enhance student outcomes, establishing and monitoring spending-related targets.

In the Netherlands, schools receive public funding if they meet quality standards and fulfil funding conditions. Decisions about teachers' pay and working conditions are partially decentralised. Running costs (i.e. the Running Costs Funding System: BSM) are based on student numbers on top of a flat-rate grant. Primary schools are given a block grant for staffing costs and a block grant for running costs. Schools boards decide their own budgets within this sum of money. Secondary schools are given one block grant from which to budget for staff and running costs. Schools have considerable flexibility, as long as they fulfil their legal requirements.<sup>118</sup>

Some high-performing systems have chosen to give freedom to particular types of schools, again with the aim of improving educational outcomes:

- a. In Singapore,<sup>119</sup> the government has established autonomous schools<sup>120</sup> and independent schools which have to meet quality criteria. Both types of school continue to receive a per-capita grant from the government which matches that available to other publicly-funded schools, but they can charge fees (defined by the government).<sup>121</sup> Publicly-funded independent schools were established in the 1980s and have control over staffing and fees. Autonomous schools were established in 1994. They are given additional funds for development activities and given greater flexibility about staff appointments. Singapore also allowed some high-performing schools to become independent.
- b. In Ontario, charter schools are largely independent from school boards, managing their own funding allocations themselves. They receive additional payments for meeting their objectives and pay penalties for failure to do so. They are not allowed to charge tuition fees.<sup>122</sup>

<sup>oo</sup> Information might include socio-economic and performance data for pupils; projections relating to pupil numbers and staff costs.

<sup>pp</sup> This might include help with preparing papers for committees; advice on benchmarking, procurement and achieving value for money in a system focused on improving pupil outcomes.

## 9 What can be done to ensure resources are used effectively and properly? Audit, monitoring and evaluation of the impact of spending

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Effective and proper use of resources means:

- a. using them to meet agreed objectives
- b. getting good value for money
- c. spending the funds on defined activities, goods or services
- d. avoiding actual or perceived conflicts of interest between those people allocating the funds and their own private or commercial interests.

Achieving effective and proper use of resources requires:

- a. ensuring that the relevant information and data are available as a basis for planning. Taking sound decisions requires access to relevant and accessible information, as well as the knowledge to understand what factors will influence the quality of education
- b. training, guidance and support to ensure that officials and others (e.g. headteachers, heads of department) know what is required of them in terms of processes, and are able to plan and budget strategically
- c. budgets to be linked to educational outcomes. Decisions need to take account of value for money and opportunity costs (i.e. the cost of not investing in an alternative option). There is a risk that support for budgeting and monitoring will focus on compliance with processes (NFER<sup>123, q9</sup>) rather than on effective resource management
- d. involvement of stakeholders in decisions about spending and the follow-up review of outcomes
- e. ensuring there are documented processes in place for carrying out decisions about expenditure and subsequently auditing what has been done to ensure compliance.

In Ontario, school boards are required to set budgets each year within the context of their longer-term strategic plans. Boards must consult thoroughly with staff, school councils and other stakeholders, especially about spending priorities. Boards have to demonstrate they have met the requirement to be 'accountable in making the best decisions possible for the students in their schools'.<sup>124</sup> They need information so they can decide issues such as the level of education programmes and services; transport provision and policies; opening and closing schools; and aligning school catchment areas.

<sup>q9</sup> NFER, citing Audit Commission comments of 2003.

In Ontario,<sup>125</sup> the Ministry of Education distinguishes between the role of the board in administering the budget and of the trustees in ensuring funds are spent appropriately. Boards are required to have audit committees and to carry out audits of areas such as operational effectiveness, financial reporting and compliance, as well as the deterrence and investigation of fraud. They have access to much guidance and training, including a manual<sup>126</sup> targeted at trustees, school boards, directors of education and stakeholders, as well as technical guidance on budget-setting. The provincial government requires school boards to submit estimates and reports in accordance with a set timetable. The Ministry monitors expenditure to ensure boards keep to the rules, punishing those that fail to do so by withholding funding.<sup>126</sup>

In Ghana,<sup>127</sup> as part of its aim to improve monitoring, evaluation, accountability and efficiency, the Ministry planned:

- a. to implement the ESP through a three-year rolling work plan and an Annual Education Sector Operational Plan (AESOP). These were to be scheduled to link into strategic and operational financial planning mechanisms and budgets
- b. to link devolution of responsibilities to arrangements for accountability:
  - at school level through performance agreements based on the School Report Card system that ‘develops accountability relationships between parents, schools and the DEO’
  - similar links between the Ghana Education Service (GES), regional and district education offices
- c. to strengthen EMIS<sup>ss</sup> as a mechanism for data collection available online, with training at MoE, GES, central, regional and district levels in use of EMIS data. The Ministry recognised the need to strengthen data collection, including in relation to education quality
- d. to conduct an Education Sector Annual Review – a stakeholder conference to review progress, ending with a signed agreement between Ministry and stakeholder partners. This provides the basis of planning (i.e. the AESOP) for the next year.

In Indonesia,<sup>128</sup> the accountability is ‘assured’ by:

- a. the link between budgets and school development plans
- b. the requirements for financial records, and
- c. oversight by individual school committees.

<sup>125</sup> *Good Governance* which includes an overview of the education system; becoming a trustee; governance; legal responsibilities and liabilities; meeting procedures; education funding; collective bargaining; working with stakeholders and media relations.

<sup>ss</sup> The Ministry’s EMIS system collects data on the school profile, infrastructure, management and finance, buildings and classrooms, equipment, textbooks, enrolment and teachers. (Chung, C. L. (2009). Ghana School Report Card Findings Including EMIS Support Assessment. Academy for Educational Development. Available: [http://pdf.usaid.gov/pdf\\_docs/PNADQ833.pdf](http://pdf.usaid.gov/pdf_docs/PNADQ833.pdf) [8 June 2010])

In addition, the government's Financial and Development Supervisory Agency (BPKP) carries out annual audits. (BPKP audits for 2008 and 2009 were 'clean'.) The World Bank is concerned that decentralisation involving payment of BOS via the regions will lead to lower transparency and greater 'fiduciary' risks.<sup>129</sup>

The Ministry<sup>130</sup> carries out reviews of programme implementation. Before starting implementation, the Ministry holds coordinating meetings with district and provincial level staff. This is necessary since, under decentralisation, districts can establish their own policies. Since 2005, the Ministry has required a uniform approach to accounting. This has improved audit outcomes so that the percentage disclaimers by internal and external auditors dropped to less than 0.5%.

## 10 What is the role of private schools? How do they relate to public (state) schools?

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The term *private* has many meanings across education systems. It includes:

- a. schools which are independent of the state, relying entirely on fees
- b. schools which receive part or all of their funding from the state.

In some systems, only the wealthy can afford to use private schools; in others, private schools may provide a low-cost alternative to public provision, either because public provision is not available or parents regard it as unsatisfactory.

There are intermediate positions. In Ontario,<sup>131</sup> for instance, there are four parallel publicly-funded systems comprising: 31 English school boards, 29 English Catholic school boards, 8 French Catholic school boards and 4 French public school boards. However, in addition to this, there are private schools that receive no public funding. These are administered by individuals, associations or corporations and must meet provincial standards for elementary and secondary schools.<sup>132</sup> Many have religious links.

Several high-performing and improving systems have established close links between the public and private sectors: provision of substantial public funds has enabled the systems to ensure that these schools meet specified criteria:

- a. In Poland,<sup>133</sup> non-profit making ('social' or 'civic') schools began to open in the 1980s. Following legislation in 1991, non-public schools were permitted. They are funded through fees, as well as foundations. Since the primary schools provided compulsory education, they had to follow the requirements for public schools in terms of matters such as timetables, assessment and the employment of teachers. In exchange, they were classified as non-public schools with the same rights as public schools and received per capita funding equating to the average cost of a student in a comparable

public school. Similar arrangements apply to secondary schools, so long as they provide a curriculum based on the core curriculum and follow requirements relating to assessment and the employment of teachers.

- b. In the Czech Republic,<sup>134</sup> non-public schools comprise private and denominational schools. There is no legislation setting the fee levels, but denominational schools generally do not charge fees. Private schools receive subsidies from the Ministry of Education (via the regional authority). The amounts are set annually in legislation. Subsidies are on a per capita basis, as a percentage of the sum paid to a similar publicly-funded school. Basic levels of subsidy (e.g. 60% of the per capita sum for basic, upper secondary and tertiary professional schools) are increased (to 100% for basic and special schools and up to 90% for upper secondary and tertiary professional schools) if private schools meet specified criteria, including being a not-for-profit organisation and meeting quality standards (through evaluation by the Czech School Inspectorate). Denominational schools are funded similarly to public schools.
- c. In the Netherlands,<sup>135</sup> the divide between publicly- and privately-operated schools is even less evident, since the Ministry of Education, Culture and Science administers most central government spending and is required to fund all institutions equally, whether public or private. All schools in return must meet government requirements in terms of matters such as examinations, the curriculum and teachers' salaries. The main difference is that, whereas public schools are governed by school boards operated and staffed by municipal authorities, private schools have independent boards, often with parents and volunteers as members.

In reviewing PISA outcomes in 2003,<sup>136</sup> the OECD concluded that:

*'the main empirical result is that rather than harming disadvantaged students, accountability, autonomy and choice appear to be tides that lift all boats. The additional choice created by public funding for private schools in particular is associated with a strong reduction in the dependence of student achievement on SES.'*

The OECD found that family background had less impact on student achievement in systems where government funding for private schools was similar to that for publicly-managed schools.

While an independent sector can provide more choice for some, there is a risk that, if policies are not put in place to counter disadvantage, school populations will polarise along socio-economic lines, to the detriment of disadvantaged students. The introduction of education vouchers in Chile<sup>137</sup> increased participation by poorer students, but it has led to divisions with the poorest students attending municipal schools, some of the poor and middle-class students attending the private subsidised schools and the 'highest echelon' attending private schools. This has occurred because poorer parents cannot afford the additional fees and expenses associated even with the private subsidised schools.<sup>138</sup>



In Ghana, the private sector plays a significant role in education. In 2008, 17% of primary, 17% of junior high school and 10% of senior high school students were at private schools.<sup>139</sup> In addition to registered private schools, there appear to be substantial numbers of small, unregistered private schools.<sup>140</sup> Noting the role to be played by public/private partnerships in providing basic education for marginalised and disadvantaged groups, Akyeampong<sup>141</sup> recommended strategic planning and funding (e.g. via capitation grants) to give access to private schools where there was no public provision, in conjunction with a common regulatory and accountability framework.

## 11 Conclusions

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Some high-performing and improving education systems have chosen to decentralise aspects of their policy-making, administration and funding. Their starting points, objectives and contexts have differed considerably, though stated aims have tended to include improvements in educational quality.

In the right context, decentralisation can mean that planning is closer to users of services and therefore more responsive to their needs. In principle, where providers have a greater say over how they work, they are likely to be more motivated; at the same time, parents who have more involvement in their children's education may be more committed and supportive. There may also be opportunities to bring together complementary services, such as education and health.

However, as Davies, Harber and Dzimadzi<sup>142</sup> noted, there is no automatic link between decentralisation and improvements in educational quality. Governance structures and financial arrangements need to be fit for purpose. That is, they need to be designed to take account of the political, cultural and economic state of the system, as well as its scale. There is little value – and may be considerable harm – in giving responsibilities or funds to parts of the system that lack the capacity or commitment to take them on successfully.

Governance structures and financial arrangements need not be set in stone. Many of the high-performing and improving systems have either designed in scope for later adjustments or decided to make changes as a result of lessons learned.

Organisational design may include provision for a staged move towards greater decentralisation and participation. This is a long-term undertaking requiring political will, careful planning, capacity building and investment. Involving those affected by the changes is likely to lead to more realistic and achievable plans.

Radical decentralisation is especially risky where regional and local organisations, as well as schools, have limited professional capabilities and there is little evidence of stakeholder participation – either at a political or institutional level. At this stage, the focus

may be on putting in place basic educational provision as well as establishing robust frameworks and standards in areas such as the curriculum, student attainment, teacher quality and financial probity. It may be most productive to focus energies and resources on promoting equity in access to education and on improving educational experiences for the disadvantaged and the lowest attainers.

Subsequently, there may be deconcentration of functions, which may mean more experienced officials taking up some roles at regional or local level. Once frameworks and standards are established, more authority may be delegated, with safeguards in place to ensure that powerful local interests are not able to undermine policy and to avoid corruption.

Only when there is a high level of teacher professionalism and informed stakeholder participation, can schools take the lead. This will need a robust policy and administrative framework<sup>11</sup> at local, regional and national level to ensure a coherent and equitable education system.

Progressive decentralisation leads to an evolution in the roles of policy-makers, officials, stakeholders and staff in school. Rather than a hierarchical relationship, there is a greater demand for collaborative working, as well as appropriate consultation and communication.

However, a role for central governance remains: maintaining responsibility for policy; strategic planning and budgeting; upholding and reviewing frameworks and monitoring and promoting standards; ensuring that overall policy makes sense and is fair; as well as comparing inputs and outputs against those in other education systems. Their position also equips them to ensure that data, inspection and audit information are available, not only for planning and intervention, but also to enable parents and other stakeholders to make well-founded decisions.

Whatever the structures adopted, they need to line up sensibly from central government, through any intermediate structures, to schools. Roles, responsibilities and accountabilities need to be coherent and clear.

Some high-performing and improving systems raise funds for education at national, regional and local level. The key is to ensure that the overall sums available do not disadvantage areas with a potentially smaller tax base and schools serving more of the most disadvantaged groups.

If structures are to work effectively and accountabilities to be made real, then organisations need to have appropriate control over resources, particularly in terms of access to funding and decisions about how resources are to be used.

Funding priorities will be different depending on the objectives of an education system.

<sup>11</sup> For example curriculum framework, quality assurance mechanisms, fair admissions policies, redistributive funding to target disadvantaged students, etc.

Where it is targeting universal basic education, priorities may be focused on supplying classrooms, textbooks and sufficient adequately qualified teachers, while removing barriers to access (e.g. based on gender, location or ethnic status). Where the objectives are further improvements in quality and student attainment, there may be investment in developing more advanced curricula and more highly-qualified teachers. Although the complexity may differ, high-performing and improving systems:

- a.** collect data on inputs and outputs as a basis for policy-making and implementation
- b.** take context-appropriate steps to reduce educational disadvantage in order to give every student equal opportunities (and for the benefit of the system overall)
- c.** make decisions about priorities between different phases of the system depending on objectives
- d.** seek accountability for the use of resources, including auditing expenditure and evaluating value for money.

Additionally, they may:

- a.** look at other countries' expenditure in relation to GDP and per capita GDP to benchmark spending plans
- b.** aim to learn from other systems about cost-effective use of resources, such as PTRs and limiting administrative costs so that more funds can be spent on improving the quality of instruction in the classroom
- c.** distribute funding via published formulae in order to ensure transparency, ease of auditing and demonstrate links to policy decisions.

There may be instances where private schools can complement state provision – even making good the inability of systems to provide for all students and offering choice, which can drive up quality overall. On the other hand, private schools have the potential for embedding disadvantage and increasing inequity in outcomes. Where they are receiving public funds, they appear to be most effective if they are required to meet standards for quality and equity of access which are similar to those applying to public (i.e. state) schools. Where they are usefully supplementing public provision, as a minimum, they would benefit from investment, monitoring and support to enable them to develop the quality of their provision.

## Annex A

### An analysis of decentralisation in Ghana

(Derived from Figure 3: Framework for analysing education decentralisation experiences, and Figure 5: Status of education decentralisation in Ghana<sup>143</sup>)

Category for analysis	Content	Ghana
Environment and context	National context including economic, political and social influences	Tradition of decentralisation in first 30 years of independence. Ongoing decentralisation since 1988.
Rationale	Motives and reasons for educational decentralisation	Shift decision-making to local level to democratise state institutions. Cost reduction. Efficient use and allocation of resources.
Form of decentralisation	Organisation structure and design to support the process	Regions (10) coordinate districts (110). District Assembly Common Fund Property, fuel and minor taxes, and fees at local level. Districts responsible for urban services, primary education and health.
Level of implementation	Level (provincial/state, local/district, school) and function (administrative, political, fiscal, economic)	
Stage and outcomes of implementation	Progress with implementation	Deconcentration of administrative authority with little decentralisation of decision-making authority. Ministries continue to operate in centralised way.

## Annex B

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### **An evaluation of community capacity to make informed decisions about school quality**

A 2002 study of decentralisation in **Ghana**,<sup>144</sup> designed to check whether communities (i.e. parents/guardians, community members, parent/teacher associations and school management committee representatives and local leaders) were equipped to make informed decisions concluded that their evaluations of school quality lacked depth. The authors considered that, in order for decentralisation to achieve real community participation:

- Simply deciding to put a policy of decentralisation in place was not enough. To enable affected stakeholders to fulfil their new responsibilities, they would need training, as well as time for development.
- One of the most important types of training was to enable the community to be able to use evidence about good educational policy and practice to make judgements and decisions, rather than accepting received wisdom (e.g. they may think class size more important than adequate textbooks and student engagement). Training was also needed so the community could participate effectively in decision-making.
- The role of headteachers would become more important, so they would require training, both in terms of skills linked to increased responsibilities (e.g. in assessing the cost benefits in terms of learning outcomes of resource allocation decisions) as well as in building community participation, being transparent in their decision-making and demonstrating their accountability (e.g. by reporting the school's progress against targets).

## Annex C

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### **Making a reality of school performance review in Ghana**

(Derived from: 'Using school performance data to drive school and Education District Office accountability and improvement: the case of Ghana', Prew, M. and Quaigrain, K. *Educational management administration & leadership*: 2010: 38: 728)

#### **Methodology:**

- Data was collected through interviews, review of documents, observation, standard testing, EMIS data.
- District staff (especially circuit supervisors) were trained in data collection, interview methodology, data analysis, school/classroom visit protocols and interview planning.
- The appraisal team measured each school's performance against benchmarks for performance and checklists of what should be present.

#### **Reports:**

- Reports for parents were changed to tabular form (e.g. thermometer) because this was familiar to parents.
- Schools were provided with a narrative report showing where they could improve.

#### **Cycle:**

- Data collection and analysis
- School performance appraisal meetings (SPAMs) where teachers can explain problems, community can talk about results and say where they would like to see improvements. Typically agree on action to resolve problems, e.g. fundraising.
- Circuit SPAMs are held, led by circuit supervisor comparing schools' performance, identifying commitments to training, support, action for Circuit Integrated Plan. Supervisor able to deal with under-performing headteachers and chairs of school management committees.
- District SPAM:
  - District education conference (EDUCON) public meeting for district political and traditional leadership, NGOs, heads, senior staff, school management committees, district managers and circuit supervisors. District able to prioritise and distribute funds to schools.

- Improvement plans, monitoring.
- LCD and GES review indicators and tools and re-start cycle.

#### **Other capacity building:**

- At circuit and district level, headteachers are involved in planning meetings. There are workshops for weaker schools with staff from stronger schools invited to act as co-facilitators.
- Targeting uses funds efficiently, avoiding training those whose performance against an indicator is evaluated as satisfactory.
- The process uses local experts who understand the context and demonstrates to schools that the circuit is responding to identified needs.

## **Annex D**

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### **Indicators for allocating funding**

(Derived from *School funding: a review of existing models in European and OECD countries*, NFER, 2005)

#### **Main indicators**

- Number of students/classes
- Phase – combined with student numbers can lead to significant differences in per-student funding for primary vs. secondary students. Build up prototype funding models for phase.
- Age-weighted pupil units (AWPUs). Multiply pupil nos. x weight for category to get weighted total for each school. This is divided into funds available to get value for AWPU, then multiplied by AWPUs for a school to determine school's allocation under this factor.
- Number of teaching hours. Closer to activity-based funding since it takes account of required hours of teaching depending on particular subjects and numbers of students or formation of class groups.

#### **Less commonly used indicators**

- Performance data (attainment). May be used to compensate for low achievement or reward high achievement against performance measures.

- Performance data (attendance). Per-student allocations based on average daily enrolment of students.
- Historical spending data: most often used for operational/maintenance allocations: historical spending taking account of inflation e.g. transport costs.
- Geographical: factors such as rural area, sparsity.
- School premises/maintenance: nature of building, other facilities such as sports facilities, fuel used.
- School size: small schools support factor, additional funds to compensate for large or small economies of scale. May have thresholds.
- Characteristics of teaching staff: Seniority may be a factor. Salaries may account for up to 80% of school funding.
- Type of school e.g. general or technical. Can determine number of teachers, facilities.

#### Indicators for Special Educational Needs

- Defining target area or population. *Advantages*: relatively simple to use residential areas for low-income levels/size of disadvantaged populations. Can capture disadvantage relatively simply and transparently. *Disadvantages*: schools do not necessarily enrol students from immediate area. Can lead to segregation in schools, large numbers of at-risk students in a single school.
- Attainment measures, SEN audits. *Advantages*: Tests readily available and provide data on complete cohort of students. Provide data at level of individuals. Transparent since can track back to individual students. *Disadvantages*: Subjective where they rely on teachers' evaluations of individual students' SEN. Can be burdensome. Perverse incentive to put students in higher need brackets.
- Free School Meals (FSM): Common means of assessing need, social attributes of students. *Advantages*: Arguably robust indicator of social disadvantage and correlates with poor achievement. Objective, relying on standard criteria. Easily administered. *Disadvantages*: Parents may not apply for FSM, does not differentiate between needs of individual schools. Small schools may receive little and additional arrangements may be required for students with complex needs.



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## About CfBT Education Trust

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CfBT Education Trust is one of the world's leading not-for-profit education companies, providing a range of education services in the UK and internationally. Established over 40 years ago, CfBT has an annual turnover of over £100 million and over 2,000 staff worldwide, all working on projects relating to educational quality.

Our clients include major international organisations such as the World Bank and the European Union, together with government ministries worldwide. Currently we are managing important projects in the UK, Dubai, Abu Dhabi, Oman, Brunei, Cambodia, Laos, Australia, Jamaica and Kenya. We have a particular expertise in the evaluation of school quality. In England we manage school inspections for the whole of the northern region of the country on behalf of the national inspection agency, Ofsted. Our work for clients also involves teacher and leadership training, curriculum design, careers guidance for young people and support for school improvement.

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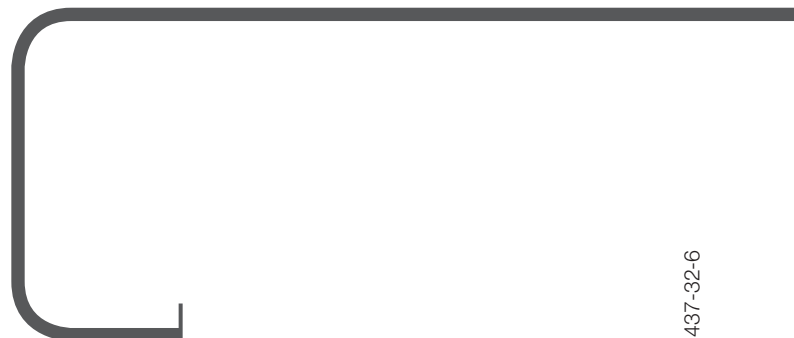
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In line with its commitment to providing evidence-based and practical support for international education system reforms, in February 2009 CfBT Education Trust commissioned research identifying the critical components of high-performing and improving education systems. The research focuses on: teachers; the curriculum and assessment; quality assurance and accountability; school leadership; and school systems, structures and funding. It examines policy documents, material relating to implementation and academic literature. The challenge was to bring together robust, independently verified evidence and practical knowledge of what is done in effective education systems in an authoritative yet accessible review format.

Systems were selected early in 2010. The process took account of PISA 2000 and 2006 reading scores; PISA 2003 and 2006 mathematics scores; and TIMSS 1995, 1999, 2003 and 2007 (where available) results for mathematics and science for students aged 9-10 and 13-14.



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