

Summary of "Achieving Balance in Decentralization: A Case Study of Education Decentralization in Chile" by Taryn Rounds Parry in *World Development*, Vol. 25 No. 2, 1997

While one can debate the strengths and weaknesses of decentralization in general, it is more useful to go a step further and understand the organizational arrangements and conditions in which decentralization produces solid results, as done in "Achieving Balance in Decentralization: A Case Study of Education Decentralization in Chile". This article accomplishes the following: 1. gives an overview of different approaches to decentralization; 2. explains the incremental process of decentralization of Chile's education system; 3. describes the conditions in which decentralization flourished by outlining how all government levels changed roles and balanced responsibilities.

I Approaches to Decentralization

A. Types of decentralization

1. deconcentration- transfer of workloads from central to outside offices
-little discretion in implementing and changing policies
2. delegation- authority from central government to other public sector
3. devolution- subnational levels of government are given complete authority
4. privatization- responsibility to private organizations

B. Fundamentals of Decentralization and the Paradox

1. decentralization involves building institutional capacity (ability to set goals, anticipate needs, make informed decisions, and attract and manage resources) by developing financial and human resources and changing the behavior and attitudes of existing organizations
2. the most effective level of government for the provision of a good or service is dependent on the characteristics of the good or service
3. decentralization must take into account externalities and economies of scale
4. while decentralization requires the central government to relinquish power, the central government must learn and take on a new role of supporting and promoting decentralization via creating "vertical linkages"

II Decentralization as an Incremental Process due to Chile's Political and Economic Conditions

A. Foundation of Chile's Education System

1. established strong educational system in 1842
2. public education was highly centralized within the Ministry of Education, which determined goals, materials, plans, methodologies, etc.

B. First Step in Reform- Deconcentration in 1970s and 1980s

1. creation of regional governments, whose heads were appointed by the central government = means of control
2. delegation of function rather delegation of decision-making
3. implement a system of competition for funds (which were based on the number of students) between public and private schools

C. Devolution

1. municipalities had complete control of education expenditures
2. schools and municipalities given latitude concerning curriculum but Pinochet's imposed values retarded any experimentation

D. Delegation

1. in response to municipalities having control, creation of Departments of Municipal Education or Municipal Corporations that administer both education and health programs

E. Privatization

1. state was financier but market regulated quality based on neoliberal economic theory
2. parents "shop around" for schools

3. with privatization, public financed privately run schools and teachers were now part of the private sector and no longer government employees
4. law provided a per-student payment or voucher

III How Decentralization was Implemented: Changing Institutions and Their Roles

- A. Ministry of Education from controlling to enabling institution providing solely financial, monitoring, and regulatory mechanisms
 1. central government continued financial commitments and in-kind transfers
 2. amount of financial transfer based on number of pupils, grade level, and location of school
 3. central government provided food, preventive health care and textbook programs as transfers if school chose to participate in programs
 4. schools compete for funds for improving schools in general and deficit financing
 5. schools keep records on attendance, adopting national education plans, and abide by class size limits
 6. all schools required to have a Parent Center to encourage participation
 7. student selection is not monitored by the Ministry
 8. national testing to monitor educational performance
- B. Regional Ministry focus on capital finance projects
- C. Provincial Departments have inspectors verify that records and infrastructure are adequate and supervisors visit schools and offer technical assistance
- D. Municipalities administer and maintain schools

In this case, decentralization was a process rather than a reactive policy to improve Chile's educational system. Political and economic forces encouraged the change of who determines the rules and how they can be altered. Decentralization should not focus on just changing what the rules are (Bird and Vaillancourt, 23).

Questions for Further Discussion:

1. In the case of Chile, we assume that the structure of decentralization is best fit to respond to local demands. What other assumptions do those who advocate for decentralization make? What incentives/mechanisms in this case, if any, are in place that encourage accountability to the students and facilitate changes within a school? How feasible are these mechanisms to ensure an adequate provision of education?
2. Chile's educational reform was an incremental process rooted in political ideology and economic theory. How does a country's history shape the way decentralization is accepted and implemented? For example, from the start Pinochet believed that the private market is the best strategy to provide education to Chileans whereas in the United States, privatization is now emerging as an educational innovation in response to failing schools. How does this difference change the conditions that are needed or the challenges faced to introduce a decentralized educational system achieved through the private sector?
3. In the current state of the world with multiple countries dealing with internal conflict, would the option of decentralization be best in fragmented societies or is a strong central, unified state a prerequisite to decentralization (assume that equal amounts of funds are available through both central state control or decentralized control)?
4. How would the process by which we decentralize a sector differ in a city versus a country? Would it change the way we raise funds (i.e. greater reliance on user fees or taxes) or the difficulties ahead?
5. Can we think of any sectors that would be difficult to decentralize due to externalities and economies of scale?