

CHAPTER 3

Basic Framework of Accountability in the Education Sector

Introduction: What Is Meant by Accountability and Why is it Important?

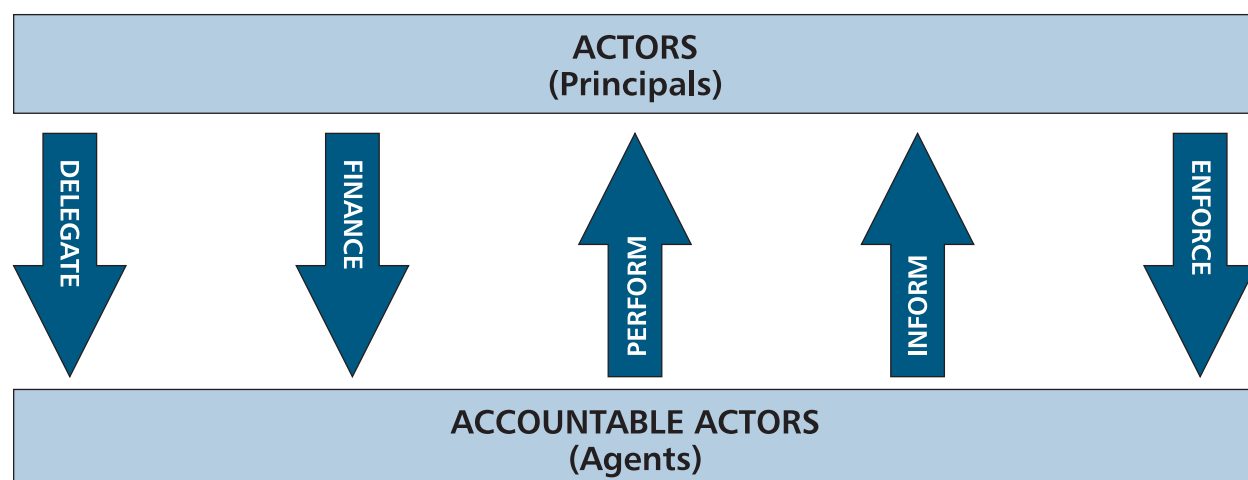
Improving education services delivery and outcomes is not an easy task. It involves a complex range of actors and relationships, closely interconnected. This chapter introduces the accountability framework elaborated in the World Bank's *World Development Report 2004*. This framework is helpful to identify who are the key actors involved in the chain of public service delivery, and to understand how these various actors interact with each other. Ultimately, the framework will help analysts understand why public service delivery works, or does not.

The proposed framework is essentially an extended principal-agent analysis⁷ in which the relationship between the principal and agent is called a relationship of accountability. (This chapter follows the *World Development Report 2004*'s definition of accountability.) Broadly defined, it refers to a relationship, among various actors or stakeholders, which has five key

features: delegation, finance, performance, information about performance, and enforceability (Figure 2).

Relationships of accountability can be as simple as buying a sandwich or taking a job. In buying a sandwich, you ask for it (delegation) and pay for it (finance). The sandwich is made for you (performance). You eat the sandwich (which generates relevant information about its quality). And then you choose whether or not to buy another sandwich another day (enforceability), affecting the profits of the seller. Likewise, in a typical employment relationship, a person is given a set of tasks (delegation) and is paid a wage (finance). The employee works (performance). The contribution of the employee is assessed (information), and the employer acts to reinforce good or discourage bad performance (enforceability). Two points are worth emphasizing. First, accountability involves several mutual relationships between various agents and principals. Second, weaknesses in any aspect of accountability can result in service delivery failures. One cannot strengthen enforceability in isolation—for example, holding providers (i.e., the

Figure 2: The Five Features of the Relationship of Accountability



⁷ In economic theory, the actors who hold others accountable are sometimes called *principals*, and the actors who are held accountable are called *agents*.

agents) responsible for outputs and outcomes. If providers do not receive clear delegation, with a precise specification of the desired objective, increasing enforceability is unfair and ineffective. Likewise, if providers are not given adequate resources, holding them accountable for poor outcomes is again unfair and ineffective.

The accountability framework presented in this chapter is important because it provides a way to understand the underlying causes of service delivery failure by identifying: (i) which relationship of accountability was the weak link; and (ii) within the relationship of accountability, which was the missing feature (delegation, finance, performance, information, or enforceability). The framework therefore helps diagnose not just the symptoms of poor performance and the proximate determinants of these symptoms. It also provides a way to analyze the underlying institutional causes of poor performance.

The Conceptual Framework: Key Actors and Relationships of Accountability in the Education Sector

Numerous scholars and policy makers have presented frameworks for understanding issues of accountability in public services provision in general and in education in particular.⁸ This literature has been usefully synthesized in the *World Development Report 2004*, which distinguishes three actors: (i) the clients or customers of public services; (ii) the direct service providers; and (iii) the policy makers who make decisions about how much of the service to provide and how to organize its finance and delivery. This chapter discusses how this framework applies specifically to the education sector.

Clients. There are two main clients of public education. One is the direct beneficiary—the students and their parents. The other is the indirect beneficiary—the citizens who receive benefits from living among a well-educated population and a productive labor force. Clients have a dual role. As students and parents, they are the direct beneficiaries

of education services. As citizens, they participate in political processes that define collective objectives, they strive to control and direct public action in accomplishing these objectives, and they pay taxes and contribute to the government budget.

Direct Service Providers. The frontline service provider of education is the school, including its head teacher, teaching faculty, and other resources. However, the school is supported by a large array of actors, such as supervisors, teacher trainers, curriculum specialists, and assessment experts. Some of these actors are located at the point of service delivery, but many are located elsewhere—district office, provincial office, etc.

Policy Makers. Policy makers set the fundamental rules of the game in which service providers operate by regulating entry, enforcing standards, and determining the conditions under which providers receive public funds. Numerous actors play a role in policy making—elected public officials, appointed public officials who head the education and finance ministries, senior managers in the education bureaucracy who ensure that policies are implemented, and actors outside government that can influence education policies, such as teachers' unions and think-tanks. When the responsibilities for financing and delivering education are split across levels of government, the web of policy makers can be particularly complex.

These three groups of actors constitute the triangle involved in education accountability. Taken together, they determine education outcomes through their actions and interactions. These groups are in turn influenced by the incentives faced by each agent. Moreover, the agent's incentives depend on the education sector's relationships of accountability.

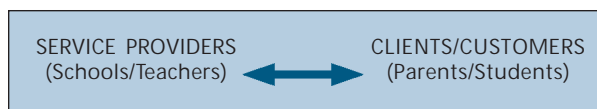
To illustrate what accountability means in the context of the education sector, one might first consider the example of a private school. Parents pay tuition and send their children to the school—they *delegate* the education of their children to the school

⁸ See for example, F. Newmann, M. King, and M. Ridgon. 1997. "Accountability and School Performance: Implications for Restructuring Schools." *Harvard Educational Review*, vol. 67, no. 1, pp. 41-74; and D. Winkler. 2003. "Strengthening Accountability in Public Education: The Challenge Facing Central America and Mexico." Mimeo. Research Triangle Institute. Paper prepared for the Civic Engagement for Education Reform in Central America project funded by United States Agency for International Development (USAID).

and *finance* the school so that it might carry out its responsibility. The school *performs* by teaching the children. Parents obtain *information* by talking to their children and finding out how they like the school and how much they are learning. They then *enforce* their decision by leaving their children in school or withdrawing them. In the case of private education, clients directly buy education services from a private school (Figure 3). Money flows directly from the client to the service provider, and the service provider is directly accountable to the parent (with an education ministry oversight role). Schools that fail to respond to client demand and expectations are likely to find themselves quickly out of business.

In public schools, however, the story is much more complicated. Clients make their preferences known to policy makers through political processes and finance their demands through general taxes. This is called *voice*. The policy makers formulate policies, which reflect those preferences, and command the service providers to implement these policies. This is called a *compact*. The service providers follow the policies and regulations delivered from above and with the financing made available deliver instructional services to children and their parents.

Figure 3: The Short Chain of Accountability in Private Education

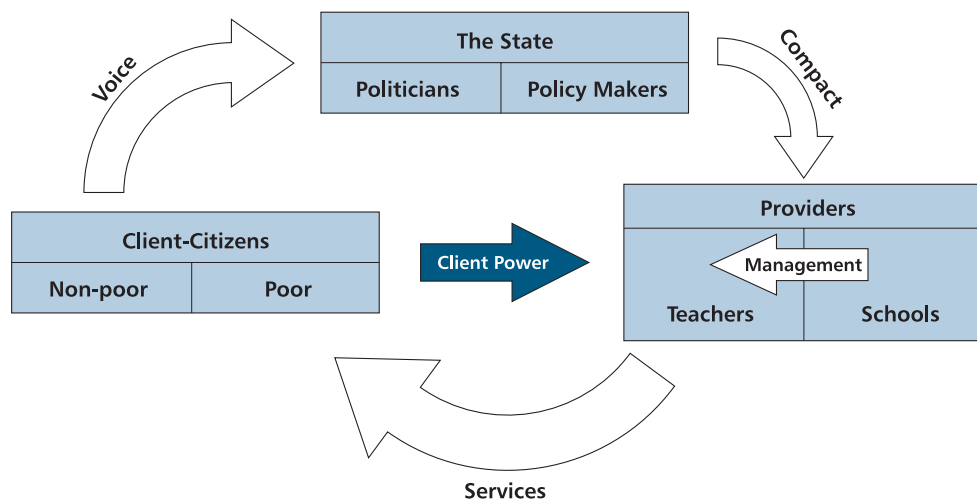


This is called *management*. Voice, compact, and management form a chain of accountability that links clients all the way around to the school and teachers (Figure 4). Like any chain, this one is no stronger than its weakest link. At each link, failure is possible—of voice, compact, or management—and they can all lead to service delivery failures. And, as in the case of private education, provider organizations and teachers should also be directly held accountable to client citizens. This is called *client power*.⁹

Why is Accountability Poor in Public Education?

Public provision makes accountability more complicated. In the market transaction (Figure 3), one relationship of accountability, between the client and the provider, was enough. In the provision of public education (Figure 4), however, there are three categories of actors and there are at least four

Figure 4: The Long Chain of Accountability in Public Education



Source: World Bank. 2003. *World Development Report 2004*.

⁹ This framework greatly simplifies the reality in education. The role of clients as service beneficiaries does not imply that all clients are alike or have the same views. Individuals and households may disagree about collective objectives and work to promote their own views, sometimes at the direct expense of others. Politicians and policy makers are not necessarily one and the same. There can be several types of providers (public and private). When the organizational provider is in the public sector, the analytical distinction between the policy maker and the provider becomes blurred. Nonetheless, this framework is useful to illustrate how the service delivery chain works.

Box 1: The Client Power Relationship

Delegation	Parents rely on teachers and school systems to provide an education for their children.
Finance	Parents finance schools indirectly through their taxes and directly through school fees and other supplementary private expenditure. However, this is likely to be a weak link in the accountability relationship.
Performance	The provider organization creates adequate facilities and supplies scholastic materials. Teachers show up, lecture, grade, etc.
Information	Parents and students are in the best position to assess whether teachers and school systems are doing the job adequately. Still, the degree of communication between students (who see teachers' performance first hand) and parents (who can do something about it) varies. Parents and students may not know what part of an education will turn out to be most valuable later in life.
Enforceability	This is likely to be another weak link in the client power relationship as many policies are set in a top-down fashion, with schools reporting to higher authorities rather than clients.

relationships of accountability (voice, compact, management, and client power) which should, but may not always, exist among them. Furthermore, in order for an accountability relationship to work, all five of the features must be present. Without delegation, no relationship is initiated. Without finance, the agent lacks the means to perform the delegated task. If the policy maker has enforceability but no information, he or she cannot make a credible threat to punish the provider for nonperformance because he or she does not know when to carry it out. Knowing this, the provider has no incentive to perform. If clients have information but no enforceability, they cannot make a credible threat as they have no power to punish the provider—again, the provider has no incentive to perform. The following paragraphs discuss why accountability is generally weak in public education.

Are Providers Accountable to Clients (*Client Power*)? Information about performance is typically present in the client power relationship, as parents

probably have a good idea of what is going on in their children's schools (Box 1). However, finance and enforceability are likely to be missing. Parents typically do not pay teachers' salaries, except indirectly through their tax contributions, nor do they have the right to hire, fire, or promote teachers to enforce their expectations.

How Accountable are Frontline Providers to Provider Organizations (*Management*)? Unlike parents, provider organizations pay teachers and have the notional power to hire, fire, promote, give raises, and so on (Box 2). In practice, however, this authority is rarely exercised. Firing a teacher for poor performance or even absenteeism (enforceability) is often difficult. Information is also a problem. Even if someone in the provider organization, such as the head teacher, knows whether a teacher is performing or not, those with the information and those authorized to hire and fire may not be the same. As a result, almost no one

Box 2: The Management Relationship

Delegation	Provider organizations hire teachers to run the classroom, take attendance, administer the curriculum, and evaluate student performance.
Finance	Schools may pay teachers or they may receive salaries directly from the center, although the school may still provide bonuses, housing allowances, etc.
Performance	Management should seek to induce high-quality teaching.
Information	Head teachers and other education administrators must make efforts to find out whether teachers are teaching well.
Enforceability	The authority to fire nonperforming and underperforming teachers is useful to administrators who want to establish high standards of performance in their schools. But administrators do not always enjoy such authority. Firing a teacher is often impeded by legal barriers or by tenure arrangements.

Box 3: The Compact Relationship

Delegation	Policy makers set broad policy outlines and then authorize provider organizations to carry them out.
Finance	While regimes differ, most school funding is usually allocated at the center and channeled through the hierarchy of the school.
Performance	A provider organization should execute its tasks efficiently and honestly.
Information	All too often, policy makers know little about what happens to funds after they have been disbursed.
Enforceability	In theory, policy makers have the authority to replace personnel and overhaul the organization structure. In practice, they may face stiff resistance from vested interests.

suffers adverse consequences if children fail to learn. In most countries, teachers' pay is rarely linked to their performance in the classroom and teachers and head teachers very rarely lose their jobs as a result of poor school performance. In developing countries, teachers are seldom evaluated, much less rewarded or penalized for performance.

Are Provider Organizations Accountable to Policy Makers (*Compact*)? Policy makers who channel finance to provider organizations notionally have the right to reform or overhaul them if they are not satisfied with their performance. In practice, the political clout of teachers' unions may make this difficult (Box 3). Furthermore, even if politicians are ready to challenge vested interests, they may have only a vague idea of how well the education system is doing or what is required to make it work better. This problem of information asymmetry gives service providers a large degree of latitude to follow their own agendas. Education services are transaction intensive, involving multiple tasks and agents, and the transactions require discretion, such that teachers must continuously decide on the pace and structure of classroom activities. Services that are both transaction intensive and discretionary present challenges for policy makers, because it is difficult for them to know if the providers have performed well.

Are Policy Makers Accountable to the Public (*Voice*)? In the private marketplace, or in the purchase of private education, clients' direct purchase of services gives them a strong voice. In publicly provided services in general, and in education in particular, clients have a weak voice and often incur high transaction costs in making their voice heard. Parents express their voice by

voting for national legislators and leaders who raise and expend revenues consistent with the desires of the average voter. These elected leaders are responsible for the full range of public services, not just education. The voice of parents demanding more or better education may be extremely weak compared with the voice of stakeholders in other sectors wanting more funding, the voice of teachers' unions, or the voice of the general population not wanting to pay more taxes.

Strengthening Accountability and Improving Performance

Several broad principles have been suggested in the literature to strengthen accountability.

Strengthening Client Power. Public service delivery performance can be improved significantly by strengthening the link between clients and providers. Increasing client power can be more effectively achieved through improved choice and/or participation. The most direct way to make service providers accountable to their clients is to make whatever they get out of the transaction depend on their meeting the clients' needs. In market transactions, this is done by a buyer paying money to the seller. But that is not the only way. Payments by governments to schools (and the pay of teachers) can depend on the number of students enrolled and continuing with their studies. Vouchers issued to consumers are another method for linking service provider compensation to consumer choices, even though the consumer is not the original source of the funds. Another argument for having money follow clients is as follows. When people buy things, they tend to make sure that they get them and they pay more attention to the quality of what they get.

Many services problems can be improved by making sure that payment follows clients; however, for any of this mechanism to work, clients must have a real choice with real options.

Choice-based improvements alone cannot be a solution to the problem of poor services, especially for the poor. Complementary policies may be necessary as well, and include the following.

- **Increasing the Purchasing Power of the Poor by Providing Them with Finance Directly.** The big problem with services that can, in principle, be provided in markets is that poor people do not have enough money to pay for them. For market mechanisms to help the poor, their purchasing power must be increased. In education, vouchers are one way of handling this, but there are other mechanisms as well, such as scholarships, stipends, and tuition waivers.
- **Increasing the Scope of Competition.** Sometimes increasing competition merely means allowing a private sector to emerge where laws previously restricted entry. But competition can also be encouraged by allowing subsidies to the poor to be used both in public and private schools.
- **Increasing Information to Improve Consumer Choice.** One critical limit to well-functioning competitive markets is the consumer's awareness. The private sector is very heterogeneous. Private or nongovernment organization schools may cater to specific skills not provided in the public sector (foreign language, religious studies, art and music, etc.) or they may just be profit-seeking ventures. An essential part of improving people's choice is to provide information about these providers. Many times people simply do not know enough to choose better (or worse) services.

The accountability of providers to clients can also be achieved when people voice their concerns. In this

case, enforceability is not through the clients' money but through their direct participation in the delivery process (monitoring, voicing encouragement or complaints, etc.). The direct participation of parents in schools—as volunteers, monitors, or sources of cofinancing—can increase their power. While financial and in-kind contributions do not ensure an important role for parents in school decision making, they do pose the threat that the school's failure to listen to parents may result in decreased school resources.

Improving Compact and Management.

Strengthening compact and management is necessary for creating proper incentives for good performance. Instructions to providers must be clear and backed with sufficient resources. Good information on the actions of providers and the outcomes of those actions must get to the policy makers. And remuneration must be tied as closely as possible to these outcomes. In this context, accountability can be improved by: (i) clarifying responsibilities by separating the role of policy maker and provider, (ii) ensuring adequate monitoring, and (iii) providing good information.

- **Separating Policy Makers from Providers.** This can help sharpen incentives for the following three reasons. First, policy makers, balancing political pressures, can insulate providers from the problem of meeting the demands of many "masters" with conflicting aims and can offer unambiguous instructions. Second, provider organizations can sometimes face performance-based incentives more easily than individuals.¹⁰ Increased incentives for good performance at the school level can take many forms. One is financial. For example, schools that perform better than expected or that meet agreed-upon performance targets can be rewarded financially. Another is to create strong political consequences by publicizing school performance scores. Third, managers of the provider organizations, if they have flexibility over operational decisions, can supervise staff and choose the appropriate form of remuneration that best reflects local conditions.

¹⁰ The most difficult problems, particularly for the social sectors, are the dual problems of measuring outcomes and attributing these outcomes to the actions of providers. Test scores may adequately reflect certain educational goals, but abstract thinking and social adaptability and not so easily measured. These problems make it impossible to have performance contracts that make payments to individual frontline providers depend on outcomes. All contracts will necessarily be incomplete, requiring at least some payment of wages independent of outputs. When the actions of the provider are specified in great detail, the results are often less than optimal because of inflexible response to local variation.

For teachers, career advancement and salaries should be more closely tied to performance, even if all contracts are necessarily incomplete (footnote 10).

- **Ensuring Adequate Monitoring.** All contracts (both compacts and management relationships within provider organizations) need to be monitored independently and with objectivity. If the policy maker and the provider organization are separated, the former will want to know whether compact provisions are satisfied. Competition among providers helps, since the policy maker will not feel locked into using a particular provider, and so obliged to ignore bad news. If they are not separated, an independent regulator or auditor should be assigned the monitoring activities. When monitoring is difficult because of the technical nature of the service provided, the policy maker may want to enlist the help of other kinds of monitors. For example, soliciting information from clients can be very useful, as they are usually much better informed than policy makers about what is going on in their particular schools.
- **Providing Good Information.** Generating and disseminating information are powerful means to improve service delivery. They are also clear public goods and the responsibilities of the government. Accurate information can motivate clients to demand better service. Knowledge of the real impacts of a program also helps the policy maker set priorities and design better compacts, while knowledge of the impacts of different techniques of service delivery helps the provider organization better fulfill its compacts. Policy makers and parents need three kinds of basic information about their schools—minimum service standards, academic performance, and financial performance. Minimum service standards set a benchmark of inputs about class size, teacher qualifications, and building safety, etc. Academic performance includes measures of student learning and academic success, standardized test scores, repetition rates, drop-out rates, and university acceptance rates. Financial performance includes measures of resource adequacy and efficiency (discussed

further in Chapter 4). Evaluation of the information is a more complex process that seeks to assign causality between program inputs and real outcomes, and should be directed at the full impact of programs, not just the direct outputs of specific projects. There are, though, impediments to collecting such information, since provider organizations often do not want to acknowledge their lack of impact (even if it may not affect their revenue directly), but knowing when things are not working is essential for improvements. Further, it is necessary to know not just what works but also why, in order to replicate the program and even increase its coverage.

Strengthening Client Voice. Voice is the relationship of accountability between clients and policy makers through which clients express their preferences and influence policy makers. As noted earlier, accountability must have the quality of answerability (the right to receive relevant information and explanation for actions) and enforceability (the right to impose sanctions if the information or rationale is inappropriate). In principle, elections provide clients with both answerability (assessing a candidate's record) and enforceability (voting a candidate in or out). In practice, countries vary greatly on both dimensions, depending on the political setting. When elections are not enough, other approaches may be needed to enable clients to hold policy makers more directly accountable for services. These activities do not replace the electoral process, but complement it to strengthen the long route of accountability. As in the case of client power, client voice can typically be strengthened through a combination of increased information and participation. Participatory mechanisms such as parent-teacher associations and school boards give parents an opportunity to organize themselves and have a more effective voice with policy makers.

Client voice can also be strengthened through decentralization. Decentralizing delivery responsibilities for public services is prominent on the reform agenda in many developing countries (e.g., India, Indonesia, Pakistan, and Philippines). A key objective, usually linked to the political motivation for decentralization, is to strengthen clients' voice by bringing services and policy makers closer to clients.

There has also been a push for institutionalizing greater autonomy of decision making to the schools themselves. These interventions are also likely to address the credibility of policy makers. Policy makers located at the center far from the communities where services are delivered cannot credibly commit to improving service quality in such transaction-intensive services as education. At most, they can only commit to providing such verifiable elements as infrastructure, equipment, and salaries.

The varied experiences with education services delivery across countries show that no single solution fits all countries. Furthermore, some of the options suggested above may not be suitable in particular country contexts. One must therefore adapt to the particular circumstances of the country considered. For example, countries differ in the capabilities of different tiers of government to develop policies, transform policies into programs, implement these programs, and deliver the final education services. Which level of government is responsible for what should therefore inform the service delivery arrangements. Likewise, the degree of homogeneity of clients is also important in determining the optimal service delivery arrangements. In general, the more people differ in their desires, the greater the benefits from decentralization. In comparison with more advanced countries, developing countries face several additional challenges that make improving accountability even more difficult, including (i) citizens' lack of experience with popular democracy, resulting in passive behavior that reduces the voice of clients; (ii) pervasive weak management practices in the public sector, making it difficult for the education sector alone to improve its management; and (iii) poor public sector budgeting and spending practices, making for unpredictable education funding.

Summary: Implications for ADB Education Practitioners

Education achievements are the outcomes of decisions taken by many agents. In such a complex framework, what are the opportunities available for improving education services delivery? An opportunity in this context is a feasible intervention that affects outcomes. An intervention just means some induced change that could be anything from greater

expenditure to increased teacher training, to the adoption of new textbooks, to lower school fees, to systemic changes in the “rules of the game” for running schools. Any assessment of the opportunities must invoke a plausible model in which the intervention changes the previous decisions made by parents or teachers in a way that leads to more learning (through new enrollments, less repetition, or other results) in the post-intervention situation.

To evaluate an opportunity, practitioners have to specify a complete, coherent, causal chain from the action to the desired outcome. That chain has to include a plausible behavioral model for each agent (parent, child, teacher, head teacher, policy maker, etc.) whose actions are on the critical path from policy action to outcome. There needs to be an answer the question “Why will they do that?” for everyone involved in the chain. If practitioners claim that building more schools will increase enrollment, they need to be able to explain why the children will show up. If they claim that expanding the budgets will raise learning, they need to be able to say why those using the additional resources will use them to increase learning. If they claim that rigorous evaluation will improve outcomes, they need to be able to say why the new knowledge will be adopted. And if they claim that teacher training will improve learning, they need to be able to say why the training will change teachers' behavior.

The principal message of this chapter (which is also the key message of the *World Development Report 2004*) is that the currently observed poor education outcomes are largely the result of endogenous and systemic failures, i.e., failures in the relationships of accountability among the key actors involved in the education sector. In many countries, the key constraint to improving education outcomes is the way in which the production of schooling is organized—the relationships of accountability for performance simply do not exist (i.e., there are too few incentives to create performance-oriented management in either the government or market sectors). This chapter has provided several broad suggestions to strengthen accountability and improve performance. Effective solutions are likely to be mixtures of them, but the pieces have to fit together as a system. For example, more scope for parental choice without greater

information about schooling outputs will not necessarily lead to better results. Information systems that provide data on inputs but do not change the capabilities or incentives of frontline providers cannot improve quality. Schools and teachers cannot be made more accountable for results without also receiving sufficient autonomy and resources as well as the opportunities to build capabilities. Conversely, schools cannot be given autonomy unless they are given clear objectives and regular assessments of progress.

There is no quick fix in an area as complex and extensive as education. Responses may be

categorized as follows. First, careful problem diagnosis is needed, which goes beyond symptoms and focuses on the real causes of the problems. Institutional, organizational, and incentive concerns must be addressed as an integral part of the problem diagnosis to assess whether a working accountability framework exists. Second, if the diagnosis reveals issues with this framework, they must be addressed in the design of interventions. This entails gradually linking current operational projects or programs (focusing on curriculum design, pedagogical methods, textbooks, teacher training, school construction, or new information technologies) with long-run institutional strategies and goals.