

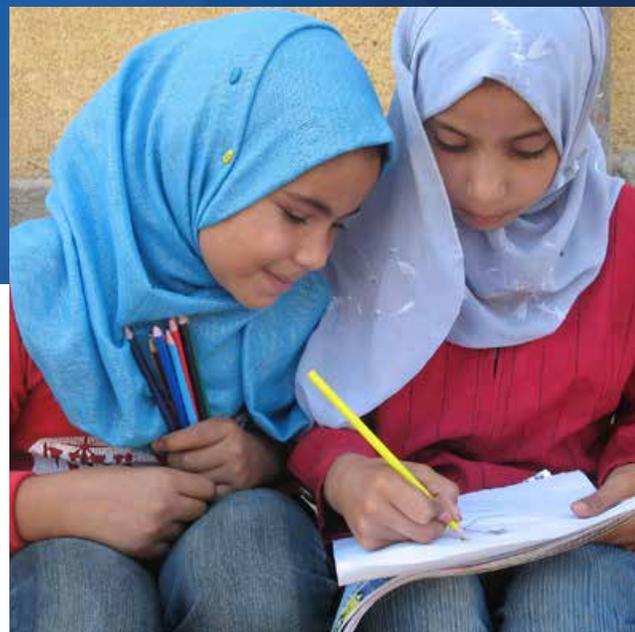
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Decentralization and Decentralized Education Finance in Egypt (2007–2013)

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Abstract

Over the period 2007–2013, a series of undertakings were made to introduce fundamental elements of decentralized education finance to Egypt. In 2009, 8.4M Egyptian pounds (EGP) of the Government of Egypt's (GOE) budget was decentralized to every primary school in three pilot governorates. By 2013, EGP 1.2B of the GOE's money had been decentralized nationwide. This paper describes what these undertakings strived to achieve, what specifically was done to achieve these objectives, the degree to which these objectives were achieved, the reasons why they were achieved to the degree they were with particular attention paid to the institutional and political context within which these undertakings unfolded. The account of the technical work that was undertaken to decentralize these funds is important, but more important is the account of the interplay between the technical work, the fact that this work supported a GOE-led initiative, and the volatile political environment—pre-revolution, revolution, and post-revolution Egypt—in which the work was done for it is here where important lessons about reform emerge.

Abbreviations and Glossary

ABEL	Advancing Basic Education and Literacy	DSU	Decentralization Support Unit	MOE	Ministry of Education
BAB1	budget chapter for personnel recurrent expenditures	EGP	Egyptian pound	MOF	Ministry of Finance
BAB2	budget chapter for nonpersonnel recurrent expenditures	EQUIP2	Educational Quality Improvement Program 2	NDP	National Democratic Party
BAB6	budget chapter for capital investment	ETP	Enterprise TVET [Technical and Vocational Education and Training] Partnership	RTI	RTI International (registered trademark and trade name of Research Triangle Institute)
CD	compact disc	GAEB	General Administration for Education Buildings	SIP	school improvement plan
		GOE	Government of Egypt	TCAM	Temporary Cash Advance Mechanism
		HDI	Human Development Index	TVET	Technical and Vocational Education and Training
		KfW	Kreditanstalt für Wiederaufbau	USAID	United States Agency for International Development

Introduction

Over the period 2007–2013, a series of undertakings introduced fundamental elements of decentralized education finance to Egypt. In 2008, 8.4M Egyptian pounds (EGP) of the Government of Egypt's (GOE's) budget was decentralized to every primary school in three pilot governorates. By 2012, EGP 1.1B of the GOE's money had been decentralized nationwide (see Table 1).¹ This paper describes what these decentralization undertakings strived to achieve, what specifically was done to achieve these objectives, the degree to which these objectives were achieved, and the reasons why they were achieved to the degree they were—with particular attention paid to the institutional and political context within which these undertakings took place—as well as the key lessons emanating from this 7-year endeavor.

Table 1. Summary account of funds decentralized, amount spent, and number of students and schools impacted

Fiscal year ^a	Amount decentralized (EGP)	Amount spent	Number of schools	Enrollment
2008/2009	8.4M	8.4M	2,789	867,185
2009/2010	10.1M	10.1M	3,080	957,665
2010/2011	385.6M	263.7M	37,734	14,543,067
2011/2012	575M	350M	38,365	15,456,295
2012/2013	1.15B	Not available	38,963	15,641,587

EGP = Egyptian pounds.

^a The fiscal year in Egypt runs from July 1 to June 30.

For purposes of this paper, *decentralization* refers to the measures taken to render a relatively more centralized education system, or elements thereof, more decentralized; specifically, to formally transfer some roles and responsibilities held by the center to lower-level (i.e., district, school) government actors. This is done largely to improve overall service delivery, as it relates to addressing lower-level needs and wants as well as improving speed of transaction.

It is also done to improve accountability (Healey & Crouch, 2012).

The work described in this paper was carried out by a small team of international and Egyptian researchers who were funded by two projects of the United States Agency for International Development (USAID) and a number of Ministry of Education (MOE) personnel (henceforth referred to jointly as “the Team”). From 2007 to 2009, the work was supported by the Educational Quality Improvement Program (EQUIP2); from 2009 to 2013, the work was funded by the Girls' Improved Learning Outcomes project.

While this work was funded by USAID, it is important to realize that neither project was a traditional decentralization project.² Rather, through these projects, USAID provided technical assistance to support a GOE decentralization initiative—a GOE-driven effort that emerged within a highly centralized government context and that waxed and waned but never completely stopped as a revolution took place and the tumultuous events of post-revolution Egypt ensued.

The technical work described in this paper may have interesting points in itself, but the real value of this paper lies in the interplay among the technical work, the fact that this work supported a GOE-led initiative, and the volatile environment in which the work was done, for it is in this nexus that important lessons about reform emerge. This is the reason for the length of the paper and its level of detail—that is, to provide sufficient information to the reader for these lessons to become apparent.

¹ In 2008, the exchange rate for Egyptian pounds was about 5.5 to the US dollar. By 2013 it had increased to around 7.0 to the US dollar.

² Over the years, USAID has developed and implemented decentralization projects that have their own internal goals and objectives. These projects work closely with host-government counterparts, and the goals and objectives are aligned to host-country plans. With the USAID-funded work described in this paper, however, the reverse was true: USAID paid for technical assistance to support a GOE-led decentralization effort.

Background

The preuniversity education system in Egypt is structured largely along political jurisdictions. At the center, there is the MOE³ along with other key actors that were integrally involved in these undertakings to decentralize education finance: the General Administration for Education Buildings (GAEB), the Ministry of Finance (MOF), and the State Ministry of Local Development. Immediately below the center are the governorates, each with a presidentially appointed governor and an elected local popular council. Every governorate has an education department, the *muderiya*, directed by an undersecretary. Below the governorates are the districts, each with its district head and an elected local popular council. The district education department, the *idara*, is directed by the idara head. Below the idaras are the schools, all of which are administered by a head teacher and each with a board of trustees, some members of which are elected, others of which are designated by the board of trustees decree that establishes this body.

As noted earlier, education decentralization refers to the transformation of a relatively more centralized education system to a relatively more decentralized one. A more centralized education system is characterized by a center that performs a number of functions that could otherwise be done by lower-level entities; a high degree of “vertical” command-and-control interjurisdictional bureaucratic accountability; a low degree of horizontal accountability; and a great deal of homogeneity in what is taught, how it is taught, how things are done, etc. A more decentralized education system is characterized by schools and districts (as opposed to the center) doing more of the work, and the center playing more of a supervisory role; a high degree of horizontal accountability; a low degree of vertical command-and-control interjurisdictional bureaucratic accountability; and a fair amount of

heterogeneity in what is taught, how it is taught, how things are done, etc. (Busemeyer, 2012; Faguet, 2004; Healey & Crouch, 2012; Hill & Bonan, 1991; Litvack, Ahmad, & Bird, 1998; Rondinelli, Nellis, & Cheema, 1983; Sharma, 2005; Smoke, 2000; Welsh & McGinn, 1999; Winkler, 2005; World Bank, 2003).

In 2007, Egypt was a highly centralized country. Along the administrative side of the system, everyone (undersecretaries, *muderiya* staff, idara heads, idara staff, head teachers, and teachers) was centrally hired. The *muderiya*s were simply deconcentrated extensions of the MOE operating in the governorates; the idaras were deconcentrated extensions of the *muderiya*s operating in the districts; and in some instances, the idaras were deconcentrated extensions of the MOE (i.e., the idara reported directly back to the MOE). While boards of trustees and local popular councils existed as “governing” bodies, there was virtually no horizontal accountability—these governing bodies had almost no control over the administrative bodies operating at their level. There was a national curriculum; the textbooks were designed, developed, printed, and distributed by the center; and school construction was centrally run by GAEB which, through its branch offices, decided where new schools should be built, what schools were to be rehabilitated, where major maintenance was to be done, and what would be done in the way of minor maintenance.

Education finance was no less centralized. Schools received virtually no GOE funds—only goods and services, the amount and nature of which were decided by others more centrally located. While idaras and *muderiya*s received GOE funds, they had little control over how those funds were spent, for their budgets were centrally determined and they had minimal freedom to move funds from one line item to another. It was in this arena that the Team was asked by USAID to help the MOE/GOE forge an approach to decentralized education finance.

³ The MOE consists of the core ministry, which is referred to as the diwan, and a number of specialized agencies such as the Center for Curriculum and Instructional Materials Development, the National Center for Evaluations and Educational Evaluation, the Professional Academy for Teachers, and the General Administration for Education Buildings.

What the Team Set Out to Achieve

The Team strove over the course of 7 years to achieve a number of objectives. These objectives emanated from a robust understanding of what the literature says about decentralization (Ahmad & Brosio, 2009; Faguet, 2004; Hannaway & Carnoy, 1993; Healey & Crouch, 2012; Hill & Bonan, 1991; Kim, 2008; Litvack et al., 1998; Naidoo, 2002; Welsh & McGinn, 1999; Winkler, 2005), decentralized finance (Archer, 2004; Baker, Sciarra, & Farrie, 2010; Basher, 2003; Hoxby, 2001; Monk, 1990; Odden & Busch, 1998; Odden & Picus, 2008), and the Team's own experiences working in both realms.

Equity in funding. One objective was to introduce equity- or needs-based-formula funding (Archer, 2004; Augenblick, Myers, & Anderson, 1997; Baker, 2009; Basher, 2003; Berne & Stiefel, 1994; Crouch, 2005; Hadderman & ERIC Clearinghouse on Educational Management, 1999; Hoxby, 2001; Monk, 1990; Ross & Levacic, 1999; Shambaugh, Chambers, & DeLancey, 2008). In other words, in situations where higher-level entities transfer funds to lower-level entities, this transfer should ensure a high degree of funding equity. However, an examination of *muderiya* nonpersonnel recurrent (“BAB2”⁴) budgets showed that the money they received from the MOF varied in per-student terms by ratios of as much as 100 to 1 (Healey, Crouch, & Hanna, 2014).

One way to address this issue is to use an enrollment-based funding formula, one in which the total amount of money to be decentralized is divided by the enrollment of the catchment area in which the money will be decentralized. So, if EGP 200M were being decentralized to a set of schools, the total enrollment of which was 15,663,735, every student would receive approximately EGP 13, and every school would receive EGP 13 multiplied by that school's enrollment.

The drawback to simple enrollment-based formula funding is that it does not account for need. Poorer *muderiya*s, *idas*as, and schools often need more

money on a per-student basis than their richer counterparts in order to provide the same quality of education—an arrangement referred to as vertical equity (Toutkoushian & Michael, 2007). This is so largely because schools in poorer regions of the country are generally more disadvantaged than schools in less poor parts of the country: Good teachers prefer not to teach there, parents and communities cannot donate as much, and it can cost more to transport materials to some schools in remote and poor rural areas.

To address this issue of vertical equity, funding formulas should be both enrollment- and needs-based (Archer, 2004; Augenblick et al., 1997; Baker et al., 2010; Berne & Steifel, 1994; Hadderman & ERIC Clearinghouse on Educational Management, 1999; Hoxby, 2001; Ross & Levacic, 1999; Shambaugh et al., 2008).

The Team's funding formula addressed need by factoring in poverty, as defined by the United Nations Development Programme's Human Development Index (HDI; the HDI is a composite indicator used to measure and rank geographic regions' level of development). Accordingly, the poorest governorates (Fayoum, Assuit, Mina) now receive more money on a per-student basis than the less-poor governorates (Port Said, South Sanai, Red Sea), as shown in Table 2.

Local control of finances. A hallmark of any decentralized education system is lower-level control over financial resources (Archer, 2004; Healey & Crouch, 2012; Odden & Busch, 1998; Picus & Odden, 2011; Shambaugh et al., 2008; World Bank, 2003). Accordingly, the Team sought to afford lower-level jurisdictions as much control over the money they received as possible. During the pilots, along with the money that schools received came a lot of freedom in how to use it. However, when the effort went nationwide, the only money that became available for decentralization to schools had to be spent on maintenance.

Horizontal accountability. The Team also strived to introduce a modicum of horizontal accountability (Brinkerhoff & Wetterberg, 2014; Healey & Crouch, 2012; World Bank, 2003). This term means that the administrative body at a particular level of the system, say the *idara*, is to some degree accountable

⁴ In Egypt, the budget chapters are referred to as “BABs.” For example, BAB1 is for personnel recurrent expenditures, BAB2 is for nonpersonnel recurrent expenditures, and BAB6 is for capital investment.

Table 2. Example of how an enrollment- and poverty-based funding formula works

Muderiya	HDI	Enrollment	EGP per muderiya	EGP per student
Fayoum	0.669	47,235	15,231,797	322
Assuit	0.681	64,105	20,272,443	316
Minia	0.682	97,376	30,743,444	316
Suhag	0.685	86,095	27,047,718	314
Bani Suef	0.697	44,250	13,625,945	308
Kafr el Sheikh	0.699	52,739	16,185,208	307
Qena	0.699	65,817	20,198,749	307
6th of October	0.705	26,484	8,045,241	304
Giza	0.705	32,570	9,894,030	304
Matrouh	0.706	4,769	1,446,238	303
Luxor	0.712	9,130	2,740,306	300
Behira	0.713	93,533	28,024,716	300
Sharqia	0.715	110,219	32,909,789	299
Menofia	0.719	58,734	17,415,140	297
Qalubia	0.722	66,018	19,472,080	295
Dakahlia	0.723	84,174	24,783,509	294
North Sinai	0.723	7,596	2,236,505	294
Aswan	0.730	26,496	7,704,971	291
Gharbia	0.730	61,727	17,950,058	291
Ismailia	0.733	18,694	5,407,051	289
Cairo	0.737	67,368	19,345,606	287
Helwan	0.737	14,988	4,304,001	287
Alexandria	0.738	42,826	12,275,813	287
Dumyat	0.739	17,185	4,917,054	286
New Valley	0.751	3,623	1,014,057	280
Suez	0.751	11,826	3,310,031	280
Port Said	0.753	8,096	2,257,618	279
South Sinai	0.766	601	1,000,000	273
Red Sea	0.767	4,569	1,240,882	272
Total/Mean		1,228,843	371,000,000	302

EGP = Egyptian pounds.

HDI: The Human Development Index is a composite indicator used to measure and rank geographic regions' level of development.

Source: Calculations generated by the authors.

to the governing body *at that same level*. The greater the degree to which the administrative body is accountable to the governing body, the stronger the horizontal accountability linkage. By way of example, if the district local popular council were to

hire the idara head, and she, in turn, hired all of her sector heads, who then hired their respective staff, the entire idara would be accountable to the district local popular council through the idara head. To this end, the Team developed protocols that involved the school board of trustees in developing the school's improvement plans and that had the board of trustees present the finished school improvement plan to the parents and formally approve it.

Transparency. Next the Team attempted to introduce an element of transparency (Brinkerhoff & Wetterberg, 2014; Crouch & Lombard, 2000; Healey & Crouch, 2012; Hill & Bonan, 1991; Paqueo, Lopez-Acevedo, & Parandekar, 2003; Tembo, 2013; World Bank, 2003). This is achieved when people have a clear understanding of what is going on in the public sphere, and why. Transparency can also be realized when schools know exactly how much money they, and other schools, will receive from a funding formula and the reasons why. In this regard, the Team distributed information to every school that showed how much money every school received, and developed a set of protocols that had each school posting its school improvement plan in a public place and making available to the public an account of all of the school's expenditures as per the plan.

Planning for the money. The Team also attempted to improve the overall planning process as it pertained to the expenditure of decentralized funds. The ordinary planning/budgeting process in Egypt is largely an exercise in needs expression, together with a budgeting process that might have actors adding 5 to 10 percent more money to the amount of money they requested the year before. The Team maintained that real planning takes place when people plan for the money—when they know how much money they will receive and develop detailed plans for how that money is to be spent. With the advent of enrollment- and poverty-based formula funding, end receivers came to have a very good idea how much money they would receive annually, allowing them to develop plans for how that money would be spent.

System-wide context. The Team also felt it was necessary to locate the work the Team was supporting in a larger coherent national “understanding” of what

a high-quality decentralized education system might look like (Healey, 1997; Healey & Crouch, 2012). One of the major problems with education reform is that multiple actors (i.e., donors, politicians, ministers) can introduce multiple reforms concurrently; when added up over time, the reforms do not amount to a viable and coherent whole. Mechanisms such as donor coordination committees may be organized to forge coherence, but because donors all have their own mandates and priorities, these mechanism often fall short of their intended purpose. Needed is a widely owned and well-informed delineation of a viable education system, such that all of the reforms that need to take place to reach that “End State” can be known ahead of time, and when these reforms are enacted, the system moves toward that coherent whole (Healey, 1997; Healey & Crouch, 2012).

Capacity building. Finally, measures were taken to increase individual and institutional capacity. For decentralization to take hold, key stakeholders throughout the system must have a good understanding of what it is, why countries do it, and how it comes about. They must also know how to implement the rules and regulations of their own decentralization as defined by themselves. This understanding and knowledge can be realized only through ongoing training, advocacy, policy dialogue, and implementation support. Equally important is the institutionalization of key elements of a decentralized education system (i.e., horizontal accountability linkages enshrined in a ministerial decree, a decentralization support unit embedded in the MOE’s formal organizational chart).

What follows is an account of what was done during the seven years that stretched from 2007 to 2013 to achieve the objectives outlined above, the problems that arose, and the measures taken to address those problems.

2007–2011: Two Pilots

Preparations

In July 2007, as described in the Introduction, two international USAID-funded decentralization experts and two host-country experts were joined with senior-level experts from the MOE and the

MOF (i.e., the Team). The Team’s task was to work closely with GOE counterparts to develop an approach to decentralized education finance that was informed by both international best practices and the realities of the GOE. This work was overseen by a formal body formed by a ministerial decree issued by the MOF: the Inter-Ministerial Committee for Education Finance, composed of high-level officials and technical experts from the MOE, the MOF, the Ministry of Local Development, the Ministry of Economic Development, and the Central Agency for Organization and Administration. By November 2007, an approach to decentralized education finance was approved and poised to be used. From November 2007 to January 2009, the Team, working closely with their other government counterparts, did all the work necessary to launch a pilot effort:

- developed an enrollment- and poverty-based funding formula;
- made and distributed compact discs (CDs) that showed how much money every school was getting;
- found an existing (although not widely known) MOF mechanism to transfer the money to the schools: the Temporary Cash Advance Mechanism (TCAM);
- drafted a variety of protocols;
- wrote and distributed a combination training manual and how-to guide, the Fiscal Discipline Manual;
- trained people; and
- identified within the MOE’s BAB2 budget the GOE money (EGP 8.4M) that was to be decentralized.

The central element of the approach was an enrollment- and poverty-based funding formula. The enrollment part of the funding formula was based on every jurisdiction’s enrollment. The poverty part of the funding formula was based on a combination of the HDI and enrollment data, as shown in Table 3.

From the enrollment figures, *enrollment shares* were developed, and from the HDI values and enrollment figures, *poverty shares* were developed. From these two shares, giving both an equal weight, the total weighted shares were derived. When the total weighted shares value was multiplied by the available money, or EGP

Table 3. Funding formula used in the first pilot

Jurisdiction	Enrollment	Enrollment share	HDI	1-HDI	Index	Adjusted enrollment	Poverty share	Total weighted shares
Fayoum	548,370	0.648	0.67	0.331	1.24	679,814	0.69	0.669
Luxor City	96,420	0.114	0.71	0.288	1.079	104,004	0.106	0.11
Ismailia	201,384	0.238	0.73	0.267	1	201,384	0.204	0.221
Total	846,174	1.00	Not applicable	Not applicable	Not applicable	985,202	1.00	1.00

HDI: The Human Development Index is a composite indicator used to measure and rank geographic regions' level of development.

8.4M for the first pilot, this yielded the amount of money that each *muderiya* would receive, as shown in Table 4. As one can see, when this amount was divided by each governorate's enrollment, the poorer a governorate was, as per its HDI, the more money it received on a per-student basis. What is also evident is that the larger the enrollment, the more total money the governorate received, which is as it should be.

Table 4. Governorate and per-student allocations generated by the funding formula

Jurisdiction	EGP	EGP/student
Fayoum	5,619,600	10.25
Luxor City	924,000	9.58
Ismailia	1,856,400	9.22
Total	8,400,000	

EGP = Egyptian pounds.

The Microsoft Excel spreadsheets upon which all of these calculations were made were burned onto CDs and made available to every *muderiya*, *idara*, and school so that everyone could see how the funding formulas worked, what they and their colleagues in other jurisdictions received, and why. This was done so that people would associate decentralized education finance with a high level of transparency.

Implementation Details

Of major concern to the Team while the approach was being developed was getting the BAB2 money to the schools. When asked if schools ever received BAB2 money, officials within the MOE and the *muderiya*s all said no, that the only money schools

received were activity fees collected by the schools from each student; most other donations they received from parents or the community were in the form of goods and services.

If there were no legal mechanism by which schools could receive the money, then the Inter-Ministerial Committee for Education Finance would either have to try to get the MOF to create one, or the approach would have to incorporate a set of protocols by which schools first would come to know how much money they were entitled to and then would order various goods and services against that amount. Those purchase orders would then have to be accumulated by the *idaras*, which would then purchase the various goods and services on behalf of each school and ensure that each school received exactly what was ordered—a very cumbersome and unattractive alternative to the schools getting the money and spending it themselves.

However, when the pilot effort was eventually introduced to stakeholders at the *idara* level, the Team discovered that schools could receive GOE money (albeit very little and ordinarily on a limited basis) via the TCAM. Subsequently, the Team did two things. They asked MOF members of the Inter-Ministerial Committee to write up in very simple terms the exact procedures that schools would have to follow in order for them to access the money being allocated to them through the funding formula via the TCAM. Then, when it became known that EGP 8.4M would be distributed throughout the pilot governorates, and that many schools would be receiving an amount that was over the EGP 2,000 ceiling that was placed on every TCAM application, the Team asked MOF

- The funding formula was well understood: People were able to explain why they received the amount of money that was allocated to them.
- Stakeholders appreciated being able to see what every other school got and why.
- The receipt of GOE funds stimulated increased community contributions. This was partly because many schools and their boards cleverly and intentionally applied decentralized funds to things that required additional funding, then raised the remainder from their community.
- Planning was taken seriously: Schools planned for the money they knew they would receive and the money pressured schools to develop better plans.
- The freedom to spend manifested what people wanted or needed.
- GOE procurement procedures were cumbersome.

In August 2009, a formal evaluation of the pilot showed that

- Seventy-three percent of schools displayed SIPs and expenditures to the public.
- It took 7.7 days on average for schools to receive funding from the idaras once their TCAM application was approved.
- The reported increase in community funding was 56 percent.
- Idaras seemed able to fund schools with a fair amount of accuracy: 90 percent of schools reported getting what they thought they should have gotten based on the formula.
- The formal evaluation also asked participants to identify the three things they most liked and most disliked about the pilot. The most cited things they liked were
 - Transparency: knowing how the funding formula worked, what each school received, and how the money was spent.
 - Practical training as opposed to theoretical training: being trained to do something that needed to be done with the money needed to do it.
 - Equity and fairness: the fact that equal schools were treated the same way, and “unequal schools” were treated differently.

- Planning for a known amount of money: knowing that they would receive a certain amount of money on a regular basis and planning for that money, as opposed to putting together a wish list, sending it upward, and receiving ad hoc amounts, ordinarily a fraction of what was asked for.

The most cited things they wanted to have changed were

- Address the issue of insufficient funds: While they were happy to receive what they got, there was a great need for more money; EGP 10 per student was not enough for a nationwide average. A study undertaken by the Team revealed that the average school should receive a minimum of EGP 115 per student.
- Allow greater flexibility to schools with regard to financial planning.
- Guarantee that every school has an adequate amount of money.
- Send money to schools before the school year starts.
- Move faster on the overall decentralization of the education system.

Revisions and Replication

Given the success of this pilot, it was repeated in the same schools in fiscal year 2009/2010, but with a minor adjustment to the funding formula. An enrollment- and poverty-based funding formula becomes problematic for schools with very small enrollments. If the average per-student allocation is about EGP 10, then schools that have very small enrollments (i.e., 10 and under) do not receive sufficient funds (i.e., EGP 100 or less) to purchase anything of significant worth for improved learning. Egypt has approximately 5,000 one-classroom schools, all of which have very small enrollments.

To ensure that these schools would receive sufficient funds to make meaningful purchases, the funding formula was altered to ensure that every school would receive at least EGP 500, regardless of its enrollment. According to the revised formula, once every school was allocated EGP 500, the rest of the money was disbursed per the original funding formula for schools whose enrollment entitled them to more than EGP 500. The Fiscal Discipline Manual was modified

to account for the change in the funding formula, CDs were prepared and distributed, people were trained, and the money (EGP 10.1M) was found and released. The second pilot was informally and formally evaluated and the findings were much the same as those of the first pilot.

Contextual Factors

An account of the political context in which these two pilots took place explains why they took place at all, and what happened as the second pilot was getting under way. As far back as 2001, certain aspects of education decentralization were being piloted in Alexandria. Having been integrally involved in the Alexandria pilot, the minister of education during the time of the two decentralized education finance pilots was clearly pro-decentralization. Equally pro-decentralization were his deputy minister and senior advisor.

Beyond the MOE, decentralization was surfacing in National Democratic Party (NDP) conference papers as early as 2002. Note that the NDP was the ruling party of then-President Hosni Mubarak, and the Policy Secretariat of the NDP was the policy calculus of the GOE. Every year the NDP held a 3-day conference in which a variety of policy directions were discussed and considered. The proceedings of these conferences would then be published, announcing the key policy directives that the country would begin to implement.

Next to the president, the Policy Secretariat of the NDP, headed by Gamal Mubarak (President Mubarak's son), was the most powerful political body in Egypt. Over the period 2007–2011, the authors' direct and indirect interactions with members of the Policy Secretariat indicated that the Secretariat was largely progressive and was actively pursuing decentralization, but the reasons for this remained pure speculation. Be that as it may, their pro-decentralization stance proved to be most advantageous to the effort described in this document.

Throughout the period 2007–2011, when the approach to decentralized education finance was developed and twice piloted, the larger political environment became increasingly more open to decentralization. The Ministry of Local Development was discussing the

decentralization of local government—specifically, the roles and responsibilities of the local popular councils, the relationship between the local popular councils and their respective level's executive body, the relationships between the executive bodies at different levels of the system, and the possibility of moving multisector block grants from the center to the districts, via some sort of a funding formula.

The work being carried out by the Ministry of Local Development was spearheaded by a consultant to its minister, who also served as the national coordinator of decentralization in the NDP. This government agent's association with the NDP meant that whatever decentralization work the Ministry was doing was being overseen by the Policy Secretariat of the NDP. Given this, and the fact that whatever the Ministry did in the way of political and fiscal decentralization would impact the work of the Team, it was critical that the decentralization work unfolding in the education sector be informed by and to the extent possible strive to inform the work that the Ministry was doing such that the Team, MOE, the Ministry of Local Development, and the Policy Secretariat of the NDP could be closely coordinated.

Fiscal Year 2009/2010: The Initial Attempt to Scale Up Nationwide

Given this high-level support for decentralization and the success of the first pilot, one can understand why, as the second pilot was getting under way, the MOE was challenged by the Ministry of Local Development to decentralize more than EGP 1B nationwide (see Table 5).

Table 5. Funds that the MOE intended to decentralize in fiscal year 2009/2010

Line items	EGP
BAB6	
Capital Construction	443,000,000
Technical Education Reform	350,000,000
Information Technology	195,000,000
General Secondary Reform	13,451,000
Total	1,001,451,000

EGP = Egyptian pounds.

To give a sense of the relative portion of the overall budget, the 2009/2010 education budget was EGP 36.9B, with EGP 31.7B going to personnel. The total BAB6 budget for that year was EGP 2.1B; thus, close to half of the BAB6 budget was targeted for decentralization.

However, when the MOE accepted this challenge, the political economy within which this work occurred drastically changed.

Decentralizing EGP 8M to 10M of the MOE's BAB2 funds in three pilot governorates did not negatively impact anyone. However, decentralizing approximately EGP 1B nationwide directly impacted very powerful people who controlled the resources targeted for decentralization: GAEB (capital construction), the Technical Education Department, and the Information Technology Department. Inevitably, they resisted the minister's plans, and in so doing, introduced a very powerful anti-decentralization political-economic force to the arena within which the Team worked.

While the Team did what it could to offset this dynamic, these opponents succeeded in delaying the minister's decision to move the money downward. Because the fiscal year in Egypt runs from July 1 to June 30, all funds, including capital funds, must be spent and fully accounted for by June 30. By mid-January 2010, it was becoming difficult for the money to be decentralized *and spent* by June 2010, especially by actors who had never before handled this amount or kind of funding.

In addition, in February 2010, the minister was unexpectedly replaced by a centralist, who then replaced the senior advisor. Accordingly, the political economy around decentralization *within* the MOE changed: The original pro-decentralization triumvirate—minister, deputy minister, and senior advisor—to which the Team had ready access was reduced to the just the deputy minister, who stood apart from the inner circle of centralists that was formed by the new minister.

Nevertheless, there were still pro-decentralization forces outside the MOE that the Team could draw upon to help offset the situation within the MOE.

Within 1 month of the new minister's arrival, the NDP appeared to have made it clear to him that the decentralization efforts within the MOE were to continue. By the time the Team first met with the new minister, he was quite amenable to the work that was being done. However, because by then it was too late in the fiscal year, the school funds were never decentralized.

When the decision was first made to decentralize these funds, the Team had no way of knowing how things would end up 5 to 6 months later. Accordingly, the Team made the necessary preparations for the funds to be decentralized: funding formulas were developed; protocols were refined and established; the roles and responsibilities of various actors were delineated; the Fiscal Discipline Manual was updated; a training-of-trainers cascade training mechanism was established, such that key people in every *muderiya*, *idara*, and school in the country were ultimately trained; and plans were developed. Although ultimately this groundwork could not be put to use in 2009/2010, the foundation was laid for the following year.

The Fiscal Year 2010/2011 Effort

With the key players and protocols in place, the MOE was prepared in fiscal year 2010/2011 to successfully decentralize EGP 450M nationwide (see Table 6).

Table 6. Funds decentralized from the center to lower-level jurisdictions in fiscal year 2010/2011

Line items	EGP Decentralized
BAB6	
Technical Education Reform	225,000,000
BAB6 Total	225,000,000
BAB2	
Maintenance	210,000,000
Nutrition Reserve	6,168,000
One-Classroom Schools: Raw Materials	4,000,000
Technical Schools: Raw Materials	5,000,000
BAB2 Total	225,168,000
Total	450,168,000

EGP = Egyptian pounds.

Capital Investments and Maintenance

One of the biggest distinctions between the two pilots and the efforts made to decentralize funds nationwide is the fact that much of the scale-up funds included capital investment money (BAB6), not just nonpersonnel recurrent money (BAB2). The nature of recurrent funds is that they are used to purchase goods and services every year. Therefore, a simple enrollment- and poverty-based funding formula can adequately distribute these funds.

Capital investment funds, on the other hand, are different. Not every school was equally in need of major maintenance; nor was every technical school equally in need of new capital equipment. Therefore, the Team strove to put in place the mechanisms required to assess the capital investment needs that certain decentralized line items were meant to address: BAB6 Technical Education Reform and BAB2 Major Maintenance.⁵ Once those mechanisms were in place, and need could be assessed readily and regularly, the funding formulas would be adjusted to address those needs. Until those mechanisms were put in place, however, all funds were distributed using the same funding formula that was used for the second pilot.

Another distinction between the pilots and the nationwide efforts was the fact that the money that all schools received in the nationwide scale-up was fairly restricted: It had to be spent on minor maintenance. While there was much need for this minor maintenance money, and schools had a fair amount of choice over what to maintain, it could not be used for things that might have had more impact on improved teaching and learning. Only the one-classroom schools and technical schools that received additional funds for raw materials could spend money for those materials.

Finally, in the nationwide efforts, schools *and muderiyas* received and spent decentralized funds. The technical education reform and major maintenance money flowed no further downward

than the *muderiya*. This was done largely in an attempt to address need. In the absence of data describing the technical schools' exact needs for equipment, the Team believed that the Technical Education Departments within each *muderiya* would have a good sense of how best to spend the technical education reform funds, largely because they visited those schools regularly throughout the year and should have a good sense of their relative equipment needs.

With regard to the major maintenance money, the Team attempted to get the MOE and GAEB to adopt a school register of needs—that is, a means of rapidly assessing schools' capital needs, inclusive of major maintenance, such that a needs-based funding formula could be developed. Unfortunately, this never happened, in part because the Team was told that GAEB used a similar tool, which in the end turned out not to be the case, and because the MOE decided not to pursue the idea. In the meantime, it was believed that the *muderiyas*, with help from their respective *idasas* and the GAEB branch offices in each governorate, would come to know which schools were most in need of major maintenance and would channel resources toward them accordingly.

The allocation for maintenance, which for 2010/2011 was EGP 210M (see Table 6), traditionally had been used by GAEB in a very centralist way to address the major and minor maintenance needs of schools across the country. The Team was committed to securing as much of this money for the schools as possible. The case was made that all schools needed it for minor maintenance and that they could very easily handle it. GAEB, however, did not want to see any of this money go to the schools, stating that the *major* maintenance needs of all schools went well beyond the EGP 210M that was available. Their assertion was, in fact, true, but these types of needs always outsize the financial resources available to address them. Moreover, the vast majority of schools did need money for minor maintenance, which if spent well, could help obviate the need for major maintenance over time.

⁵ For some reason, Major Maintenance falls under BAB2, not BAB6, even though these funds perform much the same function as school rehabilitation, which falls under BAB6.

Drawing from the findings of a study done by KfW (Kreditanstalt für Wiederaufbau),⁶ which claimed that its *newly* constructed schools needed EGP 300 per classroom for *minor* maintenance, the Team advocated that the EGP 210M be split such that at least 50 percent of this money would be sent down to the schools while the remaining EGP 105M would stay at the level of the muderiya to be used for major maintenance. The minister of education agreed to the 50/50 split.

The poverty- and enrollment-based funding formula that was used to distribute the maintenance money precipitated a considerable amount of protest within GAEB. GAEB stated that it was not needs-based, which was accurate for half the money (that designated for major maintenance). The Team could easily support the way in which the minor maintenance money was distributed among the schools because minor maintenance is a largely recurrent matter that is driven by enrollment. The Team's justification for the way in which the major maintenance money was distributed was the fact that GAEB had not, by the time the funding formula was developed, provided the data needed to make it needs-based (nor had MOE/GAEB agreed to have the Team develop a school register of needs).

Over time, as GAEB began to increasingly accept the notion of decentralization, and the Team was given access to the needs-based algorithm GAEB used, it became apparent that GAEB's interpretation of "need" was not what the Team had expected. It was based primarily on the age of the building and when it had last had some major maintenance work done. The Team visited a number of old schools only to find that many were in excellent shape, underscoring the fact that age of school and when it last had major maintenance performed were not viable as the sole criteria by which to establish major maintenance needs.

⁶ A German government-owned development bank that had constructed a number of new schools in Egypt

New Protocols, Training, and Advising for Mudერიyas

The Technical Education Reform money, once handled by the MOE, and the Major Maintenance money, once handled by GAEB, would now be handled by the mudერიyas. While the mudერიyas regularly handled both BAB2 and BAB6 money, they had never handled these two line items, nor had they handled these amounts of money before. Because this money was of a certain type and magnitude, it meant that different rules applied to how it was spent and accounted for.

To ensure that these resources would be well-handled by the mudერიyas, the Team advised that a body of experts be formed: the "Four-by-Four Committee" ("4x4"), forged from experts from four governorates and the center. The purpose of the 4x4 was to develop a set of protocols that would clearly delineate the roles and responsibilities of each key actor (mudერიya and GAEB branch office personnel) regarding the use of the BAB2 major maintenance money and BAB6 technical education (buildings) money, both of which had been handled solely by GAEB in the past.⁷ These protocols were formally approved by the MOE and found their way into the training materials, and stakeholders throughout the system were trained on all that had to be done, as well as on the basics of decentralization and decentralized finance.

The Team trained a cadre of 70 master trainers, most of who came from the Quality Assurance Department of either the MOE or the mudერიyas. After receiving 2 days of training, these master trainers trained 900 trainers, all of whom came from mudერიyas and idaras. After these trainers received 2 days of training, they trained about 150,000 school-level stakeholders. All of this training was accomplished by mid-July 2010, just as the BAB2 money began to flow downward from the MOE.⁸

⁷ Protocols for the use of BAB6 money for technical education equipment were not considered by the 4x4, thus the reference here to buildings—infrastructure needed to house the new equipment.

⁸ Ordinarily, BAB6 money begins to flow a little bit later in the fiscal year; moreover, it flows in quarters, not in one lump sum as the BAB2 does. In fiscal year 2010/2011, however, the BAB6 money did not begin to flow until January 2011.

To support and monitor this nationwide effort, the Decentralization Support Unit (DSU) was established. At the center, this new unit comprised the two members of the MOE's Policy and Strategic Planning Unit who had been working closely with the Team since 2007. Beyond the center, the DSU comprised one person from every *muderiya* and *idara*, each of whom had served either as decentralization master trainers or as trainers within their respective jurisdictions. The *muderiya*-level DSU members were all invited to the center for 2 days of training, during which they were apprised of the details of the effort as well as their roles and responsibilities as a member of the DSU. They were then tasked to carry out their responsibilities as members and to train all of the *idara*-level DSU members within their respective *muderiya*s.

The support and monitoring that this *extended* Decentralization Support Unit was charged to provide was supplemented by regularly conducted videoconferences to which key personnel responsible for the implementation of the effort were invited. Since every *muderiya* and the MOE had videoconferencing capabilities that were all linked, the conferences allowed all 29 governorates and the center to discuss implementation matters publicly. When the 2010/2011 effort began, these videoconferences were conducted once every 2 weeks. However, as implementation progressed, their frequency dropped to once every 4 to 6 weeks. The videoconferences, together with the occasional phone call by the Decentralization Support Unit to a problematic governorate, became the predominant mode of monitoring and supporting this undertaking. On two occasions, key actors from all the *muderiya*s were brought in to the center for 2-day face-to-face meetings.

Political Context: Revolution and Beyond

As the trainings and the funding rollout were happening, the January 25 revolution took place. By February 11, 2011, President Mubarak had stepped down and the Supreme Council of the Armed Forces had taken control, with many people involved in the uprising hoping it would usher in a new era of democratic rule. With the departure of President

Mubarak, the subsequent demise of the NDP, and almost everything associated with the old regime deemed by many as “bad,” decentralization entered a period of precariousness as GAEB and the Technical Education Department forcefully *and openly* began to work against decentralization.

The post-revolution environment within which the Team operated was an interesting mix of uncertainty, stability, and change. MOE leadership changed three times in 2011, but because the government was acting as a caretaker government, the leadership did not enact major policy decisions. Nevertheless, in this caretaker government's efforts to keep things going as uneventfully as possible, it acquiesced to countless demonstrations demanding that more people be hired and/or given pay increases. By way of example, one *idara* head that the Team spoke with said that he had added an additional 30 percent more staff in less than 6 months.

With the revolution, and the establishment of what many thought would be a new era of democratic rule, the Team hoped that the now maligned notion of decentralization could be pursued within the context of democratization. Freely elected local-level governing bodies, informed democratic deliberation, and high degrees of horizontal accountability are the hallmarks of a widespread and deeply rooted democracy. In other words, decentralization and democratization could be a two-way street.

The “End State”

Before the revolution, as decentralization gained momentum and as political pressure mounted for more decentralization to take place, decentralization had been fast becoming an ad hoc affair. In order to have all these decentralization efforts move toward a coherent and well-informed decentralized education system, the Team had discussed the with the deputy minister the idea of delineating an “End State”—that is, documenting in detail the design of a high-quality decentralized education system. The deputy minister approved the concept and the Team crafted a draft End State document, working closely with the Policy and Strategic Planning Unit and over 100 others from various departments within the MOE.

Once the revolution had occurred, the Team came to believe that by advocating for a more *democratic* education system (as outlined in the End State) among those who had the most to gain from a more *decentralized* education system (those working at lower levels of the system), it might be able to forge a *pro-democratic* political economic force that could replace the powerful *pro-decentralization* political-economic support it had before the revolution.

The power of the pre-revolution pro-decentralization force emanated from the stature of those who wanted decentralization to take place (i.e., the Policy Secretariat of the NDP). Likewise, the Team hoped the power of the post-revolution pro-democratization support would come from the vast number of stakeholders who had something to gain from the democratization of the education system: governors, undersecretaries, some *muderiya* staff, *idara* heads, head teachers, teachers, members of boards of trustees, and parents.

The Team believed that it could forge this support by conducting a number of workshops around the country in which the concept of the End State would be shared and widely discussed, allowing these stakeholders to fully understand what they had to gain from the End State being realized, and to have a say in what the final End State looked like. Unfortunately, the political situation within the MOE was such that the deputy minister chose not to approve a series of nationwide workshops. Instead, he approved that such workshops take place in only four governorates.

These did little to advance either the End State or the pro-democratization force because the workshops were too short (1 day) and too few people were involved. Ironically, by the time the MOE leadership was ready to approve a series of nationwide workshops, the Team had pulled back from the idea, noting that the overall political situation in Egypt was such that the effort could jeopardize the End State. It was decided to wait until the “permanent” government was in place to bring up the subject of the End State again.

Challenges and Shortcomings

The revolution occurred just as most *muderiyas* were prepared to initiate their bidding processes. Under the best of circumstances, January would have been considered late given the time it takes between initiating a bid and finishing the work. With the revolution putting a stop to just about everything for 4 to 6 weeks, the *muderiyas* were in serious jeopardy of not spending their money by the end of the fiscal year. Fortunately, the Supreme Council of the Armed Forces extended the time in which work could be completed by an additional 3 months, so the work continued into mid-March. Videoconferences were conducted more regularly, and supportive site visits were finally made by teams comprising the master trainers who had been used over the course of the past 2 years. These site visits focused on those governorates whose spending rates suggested that they needed support.

Reflecting on the events that took place between July 2010 and September 2011, a number of shortcomings became apparent. First, the mechanisms that were put in place to monitor and support the 2010/2011 effort were inadequate. The videoconferences proved to be largely ineffectual as either a monitoring or support mechanism. Needed were frequent and regular visits to the field by qualified people, something that did not happen until late in the fiscal year. Also, while two persons proved to be sufficient to lend support to three pilot governorates handling very small amounts of easy-to-spend money, more people were needed to oversee a nationwide effort in which large amounts of difficult-to-spend money were at stake.

Moreover, while every lower-level member of the Decentralization Support Unit was given a job description for decentralization implementation support, they were not *formal* job descriptions, and as such, they ended up carrying little weight. Nor did these job descriptions prove to be adequate in scope: Much more needed to be delineated so that these extended Decentralization Support Unit members could provide necessary support.

The Team also came to realize that the protocols developed by the 4x4 were not given sufficient credence. While the Team had hoped that lower-

level entities would welcome various aspects of decentralization—control over resources in particular—the legacy of a centralized government led many to see it as a burden. For example, some disinterested *muderiya* actors bypassed the labor-intensive open- or limited-bid processes by trying to secure a direct order with the Army, only to find out 2 to 3 months later that the Army had declined their request. This meant that those *muderiya*s had to revert to the more labor-intensive procurement process midway through the fiscal year, which made it all the more difficult for them to spend the money by the end of the fiscal year.

The situation at the *idara* level, while much better than that at the governorate level, was still not without its problems. In some *idaras*, the MOF supervisor was unwilling to approve the money being channeled through the TCAM without a clear endorsement from the MOF or MOE. The Team tried on a number of occasions to get the MOF to publicly sanction the TCAM procedures that were in the Fiscal Discipline Manual. For the pilot efforts, a high-level MOF official had gone before all the pilot stakeholders and said that the TCAM protocols in the Fiscal Discipline Manual were “MOF endorsed.” This cleared the way for the money to be transferred via the TCAM to every school. When the effort went nationwide, however, MOF chose not to endorse the procedures.

Also, the Central Auditing Office cited several *idaras* for allowing schools to buy goods and services in a decentralized manner and so not reap the perceived economies of scale they felt could be realized if the *idaras* or *muderiya*s had made the purchases—clearly an indication that much more should have been done to get the entire GOE to better understand what the MOE was striving to do with regard to decentralization and why.

Another issue that arose was the fact that many *muderiya*s felt that new and newly renovated schools should not receive any minor maintenance money. The view of the Team was that if KfW felt that their new schools needed EGP 300 per classroom for minor maintenance, then all schools should receive the minor maintenance money. Yet many *muderiya*s

insisted that these schools should not get the minor maintenance money. The question then became one of where to draw the line. In the end, if a *muderiya* believed that newly constructed or renovated schools should be taken out of the minor maintenance pool, they could do so for schools that were completed the previous year.

Achievements

The 2010/2011 effort resulted in 50 percent of the BAB6 funds being spent, and 84 percent of the BAB2 funds being spent, yielding a “total spent value” of 68 percent (refer to Table 6 for EGP figures). That even these modest spending figures were achieved is somewhat remarkable when one considers that (1) the BAB6 money arrived late, (2) this was the first time the governorates and schools performed these tasks, (3) the support and monitoring infrastructure that was in place was weak, and (4) there was a revolution under way.

The Fiscal Year 2011/2012 Effort

Building on the lessons learned from the 2010/2011 effort, the work that ensued in 2011/2012 took shape. But before we delve into the details of this effort, it is important to ask the following question: If decentralization was largely seen as closely associated with the now-maligned NDP, and its opponents could advocate loudly and strongly against it, why was it continued in 2011/2012? The following are possible reasons why:

- The EGP 210M for maintenance was locked into the MOF budget to be decentralized exactly as it had been in 2010/2011. While measures could have been taken to give it back to GAEB, the MOF was inundated with other more pressing post-revolution problems.
- The minister of education in place at the time that the 2011/2012 effort was approved was referred to by some people within the MOE as the “Father of the Boards of Trustees” and as such, he was, to some degree, pro-decentralization.

- The governors all wanted decentralization to happen, at least to the level of the governorates, where most of the money went anyway.
- The “caretaker government” mentality would have the government leave such policy decisions to the forthcoming elected government.

Implementation Steps

The 2011/2012 effort took place in much the same way as the 2010/2011 effort (i.e., funding formulas were developed, the Fiscal Discipline Manual was updated, people were trained), but with several major improvements. The available funds for the 2011/2012 effort are shown in Table 7.

Table 7. Funds decentralized from the center to lower-level jurisdictions in fiscal year 2011/2012

Line items	EGP Decentralized
BAB6	
Technical Education Reform	350,000,000
Total BAB6	350,000,000
BAB2	
Maintenance	210,000,000
Nutrition Reserve	6,168,000
One Classroom Schools Raw Materials	4,000,000
Technical Schools Raw Materials	5,000,000
Total BAB2	225,168,000
Total	575,168,000

EGP = Egyptian pounds.

First, three senior-level staff persons from the MOE’s Quality Assurance Department were added to the central Decentralization Support Unit. These three people were among those who had acted as master trainers in the past and who, in 2010/2011, had made field visits to the low-spending governorates. Therefore, they were well-versed in the overall effort.

Additionally, the modus operandi of the Decentralization Support Unit was enhanced. Each member of the central DSU was assigned a set of *muderiya*s for which he or she was responsible. Each of the 5 or 6 *muderiya*s assigned to a central DSU agent was to be visited for 2 to 3 days within the course of 6 weeks (and then repeated every 6 weeks

throughout the fiscal year). This meant that each central DSU agent was in the field 80 to 90 percent of the time monitoring and supporting the effort. Each central DSU agent was equipped with new reporting forms designed to facilitate the agents’ monitoring work. Also, each was extensively trained in all aspects of the effort, in particular the bureaucracy around the expenditure of large sums of BAB6 funds. Over the course of 2011/2012, each member of the central DSU made six sets of site visits. Additionally, six all-hands meetings were held in Cairo to allow stakeholders from every *muderiya* to share experiences with each other and with the center.⁹

The Team helped strengthen the role of the extended DSU members by ensuring that they were recognized as the *muderiya* or *idara* members of the DSU who were *also* key members of newly created Decentralization Support Committees. These committees were *muderiya*- and *idara*-level bodies comprising all the key people responsible for the implementation of the effort. Decentralization Support Committees were required to meet weekly, and the extended DSU agent was to write up the minutes of the meetings, have them signed by the committee chair (either the undersecretary or the *idara* head), and pass them up to his or her respective central DSU counterpart. All of these implementation support mechanisms were drafted into a decentralization implementation support decree that the Team had hoped would be issued by the minister of education. Although the decree never made it to the minister’s desk, the deputy minister took the material of the decree and issued it as a letter to all the undersecretaries and *idara* heads.

In 2010/2011, the working relationship between the GAEB branch office and the *muderiya*s in many governorates had been problematic. The protocols developed by the 4x4 Committee were largely ignored in many governorates. To help improve this situation in 2011/2012, efforts were made to get GAEB and the MOE to sign the protocols. GAEB central decided not

⁹ While the effort described in this paper has been portrayed as one in which only technical assistance was provided, USAID did also pay for some national-level workshops. It also covered the transportation, lodging, and per diem costs of the Decentralization Support Unit visits to the governorates.

to do so. Yet when central Decentralization Support Unit agents discussed the protocols with governorate-level stakeholders, most were able to get them signed by the undersecretary and the GAEB branch office director. This helped to have the 4x4 protocols more closely followed in 2011/2012.

Although the primary aim for 2010/2011 was to ensure that as much money as possible was spent, the principal aim for 2011/2012 was to ensure that that as much money as possible was spent—and spent well. To this end, the notion of a school register of needs resurfaced. Of concern was the amount of effort it would take to assess the schools such that the register was relatively representative and could be done quickly and at a minimal cost.

The Team developed a number of ideas and had the opportunity to share its final plan with some trusted friends within some GAEB branch offices. (While GAEB central and many GAEB branch offices were not in favor of decentralization, a number of GAEB branch offices proved to be quite decentralization friendly.) One GAEB branch office director noted that his branch used a mechanism that was very similar to the one that was shared. In particular:

- They undertook a rapid assessment of all the schools in their governorate every year and they looked at structural safety, the unused portion of the building, and major maintenance.
- The rapid assessment was a simple yes/no tool that asked: Does the school have a structural safety issue? Does the school have an issue with the unused portion of the building? Does the school have a major maintenance issue?
- Based on the data collected via the tool, less than 2 percent of the schools in that governorate were assessed to have a structural safety issue, and less than 20 percent were assessed to have a major maintenance issue.
- A team of experts (typically university professors) would then go out to look at the schools with structural safety issues to conduct a technical evaluation. They would then find out that perhaps only half of the schools with structural safety issues *really* had serious structural issues; the rest might have only major maintenance issues.

Given this mechanism, need (and unit cost) could be rapidly assessed such that it could be factored into the maintenance funding formula. When this information was shared with the ministry, however, relations between the MOE and GAEB central were strained to the point that the Team was instructed not to interact with GAEB central, so these efforts to ensure that the BAB2 Major Maintenance money was better spent had to be temporarily abandoned again. The Team was never able to learn how these protocols could allegedly exist in every GAEB branch office, yet still have GAEB central saying that need was based solely on the buildings' age and when their last major maintenance and/or rehabilitation work was done.

With regard to BAB6 money being better spent, the Team opened discussions with officials in the European Union's Technical and Vocational Education and Training (TVET) Project, USAID's Economic Competitiveness Project and Agribusiness Department, and the MOE's Technical Education Department, to explore the ways by which the skills needed to drive local economic development could inform the capital investment plans for technical education that had been prepared in each *muderiya*.

The USAID officer in charge of the Economic Competitiveness Project identified Enterprise TVET Partnerships (ETPs) in 16 governorates, in addition to another 12 industry-specific ETPs, as the main bodies capable of providing such support. Their expertise came from their knowledge of the local economy as well as the business partners and factories that could collaborate effectively with local technical education schools in each governorate. The Team met with a number of local ETPs in several governorates to seek their assistance in developing demand-driven technical education capital investment plans.

The Team also met with the head of technical education in the MOE and his senior staff to discuss the possibility of working with ETPs. Upon his approval of the idea, a workshop was held in Cairo attended by heads of technical education departments from all *muderiya*s, ETP representatives from the local level and the various industries, and key MOE staff. For the first time, technical education departments at the *muderiya*s came to realize that

the local and industry-affiliated ETPs were available to support their efforts to develop demand-driven capital investment plans.

It was agreed during the workshop that technical education expenditures should cater to the job market as long as the technical requirements were within the curriculum. This proved to be a major obstacle, however, in that the curriculum was outdated, so much of the equipment needed to help develop the skills demanded by the local economy could not be purchased because it was not specified in the curriculum. Although the Team highlighted the need to change the curriculum such that it would embrace the technical requirements of the labor market, changing the curriculum was beyond its scope of work.

Even so, *muderiya*s were informally linked with their respective ETPs to produce the more demand-driven plans. Unfortunately, these linkages were forged weeks after the *muderiya*s had developed their plans and submitted them to their respective governors for approval, but this networking did lay the groundwork for the future. However, the immediate future was in a state of flux, for the ETPs were at a juncture where the TVET project was closing down and a new phase was supposed to be started and funded by the European Union.

Finally, a policy was developed to allow the *idaras* to decide which schools would be excluded from the simple maintenance funding formula. The *idaras* were instructed that they could decide what to do with all schools that were newly renovated within the previous fiscal year. Whatever the *idaras* decided to do, it had to be applied to all such schools within the *idara*.

Political Context

The political context within which this work ensued included parliamentary elections resulting in 67 percent of the seats going to Islamist parties and the parliamentary education portfolio being given to the Salafists. On May 25, 2012, presidential elections took place, with a runoff held on June 19, between a candidate representing the Muslim Brotherhood and another from the former Mubarak administration. Two days before this runoff, the Supreme Court

dissolved the Parliament, and on Sunday, June 24, 2012, Mohamed Morsi of the Muslim Brotherhood was pronounced President of Egypt.

By December 2011, the minister of education was again replaced. The new minister had been a *muderiya* head since 2010 and an *idara* head directly before, which meant that he had served under the long-standing deputy director for almost the entire period in which this decentralization effort had taken place, making the new working relationship between them awkward. Protests against the MOE continued to take place, and when some protests focused on “high-paid consultants” working within the ministry, the long-standing deputy minister, formally a consultant, decided to resign effective March 30, 2012. This left the Team without any serious advocates among the highest echelons of the MOE.

Monitoring and Evaluation

Over the course of the year, as numerous support-and-monitoring site visits, follow-up phone calls, and nationwide progress meetings were being conducted by the central Decentralization Support Unit, the 2011/2012 effort was being evaluated. The general feedback from these processes indicated that the work of the strengthened Decentralization Support Unit was both welcomed and effective. Yet with all of this extra implementation support, only 63 percent of the funds were ultimately spent, *5 percentage points less than the year before*. That this was the case can be attributed to the fact that there was 39 percent more money to spend, and that 26 percent more money was successfully spent in 2011/2012 than in 2010/2011.

The Fiscal Year 2012/2013 Effort

Political Context

In 2012/2013, EGP 1.145B was decentralized, a 99 percent increase over what was decentralized in 2011/2012.

That said, the unstable context in which the 2012/2013 effort unfolded was not unlike that of its predecessor post-revolution efforts. As mentioned earlier, in June 2012, the Constitutional Court had

ruled—based on an interpretation of complexities in the election law—that the January parliamentary election had been unconstitutional and that a third of the winning representatives were illegitimate. It then dissolved the Parliament, an action widely viewed as intending to block the political ascendance of religious conservatives. The Supreme Council of the Armed Forces reacted by issuing a decree that gave itself parliamentary power, adding to the presidential power it already had assumed since the departure of President Mubarak. In August, however, President Morsi forced the head of the Supreme Council into retirement, nullified the decree that the Supreme Council had issued earlier that gave itself parliamentary power, and drafted a decree that gave him parliamentary power.

In November, President Morsi issued another decree declaring that his decrees could not be overturned by the Constitutional Court. The court building was subsequently surrounded by people sympathetic to the Muslim Brotherhood, effectively preventing the Constitutional Court from acting on any of these decrees. President Morsi's decree also blocked the court from dissolving either the Constitutional Committee or the Sharia Council—both of which were also largely made up of representatives of the Muslim Brotherhood and fundamentalists—on the same grounds that it had cited to dissolve the Parliament: President Morsi needed both bodies in place in order to draft and ratify a new constitution. In December, the new constitution was formally ratified in a nationwide referendum.

Against this backdrop, the minister of education was replaced; and amid a number of teacher strikes that took place in 2012, the MOE promised to increase teacher salaries by 100 percent, with a 50 percent raise to be given in October 2012 and the other 50 percent in January 2013. The MOF agreed to this raise on the condition that all the money come from the MOE's present budget. Accordingly, the vast majority of the MOE's focus during fiscal year 2012/2013 was on finding this money from within its own budget to pay the teachers.

Implementation Details

In preparation for the 2012/2013 undertaking, the Team developed the funding formulas, calculated the allocations for each *muderiya*, updated the Fiscal Discipline Manual again, and trained 900 trainers, who in turn trained 150,000 stakeholders at the school and community levels.

The 2012/2013 funding formulas differed from those that were used in 2011/2012 in the following ways. First, the funding formulas used for technical schools' raw materials (BAB2) were given weights such that particular categories of technical schools that naturally needed more raw materials than the others (e.g., hotel management) got a higher per-student allotment. Second, weights were also added to the funding formula used for one-classroom schools' raw materials so that a particular category of one-classroom schools that naturally needed more raw materials got a higher per-student allocation than the rest. With these modifications in place, the final allocations for each governorate were determined. In addition to changes made in the funding formulas, more procedures were added to the Fiscal Discipline Manual:

- procedures for dealing with schools that refused the money;
- procedures for shifting funds from the major maintenance pool to the minor maintenance pool if there was any threat that the former would not be spent within the fiscal year; and
- procedures for dealing with emergency maintenance money.

The last set of procedures requires some explanation. In previous years, the *muderiya*s were asked to set aside a percentage of their major maintenance funds for an emergency—for example, a school roof might collapse and require immediate attention. This money was to be set aside until the beginning of March. If an emergency did not arise before March, the emergency maintenance funds would be put back into the pool for major maintenance. The problem with this was that there were very few, if any, such emergencies, and with so little time left in the fiscal year to spend and account for what was set aside for emergencies, it was

often not spent. So in 2012/2013, the *muderiya*s were allowed to do whatever they wanted with regard to emergency maintenance, including not setting aside any money at all.

With regard to the Technical Education Reform money, the Decentralization Support Unit developed a new standard format for planning and budgeting. It consisted of five forms that helped the *muderiya*s to identify real need, quantify it, and prioritize it across three spending types: buildings, equipment, and fittings.

In July 2012, the minister of education formally “authorized” the Fiscal Discipline Manual by signing a newly added preface to the manual and sending a letter to every *muderiya* introducing the manual. Also, the Professional Academy for Teachers formally accredited the manual as an official GOE training course and 318 Decentralization Support Unit and Decentralization Support Committee members as official decentralization trainers. These actions not only helped to institutionalize the work that had been done over the past fiscal years, but also assured everyone in the system that the TCAM procedures outlined in the Fiscal Discipline Manual were official.

Equally important was the fact that the minister of education issued three decrees: one that formally established and delineated the work of the central Decentralization Support Unit, one that empowered and delineated the authorities of the director of the Decentralization Support Unit, and one that established and delineated the roles and responsibilities of the Decentralization Support Committees at the *muderiya*s and *idaras*. The Decentralization Support Unit was then formally included in the MOE’s organizational chart. As of January 2013, when the technical work on the Girls’ Improved Learning Outcomes project came to an end, the Decentralization Support Unit had made two monitoring and support visits to the *muderiya*s.

In December 2012, the minister of education asked USAID to provide technical support for the development of a 10-year strategic plan. Specifically, he asked for support to help ensure that

decentralization was both a central feature and a goal of the plan. The End State document was presented to the strategic planning team as something toward which the strategic plan could work. When the strategic planning team agreed to this, it then had to fully own and finalize the End State document. This was done over the course of several days. Once this agreement was finalized, the Team offered technical assistance to the strategic planning team to help ensure that various aspects of the strategic plan (professional development, policy and planning, assessment, accountability, etc.) would be included in the End State. The strategic plan was on its penultimate draft by the time all worked stopped on this project.

Because the work came to a close before the end of the 2012/2013 fiscal year, the Team was unable to obtain the final spending numbers (as reflected in Table 1).

Reflections

Over the course of this 7-year effort, the Team had hoped to introduce (1) equity-based formula funding; (2) a modicum of horizontal accountability; (3) an element of transparency; (4) improved planning around the decentralized finances; (5) enhanced individual capacity around decentralization, decentralized education finance, and various tasks that had to be performed as both occurred; and (6) improved institutional capacity vis-à-vis decentralization and decentralized education finance. Further, it had wanted to locate the work in a formally adopted vision of a high-quality decentralized education system, or End State. The following were achieved:

- A total of EGP 2.188B was decentralized via enrollment- and poverty-based funding formulas.
- EGP 466M went directly to 40,000 schools, was budgeted by those schools in their school improvement plans, was used by those schools for school improvement, and benefited 15.5M students between 2009 and 2013.

- Primary schools, idaras, and muderiyas throughout the system were trained on how the funding formulas worked. They also had the opportunity to see how much money they and other jurisdictions received, so an element of transparency was achieved.
- In the area of transparency, 53 to 73 percent of schools publicly posted their school improvement plans and expenditures.
- EGP 210M for maintenance was “locked” into the muderiyas’ MOF budget, and it will be difficult for GAEB to take it back.
- Twenty-seven muderiyas became capable of developing and implementing capital investment and major maintenance plans.
- A cascade training infrastructure comprising 970 people that extended into every muderiya and idara was developed to facilitate training people about decentralization and decentralized education finance.
- More than 150,000 people at all levels of the system (every school, idara, and muderiya) were trained on multiple occasions on decentralization, decentralized education finance, and a host of other related topics.
- A Decentralization Support Unit that stretches into every muderiya and idara was developed and institutionalized by a ministerial decree.
- The central Decentralization Support Unit was formally recognized in the MOE’s organizational chart.
- Because this effort was carried out largely by the MOE, individual capacity was developed within the education system across a number of disciplines, ranging from decentralization theory to procurement.
- A detailed delineation of a high-quality decentralized education system—a viable End State—was developed, vetted within the MOE, and incorporated into the MOE’s latest strategic plan.

Although the overall effort accomplished much, there is quite a bit that it did not accomplish. Even though a number of critical ministerial decrees were signed

institutionalizing key aspects of a more decentralized education system, the things outlined in those decrees have not been embedded into law.

While decrees carry a significant amount of institutional weight, they can be overturned by subsequent decrees. Until the requirements of a high-quality decentralized education system are delineated in a new education law, the successes the Team had in getting certain things into ministerial decrees are vulnerable to change. Also, while the EGP 210M will flow to the muderiyas in future years, *it is up to the muderiyas* to decide how much money to send to the schools for minor maintenance. The muderiyas could easily decide not to send any money to the schools. Needed is a line item in the budget to target BAB2 funds directly to the schools via an equity-based funding formula that is updated every year.

Moreover, while the effort can claim victory in having the EGP 210M for maintenance decentralized to the governorates annually now, the MOF continues to distribute that money based on the enrollment figures for 2010/2011, not on each year’s new enrollment figures. It does this because the MOF does not use an enrollment-based funding formula to distribute its funds (even though the 2010/2011 shares were derived from a funding formula). Rather, the MOF gives each governorate what it got the previous year, plus or minus what the governorate can negotiate. In short, the “new” butts up against the “old,” and the old continues to dominate.

Then there is the fact that the Team was unable to establish a school register of needs. Accordingly, BAB2 Major Maintenance money will continue to be distributed in a less-than-ideal manner (one that does not reflect actual infrastructural needs). Also, while efforts were made to ensure that BAB6 plans would address local economic development demand, processes needed to make this happen were never institutionalized; this means that some of the BAB6 money will continue to be spent in an ineffectual manner.

While it is necessary to reflect on what was and was not accomplished, declaring the 7-year effort a success, or not, is not the point of this paper. *The*

major aim of writing this paper was to provide the information needed to discern and substantiate key lessons that can be used to guide future efforts of this kind. To help further discern these lessons, we summarize the major problems that arose during this effort.

For much of the time, there was no agreed-upon End State toward which various decentralization measures, education or otherwise, could be directed; nor was there an overarching decentralization implementation plan in place to guide various year-by-year decentralization efforts. As a result, decentralization tended to happen by chance. Specifically, the Team seized at whatever opportunity arose to further the overall decentralization agenda, even when they knew that doing so was less than ideal. For example, the Team's view was that if more money became available to decentralize, it was better to seize it and, if need be, write a specific funding formula for this money, than to wait until such time that a more perfect solution (such as a block grant) surfaced.

Also, the effort was constantly colliding with existing institutional barriers (the MOF budget cycle, human resources rules and regulations, curriculum restrictions, etc.). This meant that (1) the effort unfolded in a do-as-can-do manner (i.e., developing funding formulas for every line item that the MOE/GOE decided to decentralize, as opposed to developing one funding formula for, say, a BAB2 block grant); (2) many gains that were made, such as the distribution of funds via an equity- or needs-based funding formula, had to be regularly *regained* as the wheels of the existing planning/budgeting cycle kept rolling around; and (3) some things simply could not be done.

The pro-decentralization political-economic forces that were in place proved to be either politically driven or fleeting, or both; moreover, there was no widespread demand for or ownership of decentralization amid lower-level actors, although demand at this level slowly increased over time. Accordingly, the work was highly susceptible to the political vicissitudes of the MOE/GOE (i.e., the rapid decision to go nationwide), vulnerable to various anti-decentralization political-economic forces and

schemes, and exposed to people's lack of interest in the effort. Additionally, while the effort was largely run through and implemented by the MOE, a measure that has many *pros* (e.g., engendering ownership, developing capacity), it proved to have many *cons* as well. All MOE decisions factored in the political consequences of those making them, which meant that many decisions were delayed, were not made, or blocked key things that needed to be done.

Then there was the fact that many people were asked to do certain reform-related tasks over and above their everyday jobs—tasks that neither appeared in their job description nor factored into judgments on their performance. Accordingly, these tasks were often not done as well as they should have been, or in some cases not done at all. Also, because the center does so much in a centralized education system, lower-level agents are not accustomed to doing the work required of a more decentralized dispensation. Accordingly, many lower-level agents did not embrace the work required of the effort.

Lessons Learned

Below we highlight the lessons learned from this effort.

Introducing Decentralization Into a Highly Centralized Education System Can Be a Tremendous Equilibrium Disruptor That Requires Particular Kinds of Attention

When one introduces significant decentralization (i.e., more than just a pilot) into a highly centralized education system, one is, in a sense, striving to turn an education system upside down: Functions carried out by the center are transferred to lower-level actors along with the resources needed to carry out those functions. Along with the functional transfers goes the political power needed to hold people accountable for the decisions made at lower levels of the system. Accordingly, three kinds of resistance will be met:

1. That put forth by those who fear losing their jobs, their position of power, their control over resources, or their decision-making authority: ***political-economic resistance.***

2. That which stems from a lack of understanding of what decentralization is all about, what it can do to help solve the problems of a highly centralized system, and what people whose role may change as a result of decentralization might have to gain from it: **conceptual resistance**.
3. That which comes from a general lack of capacity to do what is required of a more decentralized education system: **capacity resistance**.

Particular attention must be paid to each type of resistance such that the negative force presented by the resistance can be ameliorated, if not entirely overcome.

Addressing Political-Economic Resistance: Reform Support

Reforms take place within a political-economic arena in which interest groups strive to influence decision making processes to serve *their* particular interests—interests that are not always aligned with the educational well-being of the students. Some interest groups are well organized, powerful, and skilled at influencing decision making; others are not. The status quo of an existing education system reflects a dynamic equilibrium among these interest groups and the influence they have exerted over countless decision-making processes. In a highly centralized education system, efforts to decentralize threaten a number of these interest groups' stake in the status quo—their jobs, their position of power, their control over resources, etc. Accordingly, they will oppose these reform efforts.

Throughout this effort, the Team strived to address this opposition. “Reform support” refers to the activities undertaken to counter this opposition in an attempt to safeguard reforms. However, the reform support proved to be too little at times, largely because (1) much of the reform support that had to be done was not in the Team's scope of work or budget, and (2) the MOE would not allow the work to proceed. As a result, some of the decentralization efforts described in this paper did not unfold as planned: The funds targeted for the first national-level effort were never decentralized, the MOE's Information Technology Department was able to keep its money, and GAEB central was able to keep its BAB6 school construction funds.

A major objective of many reform support activities is to generate widespread political and social demand for the reforms that are being introduced. High-level political will for expanded decentralization existed within the Policy Secretariat of the NDP, and while this was both significant and helpful in many regards, it proved to be insufficient: Its influence dissipated at lower levels of the system. Moreover, its influence proved to be fleeting with the onset of the revolution.

Also, while thousands of lower-level stakeholders—who had much to gain from decentralization—were trained on various aspects of decentralization and decentralized finance, this training was not enough to inculcate within them a deep-rooted understanding of, and *demand for*, decentralization; nor was it sufficient to create a powerful block of “social will” that could be mobilized within the political-economic arena on behalf of decentralization (or democratization). In order to generate sufficient and sustainable pro-decentralization political and social will, a concerted effort would have to be made to

- map out the political economy around decentralization and decentralized education finance and obtain a fine-grained understanding of the forces that would work against decentralization and the forces and potential forces that could be garnered in support of decentralization;
- get those stakeholders who have the most to gain from decentralization to understand how the current, more centralized, system is hurting them, or at the very least get them to see how they are not benefiting from the current educational situation: have them identify and own the problem;
- get those stakeholders to see what they have to gain from a more decentralized education system and encourage them to begin to demand for a change to take place;
- involve these stakeholders in the design of the solution(s) to the problem(s) such that there is widespread ownership of the solution(s) and a concomitant demand for this solution to be realized;
- involve these stakeholders in the implementation of the reforms that are part of the solution;

- get these stakeholders to understand the political economy of reform—that there are interest groups in the system who do not want these reforms to happen and that these stakeholders have a key role to play in countering those forces;
- mobilize these newfound political-economic force against the pro-centralization forces; and
- maintain and manage these forces over time.

This is not easy work, nor is it work that can be carried out on a part-time basis. It is work that should ideally be carried out by a cadre of very skilled people *whose full-time job is to do this reform support work*.

That the Team was not allowed by the MOE to do some of this work points to the need to develop this reform support capacity *outside of the government*, yet build the ability to work closely with key reformists inside the government. Such a reform support unit would be much less susceptible to the political vicissitudes of the government, and therefore it would be more free to act in ways it felt it should in order to safeguard decentralization.

Moreover, there will be times when government reformists needs to “hide” behind an outside force, when the MOE cannot be publicly seen pushing a particular reform agenda even though it really wants it to happen. On these occasions, it could quietly ask the outside reform support unit to help push the agenda. That a reform support unit needs to be developed outside of the government does not obviate the need for a similar capacity *inside* the government. The MOE needs to have this capacity as well so that it can engage adroitly in public debate with the outside reform support unit. Such public exchange raises the technical plane on which political decisions are made and, in so doing, increases the probability that political decisions will be technically sound.¹⁰

¹⁰ For a more in-depth account of reform support, see the Education Reform Support series produced under the USAID Advancing Basic Education and Literacy program: Crouch and DeStefano (1997); Crouch and Healey (1997); Crouch, Healey, and DeStefano (1997); Crouch, Schwartz, Healey, and DeStefano, 1997; DeStefano and Crouch (1997); and Healey and DeStefano (1997); as well as an update prepared under EQUIP2: DeStefano and Crouch, 2009.

Addressing Conceptual Resistance

The education system in Egypt has been highly centralized for years, and while decentralization has been a major feature of the last two of the MOE’s strategic plans, most people’s understanding of decentralization is nascent. That this is the case is entirely understandable. In spite of whatever measures have been taken to implement the decentralization programs in the MOE’s strategic plans, the education system remains highly centralized—people within the system, in particular the 8,000 people working at the central level, operate within a highly centralized milieu; they live within an organizational culture that sees the MOE as the control center rendering much-needed services to the lower levels of the system; they are the experts without whom the system would falter. Numerous people with whom the Team interacted believed that decentralization implied virtually no role for the center. Others maintained that the center could improve the overall quality of service delivery but with only a vague idea as to why. If decentralization is to succeed, people throughout the system must fully understand what it means. Ignorance will lead only to poorly designed decentralization programs. Accordingly, measures must be taken to ensure that stakeholders throughout the education system fully understand what decentralization is all about.

The fact is that there are very specific reasons why certain functions of the education system should be carried out more locally, and equally good reasons why certain other functions should be carried out more centrally. This means that *the center has a vital role to play within a decentralized education system*—the center does not and cannot go away if the goal is a high-quality national education system (Healey & Crouch, 2012).

Of critical importance in this regard is getting key central-level stakeholders to realize that while a number of centrally located functions should ideally be moved to lower levels of the system (i.e., those having to do with minor maintenance, major maintenance, and technical education procurement), it does not mean that a particular division within the MOE must be dissolved—that they will all lose their jobs. Rather, it means that the division will have to assume a new role, one that focuses

less on implementation and more on support and monitoring. That said, however, while measures were taken to assuage people's anxieties about decentralization and the subsequent loss of jobs, the Team did not shy away from sharing the fact that a workforce of over 8,000 central-level staff was extraordinary considering the fact that in South Africa—where the education system is decentralized and of the same order of magnitude in terms of enrollment as that of Egypt—the central office has only about 400 staff.

Equally important is making sure that key decision makers understand the notion of complete decentralization. By way of example, when a certain function is decentralized to a lower level of the system but the funds needed to carry out that function are not also decentralized, this creates a situation of incomplete decentralization. Decentralization can achieve its goals of improved educational service delivery only if it is well conceptualized and subsequently planned and implemented. To this end, a navigation point is necessary—a metaphorical North Star or Southern Cross.

There Must Be a Guiding Star

Much of the work described in this paper was opportunistic in the sense that the Team seized any chance that arose to further decentralize funds. Moreover, many of the Team's plans had to be scuttled and new plans had to be made due in large part to the uncertain and volatile political environment. A navigation point is needed to guide decentralization reform as it unfolds in unexpected ways, and to help people fully understand what decentralization is all about and what it aims to achieve: a high-quality education system.

To this end, the Team helped craft a detailed vision of a high-quality decentralized education system (the End State) using the framework outlined in Healey and Crouch (2012). Basically, the framework explains why certain functions should be decentralized. Speed of transaction is one. By way of example, a school should be able to purchase some goods and services that require immediate attention instead of having to wait for the center to possibly provide them after a 3-month wait.

On the other hand, learning standards cannot be established by every school. If one wants a national education system, the center will have to forge a national curriculum, allowing for some lower-level adaptation of the curriculum to address local needs and wants.

The Team took stakeholders through a several-day exercise in which the fundamentals of decentralization were shared and in which these stakeholders were deeply involved in identifying key functions of an education system and locating them at various levels of the system. Because of this, the stakeholders came to fully understand what decentralization was all about, and they developed a sense of ownership of the End State, or guiding star, that they created.

It should be noted, however, that while the End State plan did much to help guide the Team as it was forced to walk down various unexpected paths, it did little to help forge a generalized sense of order to the overall decentralization effort. This was largely because the Team was unable to (1) present the End State concept widely in workshops throughout the country, (2) engender widespread ownership of and demand for the End State, and (3) institutionalize it. Had such a widely owned End State been formally in place by the end of the second year of this effort, much more might have been accomplished.

It is conceivable, for example, that a set of MOE, Ministry of Local Development, and MOF 5- to 10-year decentralization action plans could have been developed—plans that could have moved critical elements of the existing system toward that coherent whole and more complete decentralization: administrative, political, and fiscal. Nor would the Team have had to opportunistically seize any chance they had to further decentralize education finance. In having done so, they developed funding formulas for every line item that became available for decentralization, as opposed to creating one funding formula for a generalized block grant that would have given lower-level jurisdictions the freedom to spend the money any way they wished, be it on personnel, goods and services, or capital investment.

It is equally conceivable that there would also have been less interference from existing institutional barriers (elements of the centralized system), since many would presumably have been dismantled at an appropriate time in the overall execution of various coordinated plans. Furthermore, such an End State would have institutionalized many of the things the Team set out to introduce, such as an equity-based formula funding, transparency, horizontal accountability, and institutional capacity.

Had such an End State emanated from a set of processes that involved multiple key stakeholders throughout the system, widespread ownership of and demand for the End State could have been generated, resulting quite possibly in a sizeable pro-decentralization constituency that could have helped counter the political-economic forces working against decentralization. That said, one must not see the End State as an inviolable blueprint. New knowledge, wants, and needs will inevitably alter an End State. Accordingly, an End State will likely change before it can ever be fully realized, but nevertheless it will still serve as a guiding star for various reforms as they unfold in unexpected ways.

Addressing Capacity Resistance

If the capacity to carry out the functions assigned to people in a decentralization effort does not exist, then it is quite likely that the decentralization effort will fail. Accordingly, measures must be taken to train people to do what decentralization is asking them to do.

In the effort described in this document, countless trainings took place: Schools were trained on how to develop quality-enhancing school improvement plans, access the money in the TCAM, use that money as per MOF regulations, and account for that money. Muderiyas were trained on how to use the BAB6 funds that they received for technical education and the BAB2 Major Maintenance funds. But training is only part of what is required in the way of capacity development.

If one likens a trained person to a finely crafted square peg and the institutional milieu within which they work to a round hole, then the fate of that square peg

becomes obvious. For a finely honed square peg to flourish, it must operate within a square-holed environment—one that allows that person to do what he or she has been trained to do. To this end, institutional capacity has to be developed as well. By way of example, if schools are to develop school improvement plans and submit them to the board of trustees, then that institutional space must be created: There must be a formal decree (or even better, a law) in which all of this is stated.

Equally important in this regard is the need for demand drivers. People need to be incentivized to do what is being asked of them. A good number of *muderiyas* and the vast majority of schools were “naturally” incentivized to do what this effort asked them to do because they saw the benefit to be gained: the ability to make decisions over how real money would be spent. For others, this benefit was not enough to incentivize them to do what they were being asked to do. Accordingly, these latter people needed to be extrinsically incentivized via what the Team referred to as demand drivers: institutional and/or systemic forces that help to generate demand among actors to perform particular tasks.

Job descriptions, careers ladders tied to performance, incentive systems, and accountability mechanisms can all act as demand drivers (Healey, 2008) while also helping to create the square-holed institutional environment within which well-trained people can freely operate. To these ends, the Team crafted formal job descriptions, drafted ministerial decrees, and helped to develop strategic plans that embedded a viable End State concept. Again, training alone will not suffice.

Government-Led Reform Can Be Messy: Be Nimble and Adaptable

Many donor-driven projects unfold as planned and succeed because they take place in the development equivalent of a petri dish. However, when donors provide technical assistance to support a government-led effort, it can become quite messy. This is largely because the host-country government is a major actor within the political economy of reform—it harbors multiple interest groups that are not always interested

in or aligned with reform, as outlined above. And even those actors who are keenly interested in reform—in particular, high-level decision makers—must still concern themselves with the political ramifications of the decisions they make, and at times make decisions that are not always in the best interest of the reform.

Furthermore, government-led reform is greatly impacted by the larger sociopolitical arena within which reform happens. By way of example, in Egypt there were such interruptions as the sudden loss of a very decentralization-friendly minister, a revolution, the demise of the pro-decentralization NDP, and all the vicissitudes of post-revolution that added to the messiness of supporting a government-led set of reforms. To operate successfully within this type of arena requires an extraordinary amount of patience and adaptability from both those providing the technical assistance to the government and those funding it. Fortunately, the Team had the space needed to practice this patience and adaptability. This space was provided by USAID.

As noted earlier, the work described in this document was started under one funding mechanism, EQUIP2. When USAID ended all but the work that the Team was doing under EQUIP2, USAID did what it could to bring the work into the Girls' Improved Learning Outcomes project. This gave the Team 7 years to support the MOE's decentralization effort. Also, because it was a technical assistance effort, USAID gave the Team the leeway it needed to adapt to the vicissitudes of the environment within which this work was being done. Without this space and the patience and adaptability it afforded the Team, much less would have been accomplished.

The Importance of Implementation Support

Another major lesson learned is the need for reform *implementation* support such as the kind that was provided by the enhanced Decentralization Support Unit. Implementing a reform or taking a reform to scale can be very different from running an education system or sustaining a reform once it has been taken to scale. Most actors operating within an education system do the latter two tasks: They run the system or sustain a reform once it has been taken to scale.

Their job descriptions ordinarily do not even include the first two tasks, which might involve, for example, training *muderiya*-level stakeholders on how to handle Central Bank of Egypt money. So when this work is put on their shoulders, and it is not in their everyday job description, and they already have a job that requires all of their time, they are quite unlikely to put in the extra labor; or if they do, it will not be done as well as one would like.

For many reforms to take root and to be taken to scale, it will require a dedicated cadre of people whose job is to do this implementation support work. The *enhanced* Decentralization Support Unit was such a cadre of people dedicated to supporting the implementation of decentralized education finance. As a result of their implementation support (recall that the extended Decentralization Support Unit visited 5–6 *muderiya*s once every 6 weeks), the *muderiya*s learned how to handle the BAB6 and BAB2 money, more meticulous records were kept, problems were identified and addressed in a timely manner, innovations were identified and shared, and momentum was maintained. However, sustaining this level of support comes with a price tag. Dedicated cadres of people require salaries and enough operating expenses to perform their jobs. Although many ministries of education and donors may balk at paying for this support, both should consider the potential returns on the investment.

Lower Levels of the System Are Quite Capable, If . . .

Lower levels of the system are capable (if trained to be so) of doing much that is required of them vis-à-vis decentralization. That some may think otherwise, or that people at the lower levels may appear to be incapable, can stem from a number of factors. Throughout this effort, many central-level stakeholders had a very poor view of local-level actors' abilities to do the work that decentralization would require them to do. In many cases, this view reflected either central actors' fear of losing their job or an inflated perception of the need for and role of the center themselves being well-paid directors, experts, and specialists. The degree to which this mindset can cloud people's views was evidenced when, during a

visioning exercise that was being carried out with GAEB, one director maintained that head teachers were not capable of assessing the quality of a lot of chairs that might arrive at the school.

Another factor that can lead people to believe that lower-level actors are not capable of performing the functions that decentralization may hand them is the proclivity of lower-level actors not to take training seriously when there is nothing at stake with regard to the training. By way of example, when schools are trained to develop school improvement plans, but there is no money in place for them to implement the plans, how serious will schools be about the training? However, when the schools participating in this effort knew that real money was coming their way and that the development of sound school implementation plans was a requirement for getting the money,

schools not only took the training very seriously, but also learned what they needed to learn.

Finally, when rules and regulations are Byzantine and the penalty for not following those rules and regulations is harsh, it is quite unlikely that schools will choose to perform a function that binds them to those rules and regulations. In refusing to perform the function, schools may appear incapable of performing the function. This exact situation surfaced with the money that was being passed along to the schools. Had the MOF not greatly clarified the procedures of the TCAM, the schools would not have applied for the money. The fact is that lower-level actors are highly capable of performing the functions decentralization might hand them if they are trained and if they are given the respect that is due to equal partners in the provision of education.

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