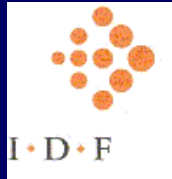


# Governance Conference

India Development Foundation

*(August 7-9, 2006)*

Taj Mahal Hptel, New Delhi



- Decentralization - Education system - Issues
  - Flight of elite (and poor)
    - If people leave schools, parents of those left – can they run schools
    - Poorest of poor chose merit – private schools
  - Broad brush treatment difficult: research - little empirical research



# Disagreements

---

- Compulsory primary schooling or should public schools be closed down
  - Banning school-leaving – does it improve/ does it reform
  - Need reform – everyone leaves
  - School voucher system
  - Competition may work – e.g., public sector banks
  
- School voucher system
  - graduated or flat lump sum plus allow school choice
    - Quality: Teacher discrimination – money etc.(e.g., private tuition system )
    - With limited resources, may worsen situation
    - Resources reallocation: Rs. 700 per capita being spent on education, provide it as vouchers



# Disagreements

---

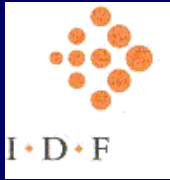
Voucher vs. producer subsidy

Political economy

Is poor parents' choice informed?

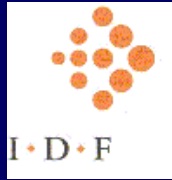
MP owned private colleges

Gender discrimination



Decentralization – is it inclusive?

- Empowering customers, people

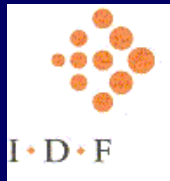


# Disagreements

---

## Decentralization – is it inclusive?

- Sri Lanka – not inclusive
- Kerala - elite capture less likely than administrative efficiency – pros outweigh cons
- Two cornered (pvt.) vs. three cornered (public) vs. four cornered (with decentralization) – money for poor alone is not sufficient – devil is in details



# Disagreements

---

## Decentralization – is it inclusive?

- Empower people while not allowing competition among groups (enforced by contracts, ~ governance) – linking decentralization and governance
- Delink the two – implication – necessary; what is necessary is to change rules of the game
  - Judicial systems – panchayati raj redressal through higher courts – checks and balances
  - Accountability through rules of game
- Services (education, health) for ALL
  - Decentralization neither necessary nor sufficient
  - Change rules of game – governance (voucher system)

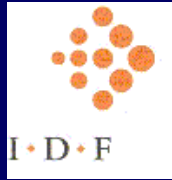


# Disagreements

---

## Decentralization (contd.)

- Re-create transactions through vertical integrated) vs. decentralization
  - Profit maximization
  - Here, objective: accountability, checks and balances
- Give right meaning; examine details – what works and what is disastrous decentralization – case studies
- Decentralization good if competition maintained
- Also, for
  - Intra group inequities; “What?” is better at decent; moral hazard, incentive to minimize costs
  - Social dimension – decentralization important
  - Operational – local; Broader/framework – central
  - Resource sharing

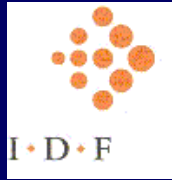


# Disagreements

---

## Goal of collective action/community systems

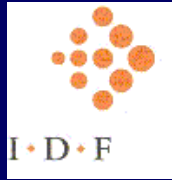
- Specific issues in India
  - Two wells – segregated; Community based safety net (some benefits of caste system – still unjustified)
  - Good (formal) governance will drive out the bad (trust)
  - Rule of law (no hangings for inter-caste marriages) vs. religion based (works well)– context matters
  - Regulatory: part of the business to accrue to regulator
  - Capacity building, training; Better incentives
  - Professionals: No differential systems, no quick fix, accept transition



# Research Agenda

---

- Private schools vs. public
  - Quality and process difference between public and private schools
  - compare average grades
- Formal vs. informal systems
  - Bangladesh – local adjudication – shalish
- What solutions? How quickly might they work?



[www.idfresearch.org](http://www.idfresearch.org)

---

THANK YOU