



Review Article

Administrative Capacity in the Implementation of Local Government Grants for Early Childhood Education (A Literature Review)

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Abstract: This article examines administrative capacity at the local government level as a critical determinant of the effective implementation of grants for Early Childhood Education (ECE), a policy domain widely recognized as a strategic public investment with long-term social and economic returns. Despite the growing reliance on subnational grants to finance ECE services across diverse governance systems, implementation outcomes remain uneven, frequently constrained by limited administrative capacity, weak public financial management, fragmented governance arrangements, and fragile accountability mechanisms. Responding to these challenges, this study aims to synthesize and critically assess the international literature to clarify how administrative capacity shapes the design–implementation nexus of local government ECE grants and to identify the institutional, managerial, and fiscal conditions under which such grants are more likely to achieve their intended objectives. Methodologically, the article adopts a conceptual–comparative literature review approach, drawing on a systematic search of peer-reviewed journal articles from major academic databases and applying thematic synthesis to integrate findings across governance contexts and policy traditions. The review is anchored in Administrative Capacity Theory and analytically enriched through insights from policy implementation theory, public financial management, good governance, and public accountability. The synthesized findings demonstrate that administrative capacity operates as a multidimensional and relational construct, encompassing institutional coherence, managerial coordination, human resource competence, procedural stability, and analytical capability. The literature consistently shows that weaknesses across these dimensions undermine grant implementation through delays, inefficiencies, limited oversight, and uneven service quality, while strong capacity enables more predictable, accountable, and effective ECE grant governance.

Keywords: Administrative Capacity; Early Childhood Education; Local Government Grants; Policy Implementation; Public Financial Management.

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1. Introduction

Early Childhood Education (ECE) has increasingly been recognized as a strategic public investment with profound long-term implications for human capital development, social equity, and economic productivity. A substantial body of international research demonstrates that public spending on ECE yields high social returns by improving cognitive and non-

cognitive skills, reducing educational inequality, and strengthening labor market outcomes over the life course (Magnuson, 2016; Moschini, 2023). Consequently, governments across diverse institutional settings have expanded public financing for ECE, often through decentralized arrangements that rely heavily on grants, subsidies, and intergovernmental transfers administered at the subnational or local government level. These financing mechanisms are particularly prominent in decentralized governance systems, where local governments play a critical role in translating national education priorities into operational programs and services (Lago-Peñas et al., 2024). In such contexts, ECE funding is rarely delivered through direct service provision alone; instead, it is commonly channeled through grants to public, private, or community-based providers, making the effectiveness of ECE policy highly contingent on the administrative capacity of local governments to plan, manage, and oversee these financial instruments. As ECE systems expand and diversify, questions of how local governments administer grants and subsidies—rather than how ECE curricula are designed—have become central to debates in public administration and education policy (Pilarz, 2018; Slicker & Hustedt, 2022).

From a public administration perspective, the implementation of local government grants for ECE constitutes a complex policy process embedded within multi-actor and multi-level governance arrangements. Grant-based ECE programs typically involve interactions among central ministries, subnational governments, local education agencies, financial management units, audit institutions, and frontline service providers. These interactions are mediated by formal rules governing budgeting, disbursement, reporting, and monitoring, as well as by informal practices, discretion, and political dynamics at the local level (Lewis & Smoke, 2017). As a result, the performance of ECE grant programs depends not only on the adequacy of funding but also on the administrative, managerial, and institutional capacities of local governments to coordinate actors, enforce financial controls, and ensure accountability for public resources. Weaknesses in public financial management (PFM), limited human resource capacity, and fragmented organizational arrangements have repeatedly been identified as key obstacles to effective grant implementation in education and other social sectors (Mbiti, 2016; Paschke et al., 2018). In decentralized systems, these challenges are often exacerbated by variations in local administrative capacity, producing uneven implementation outcomes across jurisdictions and undermining policy objectives related to equity and service quality (Lewis & Smoke, 2017; Yan et al., 2022).

The importance of administrative capacity in shaping policy outcomes has long been emphasized in the public administration and public policy literature. Administrative capacity is commonly understood as the ability of public organizations to mobilize human, organizational, financial, and procedural resources to design and implement public policies effectively (Wu et al., 2015; Haque et al., 2021). In the context of education policy, and particularly grant-based financing mechanisms, administrative capacity influences how policies are translated from regulatory frameworks into operational practices, including beneficiary selection, fund disbursement, compliance monitoring, and performance evaluation (Howlett et al., 2020). Empirical studies on education reforms demonstrate that even well-designed funding programs may fail to achieve intended outcomes when local administrative systems lack the capacity to manage complex financial flows or to enforce accountability requirements (Mangla, 2015; Yan, 2019). However, while the concept of administrative capacity is widely used, it is often operationalized inconsistently across studies, and its specific relevance to ECE grant implementation at the local government level remains underexplored.

Research on the implementation of education grants and fiscal transfers provides valuable but fragmented insights into these issues. Studies on intergovernmental transfers highlight how grant design, incentives, and conditionalities interact with local administrative capacity to shape government behavior and service delivery outcomes (Lewis & Smoke, 2017; Lago-Peñas et al., 2024). In the education sector, evaluations of school operational grants and results-based transfers show that administrative capacity affects compliance with spending rules, reporting quality, and the alignment of expenditures with policy objectives (Le & Guo, 2021; Sari, 2019). Parallel research in early childhood education examines the effects of subsidies and public funding on provider participation, service availability, and child outcomes, but tends to focus on economic or social impacts rather than administrative processes (Pilarz, 2018; Moschini, 2023). As a result, the literatures on administrative capacity, education policy implementation, and ECE financing have largely developed in isolation, limiting their collective ability to explain how local governments actually implement ECE grant programs in practice.

This fragmentation is further reinforced by disciplinary boundaries and sectoral silos within the literature. Public administration research often emphasizes governance, accountability, and institutional design, while ECE studies are frequently rooted in education economics or social policy, with limited engagement with theories of administrative capacity or policy implementation (Saguin & Ramesh, 2020). Even when governance issues are addressed, they are typically examined through single-theory lenses, such as public financial management or accountability, without integrating these perspectives into a broader conceptual framework that captures the full complexity of grant implementation processes (Paschke et al., 2018; Yan et al., 2022). Consequently, there is a lack of comprehensive literature reviews that synthesize insights across these theoretical traditions to explain variations in local government performance in administering ECE grants. This gap is particularly salient in decentralized and developing-country contexts, where capacity constraints and institutional diversity are most pronounced, but where comparative and integrative reviews remain scarce.

Against this backdrop, a clear research gap emerges. Despite the growing reliance on local government grants and subsidies as instruments for financing ECE, there is limited systematic synthesis of how administrative capacity shapes the implementation of these grants across different institutional and governance contexts. Existing reviews tend either to focus narrowly on education outcomes or to address administrative capacity in generic terms, without explicitly linking capacity dimensions to specific stages of the grant cycle, such as planning, disbursement, monitoring, and accountability. Moreover, the theoretical integration of Administrative Capacity Theory with complementary frameworks—such as Policy Implementation Theory, Public Financial Management Theory, Good Governance Theory, Public Accountability Theory, Institutional Capacity Theory, and Street-Level Bureaucracy—remains underdeveloped in the context of ECE grant implementation. As a result, policymakers and scholars lack a coherent analytical framework for diagnosing implementation failures and designing capacity-building interventions tailored to the governance of ECE funding.

This article seeks to address these limitations by offering a comprehensive literature review that integrates and synthesizes research on administrative capacity and the implementation of local government grants for early childhood education. Drawing on Administrative Capacity Theory as the core analytical lens, the review systematically examines how different dimensions of capacity—human resource, organizational, managerial, financial, and institutional—interact with policy design and governance arrangements to influence grant implementation outcomes. By incorporating insights from Policy Implementation Theory, the review elucidates the mechanisms through which capacity constraints produce implementation gaps, while perspectives from public financial management and accountability scholarship clarify the role of financial controls, reporting systems, and oversight in shaping compliance and performance. The inclusion of Street-Level Bureaucracy further highlights how discretion and frontline practices mediate formal rules, and how these dynamics affect the equity and effectiveness of ECE grant programs.

In doing so, the article makes two primary contributions to the literature. First, it advances theoretical understanding by developing an integrative conceptual framework that connects administrative capacity to the full grant implementation cycle in the ECE sector, bridging previously disconnected strands of research. Second, it offers practical insights for policymakers and practitioners by identifying recurring capacity-related challenges and governance patterns that condition the success or failure of local government ECE grants. By situating ECE financing within the broader field of public administration and policy implementation, this review provides an analytically robust foundation for future empirical research and for the reform of grant governance systems aimed at strengthening early childhood education outcomes at the local level.

2. Literature Review

Administrative Capacity Theory as the Core Analytical Framework

Administrative Capacity Theory has become a central analytical lens in public administration for explaining why formally well-designed public policies often produce uneven implementation outcomes across jurisdictions. At its core, administrative capacity refers to the ability of public organizations to mobilize and coordinate institutional

arrangements, human resources, managerial processes, and analytical tools to translate policy objectives into effective and accountable public action (Wu et al., 2015; Haque et al., 2021). In decentralized governance systems, where local governments assume substantial responsibility for program delivery, administrative capacity is particularly consequential, as it conditions how national or regional policy frameworks are operationalized at the local level. Grant-based policies—such as local government grants for Early Childhood Education (ECE)—are especially sensitive to variations in administrative capacity because they require local authorities to perform complex tasks including beneficiary selection, financial management, compliance monitoring, and performance reporting. Prior studies consistently demonstrate that deficiencies in administrative capacity can undermine policy effectiveness even when adequate financial resources are available, leading to delays in fund disbursement, weak accountability, and suboptimal service outcomes (Howlett et al., 2020; Yan et al., 2022). Accordingly, Administrative Capacity Theory provides a robust foundation for analyzing the implementation of ECE grants by focusing attention on the organizational and procedural capabilities that shape policy performance beyond formal regulatory design.

Institutional capacity constitutes a foundational dimension of administrative capacity, referring to the stability, coherence, and legitimacy of organizational structures, rules, and inter-organizational relationships that support policy implementation. In the context of local government grants for ECE, institutional capacity shapes how responsibilities are allocated among education agencies, finance departments, and oversight bodies, as well as how coordination is maintained across these units. Weak institutional arrangements—such as fragmented mandates, unclear lines of authority, or poorly integrated financial and programmatic systems—have been shown to hinder effective grant implementation and reduce accountability (Lewis & Smoke, 2017; Saguin & Ramesh, 2020). Conversely, strong institutional capacity enables local governments to embed ECE grants within broader planning and budgeting frameworks, ensuring alignment between policy objectives, resource allocation, and monitoring mechanisms. Empirical studies in education and social policy suggest that institutionalized procedures for grant administration, supported by formalized coordination mechanisms, reduce discretion-driven inconsistencies and enhance compliance with spending rules (Yan, 2019). From an Administrative Capacity Theory perspective, institutional capacity thus functions as an enabling environment that conditions whether other capacity dimensions—such as human or managerial capacity—can be effectively deployed in the governance of ECE grants.

Managerial capacity represents another critical dimension, encompassing the ability of public managers to plan, coordinate, supervise, and adapt implementation processes in response to operational challenges. In grant-based ECE programs, managerial capacity influences how local governments manage trade-offs between compliance and flexibility, allocate administrative attention, and respond to implementation bottlenecks. Research in public management highlights that managerial capacity is closely associated with implementation performance, particularly in complex policy environments characterized by multiple stakeholders and evolving service demands (Howlett et al., 2020; Yan et al., 2022). Inadequate managerial capacity can result in weak oversight of grant recipients, inconsistent enforcement of reporting requirements, and limited use of performance information for corrective action. By contrast, capable managers are better positioned to integrate financial controls with programmatic objectives, ensuring that ECE grants are not only disbursed on time but also used in ways that support service quality and equity. Administrative Capacity Theory underscores that managerial capacity is not merely an individual attribute but an organizational capability shaped by leadership practices, decision-making routines, and the availability of reliable information systems (Haque et al., 2021).

Human resource capacity, defined as the skills, knowledge, and professional competencies of public officials involved in policy implementation, is widely recognized as a decisive factor in the administration of public grants. In the ECE sector, grant implementation requires specialized competencies related to public financial management, regulatory compliance, and program monitoring, as well as substantive understanding of early childhood services. Studies in education policy implementation demonstrate that limited staff capacity—manifested in insufficient training, high turnover, or inadequate understanding of grant regulations—can severely constrain local governments' ability to manage funds transparently and effectively (Mangla, 2015; Mbiti, 2016). From an administrative capacity perspective, human resource constraints are particularly problematic in decentralized systems, where local governments often face uneven access to skilled personnel. Conversely, investments in staff training and professionalization have been shown to improve compliance

with grant procedures and enhance the quality of monitoring and reporting (Yan, 2019). Administrative Capacity Theory therefore positions human resource capacity as a core determinant of whether ECE grants function as intended policy instruments or become sources of administrative risk and inefficiency.

Procedural and analytical capacities further extend the explanatory power of Administrative Capacity Theory by emphasizing the importance of standardized processes and evidence-based decision-making in policy implementation. Procedural capacity refers to the existence and effective use of formal rules, standard operating procedures, and control mechanisms that govern grant planning, disbursement, and accountability. Analytical capacity, in turn, concerns the ability of public organizations to collect, process, and utilize data for monitoring, evaluation, and learning (Wu et al., 2015). In the administration of ECE grants, weak procedural capacity often manifests in inconsistent application of eligibility criteria, inadequate documentation, and limited auditability, while low analytical capacity constrains the use of performance information to improve program design (Paschke et al., 2018; Le & Guo, 2021). Empirical evidence suggests that local governments with stronger procedural and analytical capacities are better able to link financial accountability with service outcomes, thereby enhancing the public value generated by grant-funded ECE programs (Moschini, 2023). Together, these dimensions reinforce the central insight of Administrative Capacity Theory: effective implementation of local government grants for ECE depends not on funding levels alone, but on the integrated functioning of institutional, managerial, human, procedural, and analytical capacities.

Policy Implementation Theory and the Governance of Local Government Grants for Early Childhood Education

Policy Implementation Theory provides a critical analytical framework for understanding how public policies are translated from formal decisions into concrete administrative actions and service outcomes. Early implementation research emphasized top-down models, which conceptualize implementation as a process of hierarchical control in which policy goals, rules, and standards defined by central authorities are expected to guide the behavior of implementing agencies (Wu et al., 2015; Howlett et al., 2020). From this perspective, effective implementation of ECE grant programs depends on the clarity of policy objectives, the consistency of regulatory frameworks, and the capacity of higher-level authorities to monitor compliance at the local level. Grant-based policies are particularly sensitive to these factors because they rely on standardized procedures for budgeting, disbursement, and reporting. However, empirical studies demonstrate that top-down control alone is often insufficient in decentralized systems, where local governments possess substantial autonomy and face diverse institutional and socio-economic conditions (Lewis & Smoke, 2017). In such contexts, rigid top-down implementation may exacerbate capacity constraints rather than resolve them, leading to delays in fund disbursement, procedural non-compliance, or symbolic adherence to grant regulations without substantive improvements in ECE service delivery (Yan, 2019).

In contrast, bottom-up models of policy implementation shift analytical attention to frontline actors and local implementers, emphasizing discretion, local knowledge, and adaptive practices in shaping policy outcomes. This perspective is particularly relevant to ECE grant implementation, where local education officials, financial administrators, and service providers exercise discretion in interpreting eligibility criteria, verifying expenditures, and prioritizing monitoring activities (Mangla, 2015; Saguin & Ramesh, 2020). Bottom-up approaches highlight how implementation outcomes are often determined by the interactions among street-level bureaucrats, organizational routines, and contextual constraints rather than by formal policy design alone. In grant-funded ECE programs, discretionary practices may enable flexibility and responsiveness to local needs, but they may also introduce inconsistencies and accountability risks when administrative capacity is weak. Studies in education and social policy indicate that discretion without adequate managerial and procedural capacity can result in uneven enforcement of grant rules, selective monitoring, and reduced transparency in financial management (Mbiti, 2016; Paschke et al., 2018). Policy Implementation Theory thus underscores that understanding ECE grant implementation requires close attention to the capacities and incentives of local implementers, not merely the content of policy documents.

Recognizing the limitations of both top-down and bottom-up perspectives, contemporary implementation scholarship increasingly adopts hybrid or integrated models

that combine hierarchical control with local discretion and coordination. These models conceptualize implementation as a dynamic process shaped by interactions across multiple levels of government and among diverse actors, mediated by administrative capacity and institutional arrangements (Wu et al., 2015; Howlett et al., 2020). In the context of local government grants for ECE, hybrid models are particularly useful for analyzing how policy intent is negotiated and operationalized through budgeting systems, inter-agency coordination mechanisms, and accountability frameworks. Grant implementation typically requires alignment between education policy objectives and public financial management procedures, making coordination across sectoral and functional boundaries a central challenge. Empirical evidence suggests that local governments with stronger administrative and managerial capacities are better able to reconcile these demands, using formal procedures and analytical tools to integrate financial controls with programmatic goals (Yan et al., 2022). Policy Implementation Theory, when applied through a hybrid lens, therefore highlights administrative capacity as the key mechanism that links policy design to implementation performance in complex grant-based programs.

A core contribution of Policy Implementation Theory to the study of ECE grants lies in its emphasis on contextual and institutional factors that condition implementation outcomes. Implementation processes are embedded within broader political-administrative environments, including intergovernmental fiscal arrangements, accountability regimes, and institutional norms that shape organizational behavior (Lewis & Smoke, 2017). For local government grants, these contextual factors influence not only how funds are allocated and spent, but also how implementation actors perceive their roles and responsibilities. Research on education reform demonstrates that institutionalized coordination mechanisms, clear accountability relationships, and stable administrative procedures can mitigate the risks associated with discretion and decentralization (Yan, 2019; Saguin & Ramesh, 2020). Conversely, fragmented institutional contexts characterized by overlapping mandates and weak oversight tend to amplify implementation failures, even when policy goals are widely shared. By foregrounding these contextual dynamics, Policy Implementation Theory complements Administrative Capacity Theory, enabling a more nuanced explanation of why similar ECE grant policies may produce divergent outcomes across local governments.

Taken together, Policy Implementation Theory enriches the analysis of local government ECE grants by explicitly linking policy design, administrative capacity, and implementation practice. While Administrative Capacity Theory explains what capabilities are required for effective implementation, Policy Implementation Theory clarifies how these capabilities are activated—or constrained—within real-world governance processes. In grant-based ECE programs, the interaction between formal rules, discretionary practices, and institutional contexts determines whether administrative capacity translates into effective service delivery and accountability. By integrating implementation theory into the analysis, this literature review moves beyond static assessments of capacity and toward a dynamic understanding of how local governments navigate the practical challenges of implementing complex grant schemes. This integration is essential for developing analytically robust and policy-relevant insights into the governance of ECE funding at the local level (Howlett et al., 2020; Yan et al., 2022).

Public Financial Management and the Governance of Local Government Grants for Early Childhood Education

Public Financial Management (PFM) constitutes a core institutional and procedural foundation for the effective governance of local government grants and fiscal transfers, including those allocated to Early Childhood Education (ECE). At its most fundamental level, PFM encompasses the rules, systems, and administrative practices through which public resources are planned, allocated, executed, reported, and audited in pursuit of public policy objectives (Lewis & Smoke, 2017; Lago-Peñas et al., 2024). In decentralized governance systems, local governments assume primary responsibility for managing grant-funded programs, making the quality of PFM arrangements a decisive factor in implementation performance. Grant-based ECE programs are particularly dependent on sound PFM because they involve earmarked resources, multiple spending units, and strict accountability requirements. Weaknesses in budget credibility, expenditure controls, or reporting systems can disrupt the entire grant cycle, producing delays, underutilization of funds, or misuse of resources that ultimately undermine service delivery outcomes (Mbiti, 2016). From a public administration perspective, PFM is therefore not merely a technical subsystem, but a central

component of administrative capacity that shapes how local governments translate financial inputs into effective and accountable ECE services.

Budget planning and performance-oriented budgeting represent the first critical PFM dimension influencing the implementation of ECE grants. Effective grant implementation requires that ECE priorities be clearly articulated in medium-term expenditure frameworks and annual budgets, ensuring coherence between policy objectives and resource allocation (Lago-Peñas et al., 2024). However, empirical studies show that local governments with limited planning capacity often struggle to integrate grant-funded programs into broader budgetary processes, resulting in fragmented spending and weak alignment between ECE policy goals and financial inputs (Lewis & Smoke, 2017). Performance-based budgeting frameworks are intended to address these challenges by linking financial allocations to outputs and outcomes, yet their effectiveness depends heavily on administrative and analytical capacity. Where local governments lack the ability to define performance indicators, collect reliable data, or use information for decision-making, performance budgeting risks becoming a formal compliance exercise rather than a mechanism for improving ECE service quality (Le & Guo, 2021). Thus, PFM scholarship highlights that budget planning and performance orientation can enhance the effectiveness of ECE grants only when embedded within broader administrative capacity structures that support strategic coordination and learning.

Internal control systems and financial reporting mechanisms form the backbone of accountability in grant-funded ECE programs. Internal controls—such as authorization procedures, segregation of duties, and documentation requirements—are designed to prevent errors, inefficiencies, and misuse of public funds, while financial reporting enables transparency and oversight by higher-level authorities and the public (Paschke et al., 2018). In the context of ECE grants, weak internal controls have been associated with leakage, delayed reporting, and limited traceability of expenditures, all of which undermine public trust and reduce the effectiveness of social spending (Mbiti, 2016). Studies in education and health sectors demonstrate that when reporting systems are poorly integrated with program management, financial information is rarely used to inform corrective actions or improve service delivery (Yan, 2019). From the perspective of Administrative Capacity Theory, these deficiencies reflect not only technical shortcomings in PFM systems but also broader organizational and human resource constraints. Strong internal controls and reporting frameworks require trained personnel, clear procedures, and managerial commitment—elements that link PFM directly to administrative capacity and implementation performance.

Audit and external oversight constitute the final pillar of PFM and play a crucial role in reinforcing accountability and learning in local government ECE grant programs. Audit institutions provide independent assessments of financial compliance and performance, identifying systemic weaknesses and signaling risks to policymakers and administrators (Paschke et al., 2018). However, evidence from decentralized systems suggests that audit findings often have limited impact on implementation practices when local governments lack the capacity or incentives to respond effectively (Lewis & Smoke, 2017). In such contexts, audits may function primarily as *ex post* control mechanisms rather than as tools for improving governance and service outcomes. Integrating audit processes with managerial and analytical capacities—such as feedback loops, performance reviews, and capacity-building initiatives—has been shown to enhance the contribution of PFM to effective policy implementation (Yan et al., 2022). This literature underscores the importance of viewing PFM as an integral component of the policy implementation process rather than a standalone technical domain.

Taken together, the PFM literature demonstrates that the effectiveness of local government grants for ECE depends on the alignment and interaction of financial systems, administrative capacity, and implementation processes. Weak PFM exacerbates implementation problems by amplifying coordination failures, constraining managerial discretion in unproductive ways, and weakening accountability mechanisms, ultimately leading to inefficiencies and reduced service quality. Conversely, robust PFM systems—embedded within strong administrative capacity and guided by clear implementation frameworks—can enhance transparency, reduce leakage, and improve the public value generated by ECE spending (Lago-Peñas et al., 2024; Moschini, 2023). By integrating PFM with Administrative Capacity Theory and Policy Implementation Theory, this article advances a comprehensive analytical foundation for understanding how financial governance shapes the implementation of ECE grants at the local government level.

Good Governance and Public Accountability in the Implementation of Local Government Grants for Early Childhood Education

Good Governance Theory provides a normative and analytical framework for assessing how public authority is exercised in the management of public resources, including grant-based financing for Early Childhood Education (ECE). Core principles of good governance—transparency, accountability, participation, effectiveness, and the rule of law—are widely regarded as essential conditions for ensuring that public spending translates into meaningful social outcomes (Paschke et al., 2018; Saguin & Ramesh, 2020). In the context of local government grants for ECE, these principles shape both the design and implementation of funding mechanisms, influencing how decisions are made, how resources are allocated, and how performance is assessed. Transparency in grant criteria, allocation decisions, and reporting requirements enhances public scrutiny and reduces information asymmetries, while adherence to the rule of law ensures that grants are administered consistently and in accordance with formal regulations. However, governance scholarship emphasizes that these principles cannot be realized through formal rules alone; they require administrative and institutional capacities capable of operationalizing governance norms within everyday bureaucratic practices (Haque et al., 2021). As such, good governance in ECE grant implementation is best understood not as an abstract ideal, but as a capacity-dependent process embedded within local administrative systems.

Public Accountability Theory complements the governance perspective by focusing on the mechanisms through which public officials and organizations are held answerable for their actions and the use of public resources. Traditional approaches to accountability in grant management often emphasize compliance-oriented reporting and audit requirements, framing accountability primarily as an *ex post* control mechanism (Mbiti, 2016). While such mechanisms remain important, contemporary public administration literature argues that accountability is also an outcome of broader institutional and administrative arrangements that shape behavior throughout the policy implementation process (Yan, 2019). In local government ECE grants, accountability relationships are multi-dimensional, encompassing vertical accountability to higher levels of government, horizontal accountability to audit and oversight bodies, and social accountability to communities and service beneficiaries. The effectiveness of these accountability mechanisms depends critically on administrative capacity, including the ability to generate reliable financial information, conduct meaningful monitoring and evaluation, and respond to oversight findings. Where such capacities are weak, reporting requirements risk becoming symbolic, offering limited insight into actual service performance or fund utilization (Paschke et al., 2018). Public Accountability Theory thus shifts analytical attention from formal compliance to the institutional conditions under which accountability can be substantively realized.

The interaction between good governance principles and administrative capacity is particularly salient in decentralized systems, where local governments exercise significant discretion over grant implementation. Comparative studies of education and social policy reforms demonstrate that decentralization can enhance responsiveness and participation, but also increases the risk of governance failures when local administrative capacity is insufficient (Lewis & Smoke, 2017; Saguin & Ramesh, 2020). In the ECE sector, participatory governance mechanisms—such as stakeholder consultations or community oversight—can improve the alignment of grant-funded services with local needs, yet their effectiveness depends on the capacity of local administrations to manage participation processes and integrate feedback into decision-making. Similarly, effectiveness and efficiency in grant implementation are closely tied to managerial and analytical capacities that enable local governments to align financial inputs with service outputs and outcomes. Good Governance Theory therefore reinforces the central argument of Administrative Capacity Theory: governance quality is not merely a function of institutional design, but of the practical capabilities that allow public organizations to enact governance principles in complex policy environments.

Public financial management (PFM) systems serve as a critical interface between good governance and public accountability in the implementation of ECE grants. Budget planning, internal controls, financial reporting, and audit mechanisms operationalize governance principles by structuring how resources are managed and scrutinized (Lewis & Smoke, 2017). However, the literature cautions that robust PFM frameworks alone do not guarantee accountability or transparency; their effectiveness is contingent upon administrative capacity and institutional incentives (Yan et al., 2022). In local government ECE grants, weak integration between PFM systems and program management can result in fragmented

accountability, where financial compliance is emphasized at the expense of service quality and equity. Conversely, when PFM systems are embedded within a broader governance framework that emphasizes learning and performance improvement, they can support both accountability and effectiveness by linking financial data to program outcomes (Le & Guo, 2021). This perspective underscores the need to analyze PFM not as a purely technical domain, but as a governance instrument whose impact depends on administrative capacity and implementation dynamics.

Taken together, the integration of Good Governance Theory and Public Accountability Theory provides a nuanced understanding of how governance norms are translated into practice in the implementation of local government grants for ECE. Accountability emerges not simply as a reporting obligation, but as a capacity-dependent outcome shaped by institutional coherence, managerial competence, and analytical capability. Where administrative capacity is strong, governance principles can reinforce one another, producing transparent, accountable, and effective grant implementation. Where capacity is weak, governance reforms risk remaining superficial, with limited impact on service delivery or public trust. By situating good governance and accountability within the broader framework of administrative capacity and policy implementation, this literature review advances a more realistic and policy-relevant analysis of ECE grant governance at the local government level.

Institutional Capacity and Street-Level Bureaucracy in Local Government ECE Grant Implementation

Institutional Capacity Theory emphasizes the role of formal structures, rules, and organizational norms in shaping the ability of public organizations to implement policies effectively and consistently. Institutional capacity refers not only to the existence of legal mandates and organizational arrangements, but also to their coherence, stability, and embeddedness within administrative routines (Haque et al., 2021; Saguin & Ramesh, 2020). In the context of local government grants for Early Childhood Education (ECE), institutional capacity determines how responsibilities for planning, budgeting, fund disbursement, monitoring, and reporting are distributed across agencies and how effectively these functions are coordinated. Fragmented institutional arrangements—characterized by overlapping mandates, weak inter-agency coordination, or poorly institutionalized procedures—have been shown to undermine grant implementation by creating ambiguity and increasing transaction costs (Lewis & Smoke, 2017). Conversely, strong institutional capacity enables local governments to align ECE grants with broader policy frameworks and public financial management systems, thereby enhancing predictability and accountability. From this perspective, institutional capacity forms the organizational backbone that conditions whether administrative resources and managerial efforts can be translated into effective ECE grant governance.

Beyond formal structures, institutional capacity is also shaped by organizational norms and informal rules that influence how policies are interpreted and enacted in practice. Organizational cultures that prioritize procedural compliance, learning, and ethical conduct can reinforce the effective implementation of grant policies, whereas cultures tolerant of discretion without accountability may exacerbate implementation failures (Yan, 2019). In decentralized systems, local governments often adapt national grant regulations to local contexts through informal practices that reflect prevailing norms and incentives. While such adaptation can enhance responsiveness, it may also introduce inconsistencies that undermine equity and transparency when institutional capacity is weak (Saguin & Ramesh, 2020). Studies in education and social policy suggest that institutionalized routines—such as standardized grant guidelines, regular coordination meetings, and integrated information systems—help stabilize implementation processes and reduce reliance on ad hoc decision-making (Yan et al., 2022). Institutional Capacity Theory thus highlights that effective ECE grant implementation depends not only on formal authority but also on the institutionalization of shared norms and routines that guide organizational behavior.

Street-Level Bureaucracy theory complements the institutional perspective by focusing on the role of frontline public officials in translating policy directives into concrete actions. Street-level bureaucrats—such as local education officers, grant administrators, and financial clerks—exercise significant discretion in interpreting eligibility criteria, verifying expenditures, and prioritizing monitoring activities (Mangla, 2015). In the implementation of ECE grants, these actors operate at the interface between formal rules and service providers, making day-to-day decisions that directly affect fund utilization and service quality. The literature

demonstrates that street-level discretion is an inevitable feature of complex public programs, particularly in contexts characterized by resource constraints and ambiguous policy goals (Mbiti, 2016). While discretion can enable flexibility and problem-solving, it also poses risks of inconsistency and bias when not supported by adequate administrative and institutional capacity. Street-Level Bureaucracy theory therefore draws attention to the micro-level practices through which institutional capacity is enacted—or undermined—in ECE grant implementation.

The interaction between institutional capacity and street-level practices is critical for understanding variations in implementation performance across local governments. Where institutional capacity is strong—manifested in clear procedures, supportive supervision, and effective information systems—street-level discretion is more likely to be exercised in ways that align with policy objectives and accountability requirements (Yan, 2019). Conversely, in weak institutional environments, frontline actors may rely on coping strategies such as rationing services, simplifying procedures, or selectively enforcing rules, which can distort grant objectives and reduce service quality (Mangla, 2015). Empirical evidence from education reforms suggests that such practices often emerge as responses to capacity constraints rather than intentional misconduct, underscoring the importance of organizational context in shaping frontline behavior (Saguin & Ramesh, 2020). Integrating Institutional Capacity Theory with Street-Level Bureaucracy thus provides a nuanced explanation of how structural and behavioral factors jointly influence ECE grant implementation outcomes.

Taken together, Institutional Capacity Theory and Street-Level Bureaucracy offer critical insights into the operational dynamics of local government ECE grants by linking macro-level organizational arrangements with micro-level implementation practices. These perspectives reinforce the broader framework of Administrative Capacity Theory by demonstrating that policy performance depends on both institutional design and the discretionary actions of frontline officials. In ECE grant programs, the quality of services delivered to children and communities ultimately reflects how institutional rules, organizational norms, and street-level practices interact within local administrative systems. Recognizing this interplay is essential for designing capacity-building and governance reforms that strengthen not only formal institutions but also the everyday practices through which ECE policies are implemented.

3. Materials and Method

This study adopts a conceptual-comparative literature review design, aiming to synthesize and integrate theoretical and empirical insights on administrative capacity in the implementation of local government grants for Early Childhood Education (ECE). Unlike descriptive reviews that primarily summarize existing studies, this review is explicitly analytical, focusing on identifying conceptual patterns, explanatory mechanisms, and research gaps across multiple theoretical traditions in public administration and public policy. The review is grounded in Administrative Capacity Theory as the core analytical framework and is complemented by Policy Implementation Theory, Public Financial Management (PFM), Good Governance, Public Accountability, Institutional Capacity, and Street-Level Bureaucracy perspectives. This design is particularly suitable for examining complex governance phenomena such as grant implementation, which involve multiple actors, institutional arrangements, and levels of government. By employing a conceptual-comparative approach, the study seeks to bridge fragmented literatures and develop an integrative framework capable of explaining variations in ECE grant implementation across different administrative and governance contexts.

The primary data sources for this review consist of peer-reviewed journal articles retrieved from leading academic databases, including Scopus, Web of Science (Core Collection), and DOAJ, supplemented by targeted searches in other reputable databases where necessary to capture relevant public administration and education policy scholarship. These databases were selected due to their comprehensive coverage of high-quality journals in public administration, public finance, governance, and education policy. The review focuses on articles published within a 10-year window (2015–2025), with priority given to studies from 2020 onward to ensure theoretical and empirical relevance. Only journal articles were included to maintain consistency in academic rigor; books, book chapters, policy briefs, and non-peer-reviewed sources were excluded unless cited for foundational conceptual clarification. This strategy ensured that the dataset reflected current debates and

methodological standards in the international literature on administrative capacity and policy implementation.

A systematic search strategy was employed to identify relevant studies. Key search terms were developed iteratively based on the research objectives and theoretical framework. Core keywords included combinations of: “administrative capacity,” “policy capacity,” “local government capacity,” “policy implementation,” “public financial management,” “intergovernmental grants,” “education grants,” “early childhood education,” “ECE financing,” “subnational governance,” and “accountability.” Boolean operators (AND/OR) and truncation were used to capture variations in terminology across disciplines. Searches were conducted in article titles, abstracts, and keywords to balance precision and coverage. The initial search results were screened through a multi-stage process, beginning with title and abstract review to assess topical relevance, followed by full-text screening to confirm theoretical and empirical alignment with the study’s focus on administrative capacity and grant implementation.

Explicit inclusion and exclusion criteria were applied to ensure the quality and relevance of the selected literature. Articles were included if they: (1) were peer-reviewed journal publications; (2) addressed administrative, institutional, managerial, or financial capacity in the context of policy implementation; (3) examined grants, transfers, or subsidy mechanisms at the local or subnational government level; and (4) were relevant to ECE, education policy, or comparable social sectors where grant-based financing is central. Articles were excluded if they: (1) focused exclusively on pedagogical or curricular issues without governance or administrative relevance; (2) examined fiscal transfers solely from a macroeconomic perspective without reference to implementation or capacity; or (3) lacked sufficient methodological transparency or theoretical grounding. This screening process resulted in a curated corpus of literature suitable for in-depth conceptual and comparative analysis.

The analysis followed a thematic and conceptual synthesis approach, drawing on established qualitative review methodologies. First, all selected articles were coded using a structured data extraction framework capturing bibliographic information, theoretical orientation, policy context, level of government, and key findings related to administrative capacity and implementation dynamics. Second, a thematic analysis was conducted to identify recurring patterns across studies, such as dimensions of administrative capacity, common implementation challenges, and governance mechanisms influencing grant performance. Third, conceptual mapping was used to examine relationships among key constructs—particularly the interaction between administrative capacity, PFM systems, and implementation processes. Finally, a comparative synthesis was undertaken to contrast findings across contexts (e.g., countries, governance systems, policy sectors), enabling the identification of boundary conditions and explanatory factors that shape ECE grant implementation outcomes.

To enhance transparency and replicability, all stages of the review process—from database selection and search strings to screening criteria and analytical procedures—were documented systematically. While the interpretive nature of conceptual synthesis inherently involves scholarly judgment, methodological rigor was ensured through consistent coding procedures and iterative validation of themes against the source literature. The methodological design thus balances analytical depth with procedural transparency, providing a robust foundation for theory development and policy-relevant insights. By explicitly linking methodological choices to the study’s analytical objectives, this Materials and Method section establishes the credibility and validity of the literature review as a contribution to international scholarship on administrative capacity and local government ECE grant implementation.

4. Results and Discussion

Results

Administrative Capacity as a Determinant of Grant Implementation Performance

Across the reviewed literature, administrative capacity consistently emerges as a decisive factor shaping the performance of local government grant implementation in the education and social sectors, including Early Childhood Education (ECE). Studies converge on the finding that variations in implementation outcomes are less strongly associated with the formal design of grant schemes than with the administrative capabilities of implementing

authorities (Wu et al., 2015; Haque et al., 2021). Local governments with higher levels of administrative capacity demonstrate greater consistency in grant disbursement, stronger compliance with regulatory requirements, and more reliable reporting practices. Conversely, jurisdictions with limited administrative capacity experience delays, underutilization of funds, and procedural deviations that undermine policy objectives (Lewis & Smoke, 2017). Empirical research across both developed and developing country contexts indicates that administrative capacity operates as a cross-cutting condition influencing multiple stages of the grant cycle, from planning and budgeting to monitoring and accountability (Yan et al., 2022). Importantly, the literature does not treat administrative capacity as a monolithic attribute; rather, it is conceptualized as a multidimensional construct whose components interact in shaping implementation performance. This finding provides the empirical basis for the thematic differentiation of capacity dimensions reported in subsequent sections.

Institutional Capacity and Organizational Arrangements

A prominent theme in the literature concerns the role of institutional capacity, defined as the coherence, stability, and effectiveness of organizational arrangements governing grant administration. Empirical studies report that local governments with clearly delineated mandates, formalized coordination mechanisms, and stable institutional routines are better positioned to manage education grants effectively (Saguin & Ramesh, 2020; Yan, 2019). In the context of ECE and comparable education programs, weak institutional capacity is frequently associated with fragmented responsibilities across education, finance, and oversight units, resulting in coordination failures and inconsistent implementation practices (Lewis & Smoke, 2017). Comparative evidence shows that such fragmentation is particularly pronounced in decentralized systems where intergovernmental roles are ambiguously defined. Conversely, jurisdictions that institutionalize grant management through standardized procedures, integrated information systems, and inter-agency coordination platforms report fewer implementation disruptions and greater procedural consistency (Yan et al., 2022). The literature thus identifies institutional capacity as a structural precondition for effective grant governance, shaping how administrative resources are mobilized and how accountability mechanisms are operationalized.

Managerial Capacity and Implementation Coordination

Managerial capacity emerges as a distinct and influential dimension of administrative capacity in the reviewed studies. Managerial capacity refers to the ability of public managers to plan, coordinate, supervise, and adapt implementation processes in response to operational challenges. Empirical findings indicate that strong managerial capacity contributes to timely grant execution, effective supervision of recipients, and responsive problem-solving during implementation (Howlett et al., 2020). In education grant programs, including ECE, managerial weaknesses are often manifested in limited oversight of grant recipients, inconsistent enforcement of reporting requirements, and weak follow-up on identified implementation problems (Yan et al., 2022). Cross-country studies suggest that managerial capacity is particularly critical in contexts characterized by multi-actor governance arrangements, where effective coordination between education authorities, financial management units, and service providers is required (Saguin & Ramesh, 2020). The literature consistently reports that managerial capacity mediates the relationship between formal institutional arrangements and actual implementation outcomes, highlighting its central role in translating organizational structures into operational performance.

Human Resource Capacity and Technical Competence

Human resource capacity is widely reported as a central constraint in the implementation of local government grants for education. The reviewed studies emphasize that the technical competence, experience, and stability of staff involved in grant administration significantly affect compliance, transparency, and service quality (Mangla, 2015; Mbiti, 2016). In the ECE sector, grant implementation requires specialized knowledge of public financial management rules, reporting standards, and sector-specific regulations. Empirical evidence indicates that local governments with limited access to trained personnel experience higher rates of reporting errors, delays in fund disbursement, and reduced monitoring intensity (Yan, 2019). High staff turnover further exacerbates these challenges by eroding institutional memory and weakening continuity in implementation practices. Conversely, jurisdictions that invest in staff training and professionalization report improved compliance with grant procedures and

more consistent monitoring outcomes (Yan et al., 2022). The literature thus identifies human resource capacity as a key operational dimension influencing the reliability and effectiveness of ECE grant implementation.

Procedural Capacity and Standardization of Grant Processes

Procedural capacity—understood as the existence and consistent application of formal rules, standard operating procedures, and administrative guidelines—constitutes another recurring theme in the literature. Studies consistently report that standardized procedures for grant planning, disbursement, documentation, and reporting enhance predictability and reduce discretionary inconsistencies in implementation (Lewis & Smoke, 2017). In education grant programs, including ECE, weak procedural capacity is associated with ad hoc decision-making, inconsistent eligibility assessments, and limited auditability (Paschke et al., 2018). Comparative analyses indicate that procedural standardization is particularly important in decentralized systems, where variations in local practices can otherwise undermine equity and transparency. The literature also highlights that procedural capacity interacts with other capacity dimensions; standardized procedures are most effective when supported by trained personnel and managerial oversight (Yan, 2019). This body of evidence underscores the role of procedural capacity in stabilizing implementation processes and facilitating compliance with governance and accountability requirements.

Public Financial Management Challenges in Grant Implementation

Public Financial Management (PFM) challenges are prominently reported across the reviewed literature as a source of implementation difficulties in grant-funded education programs. Empirical studies identify weaknesses in budget planning, expenditure control, and financial reporting as recurring obstacles to effective grant implementation (Mbiti, 2016; Lewis & Smoke, 2017). In the context of ECE grants, inadequate integration between program planning and budgeting processes often results in misaligned resource allocation and delayed disbursement (Lago-Peñas et al., 2024). The literature also documents that performance-oriented budgeting mechanisms are unevenly applied, with limited use of performance information to guide implementation decisions (Le & Guo, 2021). Financial reporting systems are frequently described as compliance-driven rather than performance-oriented, limiting their usefulness for monitoring service outcomes. These PFM-related findings highlight the importance of financial governance arrangements as an empirical dimension shaping grant implementation performance.

Accountability and Oversight Mechanisms

Accountability and oversight mechanisms constitute a further thematic area identified in the literature. Studies consistently report that accountability in grant implementation extends beyond formal reporting requirements to encompass monitoring, audit, and feedback processes (Paschke et al., 2018). In education and ECE grant programs, weak oversight capacity is associated with limited detection of implementation problems and reduced corrective action (Yan, 2019). The literature also notes significant variation in the effectiveness of audit institutions across contexts, with audit findings often having limited impact on implementation practices in low-capacity environments (Lewis & Smoke, 2017). Conversely, jurisdictions with stronger oversight institutions and clearer accountability relationships report higher levels of compliance and transparency. These findings suggest that accountability outcomes are closely linked to underlying administrative and institutional capacities rather than to the mere existence of formal oversight mechanisms.

Street-Level Bureaucracy and Discretionary Practices

Several studies highlight the role of street-level bureaucrats in shaping grant implementation outcomes. Frontline officials responsible for verifying expenditures, monitoring compliance, and interacting with service providers exercise considerable discretion in the implementation of education grants (Mangla, 2015). The literature documents that such discretion can facilitate adaptation to local conditions but may also produce inconsistencies and inequities when administrative capacity is weak (Mbiti, 2016). Empirical evidence suggests that discretionary practices are shaped by workload pressures, resource constraints, and organizational norms, rather than by policy design alone (Saguin &

Ramesh, 2020). These findings underscore the importance of frontline behavior as an empirical dimension influencing ECE grant implementation.

Cross-Contextual Variation in Implementation Outcomes

The reviewed literature reports substantial cross-contextual variation in the implementation of local government grants for education. Comparative studies show that differences in governance systems, decentralization arrangements, and administrative traditions contribute to divergent implementation outcomes even under similar grant designs (Lewis & Smoke, 2017; Lago-Peñas et al., 2024). In higher-capacity settings, grants are more likely to be implemented as intended, with consistent reporting and oversight. In lower-capacity contexts, implementation outcomes are more variable, reflecting capacity constraints rather than policy intent. This cross-contextual variation highlights the empirical importance of administrative capacity as a conditioning factor in grant implementation.

Summary of Empirical Patterns

Taken together, the results of the literature review reveal consistent empirical patterns linking administrative capacity, PFM quality, and governance arrangements to the implementation performance of local government grants for ECE and comparable sectors. The findings demonstrate that implementation outcomes are shaped by the interaction of multiple capacity dimensions rather than by isolated factors. These patterns provide the empirical foundation for the interpretive analysis developed in the subsequent Discussion section.

Discussion

The findings synthesized in the Results section reaffirm Administrative Capacity Theory as a robust explanatory framework for understanding variations in the implementation of local government grants for Early Childhood Education (ECE). Across contexts, administrative capacity emerges not as a single technical attribute, but as a multidimensional configuration encompassing institutional coherence, managerial competence, human resources, procedural stability, and analytical capability (Wu et al., 2015; Haque et al., 2021). The literature demonstrates that these dimensions collectively condition the ability of local governments to translate formal grant regulations into effective and accountable service delivery. Importantly, the findings suggest that even well-designed grant schemes are unlikely to achieve their intended objectives when administrative capacity is fragmented or uneven. This observation reinforces a central proposition of Administrative Capacity Theory: policy effectiveness is contingent not only on policy design, but on the organizational capabilities that sustain implementation over time. In the ECE sector, where grant implementation involves multiple actors and compliance requirements, administrative capacity functions as the critical intermediary between fiscal inputs and service outcomes (Yan et al., 2022).

Integrating Policy Implementation Theory further clarifies how administrative capacity operates within complex governance processes. The reviewed literature illustrates that neither top-down nor bottom-up implementation models alone can adequately explain the observed patterns of ECE grant implementation. Instead, hybrid implementation dynamics prevail, in which central policy directives interact with local discretion, coordination practices, and contextual constraints (Howlett et al., 2020). Administrative capacity determines whether this interaction produces adaptive problem-solving or implementation drift. For instance, strong managerial and procedural capacity enables local governments to reconcile hierarchical accountability with local flexibility, while weak capacity amplifies discretion in ways that undermine consistency and equity (Mangla, 2015). These findings support the argument that administrative capacity is the mechanism through which implementation models are enacted in practice, bridging the gap between formal policy intent and operational reality. In this sense, Policy Implementation Theory complements Administrative Capacity Theory by illuminating the dynamic processes through which capacity constraints translate into implementation outcomes in ECE grant programs (Saguin & Ramesh, 2020).

The discussion of Public Financial Management (PFM) underscores the fiscal dimension of administrative capacity and its implications for ECE grant effectiveness. The results reveal that weaknesses in budget planning, expenditure control, and financial reporting consistently exacerbate implementation problems, leading to inefficiencies, delayed disbursement, and

limited accountability (Lewis & Smoke, 2017; Mbiti, 2016). From a theoretical perspective, these findings align with PFM scholarship that emphasizes the role of financial systems as enabling—or constraining—factors in policy implementation. However, the literature also reveals a critical limitation: robust PFM frameworks do not automatically translate into improved outcomes when administrative and analytical capacities are insufficient. Performance-based budgeting and reporting mechanisms, for example, often remain compliance-oriented rather than learning-oriented in low-capacity environments (Le & Guo, 2021). This suggests that PFM should be conceptualized not merely as a technical subsystem, but as an integral component of administrative capacity whose effectiveness depends on organizational and human resource capabilities. For ECE grants, the alignment of PFM systems with programmatic objectives is therefore a necessary—but not sufficient—condition for effective implementation.

The integration of Good Governance Theory and Public Accountability Theory provides additional interpretive depth by situating administrative capacity within broader normative and institutional frameworks. The findings indicate that governance principles such as transparency, accountability, and effectiveness are realized in practice only when supported by adequate administrative and institutional capacity (Paschke et al., 2018; Yan, 2019). Accountability, in particular, emerges from the literature not merely as a reporting obligation, but as an outcome of sustained capacity to generate reliable information, enforce rules, and respond to oversight. In low-capacity contexts, accountability mechanisms tend to be formalistic, with limited impact on behavior or service quality. Conversely, jurisdictions with stronger administrative capacity demonstrate more substantive accountability, characterized by meaningful oversight and corrective action (Yan et al., 2022). These findings challenge narrow interpretations of accountability that focus solely on audit and reporting, reinforcing a capacity-based understanding of governance in grant-funded ECE programs.

Despite these convergent insights, the literature also reveals important contradictions and gaps. Some studies suggest that decentralization and discretion can enhance responsiveness and innovation in ECE service delivery, while others highlight the risks of fragmentation and inequity in low-capacity settings (Lewis & Smoke, 2017; Saguin & Ramesh, 2020). These divergent findings point to the importance of contextual factors—such as political-administrative relations, institutional maturity, and socio-economic conditions—in shaping implementation outcomes. Notably, relatively few studies explicitly examine how political dynamics, including legislative influence or local power structures, interact with administrative capacity in the governance of education grants. Moreover, the ECE sector remains underrepresented in comparative public administration research, with much of the evidence drawn from primary or secondary education and other social sectors. This limits the generalizability of existing findings and underscores the need for more sector-specific and comparative studies.

Taken together, this discussion highlights the theoretical and practical contributions of the present literature review. Theoretically, the article advances Administrative Capacity Theory by demonstrating its explanatory power when integrated with policy implementation, PFM, governance, and accountability perspectives. Rather than treating capacity as a static attribute, the review conceptualizes it as a dynamic and relational construct embedded within institutional and fiscal systems. For Public Administration scholarship, this integrative approach offers a more comprehensive understanding of how local governments implement complex grant-based policies in decentralized contexts. From a policy perspective, the findings underscore that reforms aimed at improving ECE grant implementation must go beyond regulatory redesign and address underlying capacity constraints at the institutional, managerial, and human resource levels. Strengthening administrative capacity is thus not only a technical endeavor, but a strategic governance reform essential for enhancing the effectiveness, accountability, and equity of local government ECE grants.

5. Comparison

A first comparative pattern emerging from the literature concerns differences in administrative capacity and implementation performance across national contexts. Studies conducted in higher-income and institutionally mature governance systems generally report more consistent implementation of local government grants for education, including Early Childhood Education (ECE), compared to those in lower-capacity or transitional settings (Lewis & Smoke, 2017; Yan et al., 2022). In these higher-capacity contexts, administrative

routines are more institutionalized, professional norms are stronger, and coordination between education and finance authorities is more stable, resulting in predictable grant disbursement and more reliable accountability mechanisms. Conversely, studies from lower-capacity environments frequently document fragmented institutional arrangements, uneven human resource capacity, and weak procedural enforcement, leading to substantial variation in grant implementation outcomes across local jurisdictions (Mangla, 2015; Mbiti, 2016). This cross-national comparison suggests a convergence around the importance of administrative capacity as a conditioning factor, while highlighting divergence in how capacity deficits manifest in practice. In ECE-related programs, capacity constraints are particularly consequential because grants often involve small-scale providers and intensive monitoring requirements, amplifying the administrative burden on local governments (Moschini, 2023). Overall, the literature converges on the finding that national context shapes the baseline level of administrative capacity, which in turn structures the range of feasible implementation outcomes for ECE grants.

A second axis of comparison relates to differences between unitary and federal systems and their implications for grant governance. In unitary systems with administratively decentralized arrangements, local governments often operate within relatively standardized regulatory and PFM frameworks, which can facilitate coordination and compliance when administrative capacity is adequate (Saguin & Ramesh, 2020). In contrast, federal systems tend to exhibit greater heterogeneity in grant implementation due to constitutionally entrenched subnational autonomy and variation in institutional capacity across states or regions (Lewis & Smoke, 2017). Comparative studies indicate that in federal contexts, ECE and education grants are more sensitive to disparities in fiscal and administrative capacity, resulting in uneven service quality and accountability outcomes (Le & Guo, 2021). While decentralization can enhance responsiveness and innovation, the literature consistently finds that its benefits are contingent on strong intergovernmental coordination mechanisms and capacity equalization measures. In the absence of such mechanisms, decentralization exacerbates capacity gaps and undermines the equity objectives of grant-funded ECE programs. This comparison underscores a key divergence: unitary systems tend to rely more on administrative standardization to support implementation, whereas federal systems depend more heavily on subnational capacity and coordination to achieve similar outcomes.

Variation in fiscal decentralization and grant design constitutes a third comparative dimension emphasized in the literature. Studies examining formula-based or conditional grants report more predictable implementation outcomes than those analyzing discretionary or politically influenced grant schemes (Lago-Peñas et al., 2024). In education and ECE contexts, conditional grants tied to clear eligibility criteria and reporting requirements are associated with higher levels of compliance and accountability, particularly when supported by adequate PFM capacity (Le & Guo, 2021). Conversely, discretionary grants—often justified on flexibility or political responsiveness grounds—exhibit greater implementation variability, especially in low-capacity settings where monitoring and oversight are weak (Lewis & Smoke, 2017). Comparative evidence also suggests that performance-based grant designs can improve alignment between spending and outcomes, but only when analytical and managerial capacities are sufficient to define indicators, collect data, and use performance information (Yan, 2019). This pattern highlights a convergence in the literature around the conditional effectiveness of grant design: design features matter, but their impact is mediated by administrative and fiscal capacity. In the ECE sector, where outcomes are multidimensional and difficult to measure, these mediation effects are particularly pronounced.

Differences across theoretical and methodological approaches used in prior studies further illuminate how implementation outcomes are interpreted. Research grounded in Administrative Capacity Theory and Policy Implementation Theory tends to emphasize organizational processes, coordination mechanisms, and human resource constraints as primary explanatory factors (Wu et al., 2015; Howlett et al., 2020). In contrast, studies rooted in public finance or economics more often focus on incentive structures and fiscal effects, sometimes underplaying administrative and institutional dynamics (Mbiti, 2016). Methodologically, qualitative and mixed-method studies provide richer insights into street-level practices and institutional norms, while large-N quantitative analyses are better suited to identifying aggregate patterns across jurisdictions but may obscure implementation mechanisms (Mangla, 2015; Yan et al., 2022). The comparative review suggests a growing convergence toward integrative approaches that combine capacity-based explanations with fiscal and governance perspectives. However, divergence remains in the extent to which

ECE-specific dynamics are explicitly analyzed, as many studies extrapolate from broader education or social sector evidence. This methodological diversity reinforces the value of a conceptual-comparative literature review that bridges theoretical silos and highlights underexplored sectoral nuances.

Across these comparative dimensions, the literature points to several best practices associated with more effective implementation of local government ECE grants. These include institutionalized coordination between education and finance agencies, standardized yet adaptable grant procedures, sustained investment in human resource capacity, and integration of PFM systems with program monitoring and accountability frameworks (Yan et al., 2022; Paschke et al., 2018). Best practices are most consistently observed in contexts where administrative capacity development is treated as a long-term governance priority rather than a short-term technical fix. At the same time, the comparative evidence cautions against one-size-fits-all solutions, emphasizing that effective practices must be aligned with institutional context and capacity constraints. For ECE grants, this implies tailoring governance reforms to local administrative realities while maintaining core principles of accountability and equity. The comparison thus reinforces the central argument of this article: variations in administrative capacity, governance arrangements, and fiscal institutions jointly explain cross-context differences in the implementation performance of local government grants for Early Childhood Education.

6. Conclusion

This literature review demonstrates that administrative capacity at the local government level is a decisive determinant of the effectiveness of Early Childhood Education (ECE) grant implementation. Across diverse governance contexts, the reviewed studies converge on the finding that institutional coherence, managerial competence, human resource capability, procedural stability, and analytical capacity jointly shape how grants are planned, disbursed, monitored, and accounted for (Wu et al., 2015; Haque et al., 2021). Where these capacity dimensions are well developed, local governments tend to implement ECE grants more consistently, with clearer accountability and more reliable service delivery. Conversely, capacity deficits—manifested in fragmented institutional arrangements, weak coordination, limited technical skills, and fragile financial controls—are associated with delays, inefficiencies, and uneven outcomes (Lewis & Smoke, 2017; Yan et al., 2022). Importantly, the literature indicates that capacity constraints affect multiple stages of the grant cycle simultaneously, amplifying their impact on implementation performance. This synthesis underscores that the success of ECE grants cannot be explained by policy design or funding levels alone, but must be understood through the administrative capabilities that translate fiscal resources into public value.

In relation to the study's objectives, the review strengthens and extends Administrative Capacity Theory by demonstrating its explanatory power when integrated with complementary frameworks from policy implementation, public financial management (PFM), good governance, and public accountability scholarship. Policy Implementation Theory clarifies how administrative capacity mediates the interaction between hierarchical controls and local discretion, helping to explain why similar grant designs yield divergent outcomes across jurisdictions (Howlett et al., 2020; Saguin & Ramesh, 2020). PFM perspectives highlight the fiscal dimension of capacity, showing that weaknesses in budgeting, internal controls, and reporting systems can undermine implementation even in the presence of formal accountability mechanisms (Mbiti, 2016; Le & Guo, 2021). Governance and accountability theories further reveal that transparency and accountability are not merely procedural requirements, but capacity-dependent outcomes embedded in institutional and organizational contexts (Paschke et al., 2018; Yan, 2019). By synthesizing these perspectives, the review moves beyond fragmented analyses and offers an integrative conceptual understanding of ECE grant implementation as a capacity-driven governance process.

The findings also yield clear theoretical and practical implications for public administration and local governance reform. Theoretically, the review contributes to the literature by conceptualizing administrative capacity as a dynamic, relational construct that operates across institutional, managerial, and fiscal domains, rather than as a static organizational attribute. Practically, the evidence suggests that reforms aimed at improving ECE grant outcomes should prioritize capacity-building strategies alongside regulatory refinement. These include strengthening institutional coordination between education and

finance agencies, investing in human resource development, standardizing yet adapting procedures, and integrating PFM systems with program monitoring and evaluation (Lewis & Smoke, 2017; Yan et al., 2022). Enhancing administrative capacity in these areas can improve accountability, reduce implementation variability, and support higher-quality ECE services. For policymakers, the review highlights that sustainable improvements in ECE grant governance require long-term investment in local administrative systems rather than short-term technical fixes or isolated compliance measures.

Despite its contributions, this review has limitations that point to avenues for future research. As a conceptual–comparative literature review, it relies on secondary sources and is constrained by the scope and quality of existing studies, many of which focus on education or social sectors broadly rather than ECE specifically. Empirical evidence on ECE grant implementation remains uneven across regions, limiting the ability to draw fine-grained sectoral comparisons (Moschini, 2023). Future research should therefore pursue comparative empirical studies that explicitly examine ECE grant governance across different institutional and political-administrative contexts, as well as mixed-method designs that link administrative capacity indicators to service outcomes. Conceptually, further work is needed to integrate political–administrative relations and public value perspectives into capacity-based analyses. Addressing these gaps will deepen understanding of how local governments can more effectively implement ECE grants and contribute to the broader advancement of Administrative Capacity Theory in public administration research.

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