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*The following sections are only available electronically on [www.worldbank.org/edinvest](http://www.worldbank.org/edinvest)*

**Component One: THE PRIVATE EDUCATION SECTOR QUESTIONNAIRE**  
**Component Two: THE PRIVATE EDUCATION SURVEY**

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## Foreword

### **Private Participation in Education Handbook**

Trends in the education sector show an increased recognition of the value of human capital yet, despite significant improvements in education coverage in developing countries, there is still a massive unmet demand for access and quality. But, as the pressure on the education sector to address all the diverse needs continues to increase, the situation is exacerbated by tight fiscal constraints, distributional inequities, and ongoing problems of service delivery.

Universal elementary education must be an integral component of a well-conceived and adequately resourced national poverty reduction plan and a part of the broader human development strategy that focuses on the entire sector. The World Bank recognizes that for this plan and strategy to be attainable, the non-public sector must assume a significant role in the provision and finance of education.

The Human Development Network is keen to join the debate on how reforms can be designed and implemented to support the role of the non-public sector; most particularly, how the non-public sector can work in concert with the public sector to provide support in a manner that is measured and tailored to the economic, social and political circumstances of different countries.

The challenge is immediate: it is to progress the argument beyond the merely “contribution to growth” contention and to articulate clearly the role of the private education sector in the national development agenda and poverty reduction strategy.

Ruth Kagia  
Director  
Education  
Human Development Network  
World Bank

## EXECUTIVE SUMMARY

### Introduction to the Handbook

#### *A Global Phenomenon*

In this era of globalization, trade alone does not connect nations; international ties now clearly go beyond mere economic linkage. Even educational systems, whose mandates are to preserve and transmit their nation's unique culture, are affected by the interactive and homogenizing trend toward globalization. One clear example of this trend within the education sector has been the shift from pure state monopolies in the delivery of education to a move toward greater marketization and privatization.<sup>1</sup> This change is manifest by the expansion of the non-public or private sector education industry and the emergence of innovative financing and delivery mechanisms within education sectors in both developing and industrialized nations.

This trend has intensified the debate around the dual aspects of education – to what extent is education a public or private good? The definition of private (non public) offered in this Handbook considers private education to comprise any type of formal school that is outside the public education system (i.e., non-government, NGO, Church, Trust, Foundation, parastatal or municipal).

But while the debate rages on as to whether increased privatization produces the requisite diversity, saves costs or enhances the role of education as an equalizer of social benefits, it is evident that marketization and privatization are transforming education and that the business ethos and practices are increasingly acceptable. For example, the transmission of knowledge is perceived to be the service provided by the education system and the ability of students, the clients, to attain the next level of education or gainful employment are the tests of the quality of the educational system's product.

#### *A Developmental Challenge*

Developing countries face a number of challenges in education, including low primary and secondary enrolment ratios, significant disparities in educational access between girls and boys, urban and rural dwellers and the rich and poor, poor quality public education and high rates of illiteracy. Overcoming these challenges is made difficult by factors such as rapid growth in the school-age population, fiscal pressures including the already high levels of government spending on education, and low per-capita incomes. In

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<sup>1</sup> Marketization and privatization are not synonymous. The former is viewed as the adoption of market practices which may or may not include privatization whilst the latter is the transfer of the ownership or administration of the institutions to private hands. Contracting out of support services in schools falls within the definition of privatization although these activities entail the privatization of the administration rather than the ownership of education.

response to these pressures, the non-public education sector in many countries has been growing rapidly.

These chronic fiscal constraints in developing countries, coupled with the visible positive results of privatization, have led to the emergence of private and community management, financing, and investment in the education sector. Private participation in education is not a new phenomenon. Historically, the private sector has catered to the education needs in many of these countries. Most private delivery systems have, however, emerged spontaneously and in discrete pockets in response to excess demand. There is now a need to put these various initiatives in context and to develop a framework that can support effective private participation in education while remaining mindful of such broader goals as social cohesion and equity.

## **This Handbook**

### ***Context and Rationale***

Current models of social delivery still reflect and reinforce the existing social, economic and political inequities. Further, with public funds for education stagnant or declining in real terms in many countries, policies of universalization of elementary or even secondary education are facing significant impediments to implementation. Alternative models of social service delivery are rapidly required to meet this burgeoning demand and improve the present forms of distribution and delivery. Different types of providers are needed to meet demand, most particularly types that can provide more school places at a higher quality and, in order to access a broader band of economic groups, at less price.

The two systems – the centralized public sector and the individualistic private sector - are both flawed. Lack of competition in the former limits incentives for efficiency and effectiveness, while in the latter there are problems with regard to a lack of information, too many examples of opportunistic behavior and inequitable means of access. Thus a more pragmatic approach that utilizes different forms of partnership between the two systems needs to be explored in order to enable more effective basic education provision. But how does this new approach complement ownership of the assets between the public and private sectors? And in what manner will this approach be able to extend the resource base for education finance and assist in extending access to all economic groups?

### ***Audience and Function***

The fundamental purpose of this Handbook is to serve as an evolving toolkit for Task Team Leaders undertaking sector analysis and project preparation; and, particularly, to provide these staff members with support as they increasingly have to engage in dialogue with education officials in developing countries who are considering expanding the role of the private sector in the delivery of educational services. The function of the Handbook is to encourage discussion, disseminate information and place into a coherent framework the rapidly growing efforts and techniques to involve the private sector in

delivery. The Handbook is intended to provide a menu of possible choices and issues through the provision of answers to the following kinds of questions that officials or project managers may pose as they consider the issue of private involvement in the education sector:

- What is the extent of private provision within the country or region?
- What means can be used to assess the extent of this provision and the outcomes to date?
- What is the rationale, and indeed foundation of the legitimacy, for this private provision?
- How can private provision be encouraged in partnership with the state's provision?
- How should private provision be designed? What is the appropriate role for the private sector in education at the respective levels of pre-primary, primary, secondary and continuing education?
- How should incentives and regulations be structured for the private and public sectors in order to achieve the national education policy goals?
- What is the role that the donor community can play to assist both private participation in education and in the development of a private-public partnership?

### ***Presentation and Format***

The Handbook is organized into two Volumes – Volume One “The Discussion Paper” and Volume Two “The Electronic Toolkit”:

Volume One "The Discussion Paper": Chapter 1 outlines the difficulties inherent in defining and conceptualizing non-public or private education. Chapter 2 briefly reviews different types of private education in developing countries. Chapter 3 offers a conceptual framework for a different role for government in education, a role in which the government is transformed from provider of services to financier and coordinator, promoting competition in service provision among both private and public suppliers, enhancing the voice of the consumer and assisting in ensuring that the poor (via differing forms of demand subsidies) become better integrated as consumers with choice. Chapter 4 reviews issues of partnership - the main features and the key constraints to implementation. Finally, a number of conclusions and observations are summarized in Chapter 5.

Volume Two "The Electronic Toolkit": the aim (via the website [www.worldbank.org/edinvest](http://www.worldbank.org/edinvest)) is to provide an electronic databank of questions that can be utilized to assess three important, and oft neglected, components of the process, namely:

- (i) assessment of the existing national private education sector;
- (ii) assessment of the current legal, policy and regulatory frameworks (in theory and practice); and
- (iii) a comprehensive review of selected individual private education institutions.

## **Background to the Handbook**

This Handbook was developed through an extensive collaborative process among people from a variety of backgrounds and interests. The main authors were Norman LaRocque, Director of Corporate Finance at Andersen Consulting Company (New Zealand), Professor James Tooley, the Professor of Educational Policy at the University of Newcastle, United Kingdom and Michael Latham, Education Adviser with CfBT Education Services UK, while on secondment to the World Bank. The prime managers and supporters of the initiative have been Harry Patrinos (Senior Education Economist and Manager of EdInvest) and Ayesha Vawda (Education Specialist) under the overall supervision of Ruth Kagia (Director of Education).

The study process has been as widespread as time permitted. Reference has been made to Public Private Partnership literature as well as analysis of findings from field visits made by the authors and members of the World Bank Group's EdInvest initiative. Valuable comments and feedback were also made by the following peer reviewers: Mike Kiernan of DANIDA, Peter Buckland of UNICEF, Christine Allison, Jacob Bregman and April Harding of the World Bank, and Neil McIntosh and Tim Emmett from CfBT.

A Review Meeting was convened (May 10<sup>th</sup>, 2001) to discuss the Handbook. The following Bank staff attended this meeting: Harry Patrinos, Ayesha Vawda, Kyriakios Georgiades and Michael Drabble from HDNED, Christine Allison (SASED), Steffi Stallmeister (AFTH), Philip Gray (PPPS), April Harding and Alex Preker from HDNHE.

### **A Disclaimer**

There is clearly no definitive resolution to the debate since there are contradictions and inherent tensions between market considerations and the principles governing public services. Hence adoption of alternatives that incorporate developments in marketization and privatization need to be made with careful consideration of the existing national philosophy of education and the perceived education goals for the future.

Much yet can and needs be written. This Handbook perhaps places an over-emphasis on description, analysis and classification while avoiding giving hints or specific advice regarding the "How-to". There is, thus, still very much scope for a strong Human Development Network role in working with its partners and clients in continuing the process of generating such practical information. Information, for example, in some of the following areas:

- on non-government sources of regulatory/accountability pressure;
- on differentiation in the partnership needs between secondary education and technical and vocational education and training; or
- on linkage with Private Participation and the Poor within the context of the Poverty Reduction Strategy Paper framework.