



## **Public-Private Partnerships in Education**

**Michael Latham**

*Principal International Consultant, CfBT Education Trust.*

Mr. Latham has worked in Asia, Africa and the USA/Caribbean in an operational and business development capacity. One of his key areas of work is in the area of Public Private Partnerships in education. He has presented papers and conducted training in this field on behalf of the United Nations Institute for Training and Research, the Institute for Development Studies, the World Bank Institute and Harvard University.

**March, 2009**

*EdInvest is a joint initiative of:*

## **SETTING THE SCENE**

### **A Semantic Minefield**

Recent years have seen an expansion and broadening of the private sector's role in the financing and provision of education services in many countries. A key trend has been the emergence of more sophisticated forms of non-state involvement in education through PPPs. These PPPs – or multi-stakeholder partnerships for education (MSPEs) – pull together the public sector, business and civil society in a manner that is different from the traditional method of public sector provision. But what are these partnerships and who is involved in them? What do they do and who brings what to this new arrangement?

Partnerships are not privatisation, which involves the permanent transfer of control from a public agency to one or more private parties. Rather the aim of PPPs is twofold: (i) to promote improvements in the financing and provision of services from both the public and private sectors but not to increase the role of one over the other; and (ii) to improve existing services provided by both sectors with an emphasis directed on system efficiency, effectiveness, quality, equity and accountability. Critically, PPPs involve the public and private sectors working together to achieve important educational, social and economic objectives.

There is though still little agreement about what constitutes a PPP or how they are defined since they can be defined to include merely formal arrangements such as sophisticated infra-structural initiatives or they can be defined more broadly to include all manner of partnership between the public and private sector. Box 1 provides two definitions of PPPs or MSPEs, the first one specifically referring to partnerships for Education For All:

### **Box 1: Definitions of Partnership**

“...the pooling and managing of resources as well as the mobilization of competencies and commitments by public, business and civil society partners to contribute to expansion and quality of education. They are founded on the principles of international rights, ethical principles and organizational agreements underlying education sector development and management; consultation with other stakeholders; and on shared decision-making, risk, benefit and accountability” – *Institute for Educational Planning*

“a voluntary alliance between various equal actors from different sectors whereby they agree together to reach a common goal or fulfil a specific need that involves shared risks, responsibilities, means and competencies” – *World Economic Forum*

### **The Partners**

Partnerships bring together the three partners – the public sector, business and civil society - in a manner that differs from either traditional public provision and business contracts or mere philanthropy. In a partnership the public sector is defined as comprising the general government sector, while the private sector is defined as everything that is not the public sector, ranging on a continuum from the for-profit business community to the non-profit groupings that are subsumed under civil society.

## **Box 2: The Role of the Not for Profit Sector**

In open entry market conditions the not-for-profit sector needs to be able to compete with its commercial counterparts and does so. This is not, of course, easy but, in general, the terms of trade are fair and the government is right to purchase the most cost effective service available. But there is potential in the not-for-profit sector to make a more systematic contribution where government has concluded that commercial service delivery is inappropriate.

The capacity of not-for-profit suppliers of schooling is currently limited but it is so primarily because there is no opportunity to supply. The names of Steiner and Montessori are enough to indicate that not only are there suppliers who would seek to provide an alternative to mainstream public sector supply there are potential niche providers too should government wish to encourage them.

### **Key Features of PPPs in Education**

Despite their broad scope, it is generally accepted that PPPs share five key characteristics, in that they are formal in nature, they involve the development of a long-term relationship between the partners, they are outcome focused, they include an element of risk-sharing among the partners and they can involve both the voluntary and commercial sectors as private sector partners. Table 1 highlights some of the perceived good and bad characteristics of these three different partners – public, business and civil society.

**Table 1: Characteristics of the Respective Partners in a PPP in Education**

Public	Business	Civil Society
<b>PERCEIVED ADVANTAGES</b>		
Regulatory ability Responsibility for delivery of education as a human right Long term engagement Accountable to public Sector wide delivery	Efficiency and productivity Innovation and flexibility Results oriented and cost effective	Local networks and experience Rooted in the community Ability to perform monitoring role at grassroots level
<b>PERCEIVED DISADVANTAGES</b>		
Limited budget flexibility Resistant to change Slow to respond Top down management style	Not focussing on public good as primary concern Less concerned with the hard to reach	Representative of special and parochial interests Less professional in management

### **Some Examples of PPPs in Education**

Seven types of PPP in Education are now highlighted. Each of these types exhibit different characteristics in their design, different aims for the partnership as well as roles that are played by the respective public and private partners.

#### **1. Adopt-a-School Programs**

The main feature of Adopt-a-School programs is that the private sector partners provide cash and in-kind resources to complement government funding of public schools. The main aim of the programs is that quality, access, infrastructure and community participation are

improved within the government schools. Two common features of such programs include: the role of a Facilitator between the school and the adopting body and a focus on adoption of the poorest government schools. There are large examples of these programs in the Philippines and in the Sindh Province of Pakistan.

## **2. Private sector Philanthropy**

The main feature of private sector philanthropic initiatives is to increase the amount and effectiveness of corporate philanthropy to improve chances for poor children to gain access to a quality education. These initiatives range from the purely philanthropic to those that have a profit element although overarching all of them is the aim to create sustainable models for education reform in the developing world through PPPs.

## **3. Capacity-building Programs**

The main feature of these capacity-building initiatives is that the private sector partners provide support to public schools across a range of areas such as curriculum and pedagogical support, management and administrative training, textbook provision, teacher training and quality assurance.

## **4. Outsourcing of School Management**

School management initiatives involve the public sector authorities establishing contracts directly with private providers to operate public schools or manage certain aspects of public school operations. Although these schools are privately managed, they remain publicly owned and funded. A common feature of these initiatives is the management contract that details such aspects as the performance targets, accountabilities, timeline and arbitration procedures.

## **5. Government Purchasing Programs**

Government purchase initiatives involve contracts but in this case the government contracts with private schools to deliver education at public expense, often in the form of a subsidy per student enrolled in an accredited or eligible private school.

## **6. Voucher Programs**

Voucher and voucher-like initiatives also involve governments funding students to attend private schools but in this case the transaction involves a voucher that is essentially a certificate or entitlement for the parent to use to pay for the education of their children. This voucher can be used to purchase education in either a public or a private school.

## **7. School Infrastructure Partnerships**

School infrastructure initiatives involve the design, financing, constructing and even operating of public school infrastructure under long-term contracts by private sector parties in partnership with the government. Essentially, under these infrastructure PPPs, the government is leasing a facility that has been financed, built and operated by the private operator while the government continues to retain its responsibility for the delivery of the core educational service provision.

## ESTABLISHING PARTNERSHIPS

### **Reasons for and Against PPPs in Education**

Table 2 now provides a summary of some of the reasons for and against Governments opting for PPPs to assist in meeting their policy objectives in the key areas of access, quality and finance.

**Table 2: Reasons For And Against PPPs in Education**

<b>Focus area</b>		<b>Reasons For And Against PPPs in Education</b>
Access	For	<ul style="list-style-type: none"> <li>• Supplementing government schools' limited capacity to absorb growing numbers of children, thereby expanding access and helping to reduce class sizes in government schools;</li> </ul>
	Against	<ul style="list-style-type: none"> <li>• Private sector contribution is small in relative terms and there is little evidence that this will change substantially.</li> </ul>
Quality	For	<ul style="list-style-type: none"> <li>• Allowing government education authorities to focus on core functions such as policy and planning, curriculum development and quality assurance</li> </ul>
	Against	<ul style="list-style-type: none"> <li>• Poorly designed contracts that have inappropriate incentives may not lead to significant performance gains.</li> </ul>
Finance	For	<ul style="list-style-type: none"> <li>• Increasing the level of financial resources</li> <li>• Sharpening competitive pressures in the education sector, thus generating efficiency gains and spurring greater innovation in education delivery</li> </ul>
	Against	<ul style="list-style-type: none"> <li>• The benefits of choice and competition are not evenly dispersed and can lead to widening inequalities between rich and poor.</li> <li>• Poorly designed contracts may expose the government to significant financial and performance risks.</li> </ul>
Capacity building and governance	For	<ul style="list-style-type: none"> <li>• Increasing the level of public sector knowledge, skills and innovation</li> <li>• Enabling participation among all stakeholders in decision-making and responsibility for results is crucial for the success of any innovation or reform</li> </ul>
	Against	<ul style="list-style-type: none"> <li>• PPPs represent a loss of control for education authorities and result in a loss of accountability to the public.</li> <li>• PPPs generally involve more complex arrangements that require detailed policy design, as well as financial and contract management capability.</li> </ul>
Flexibility and innovation	For	<ul style="list-style-type: none"> <li>• Allowing for much greater innovation in the delivery of education by focusing on the outputs and outcomes desired from an educational provider</li> <li>• Allowing governments to circumvent restrictive employment laws and outdated government pay scales</li> </ul>

	Against	<ul style="list-style-type: none"> <li>The development of policy, as well as the formulation and specification of provider contracts, can be complex and time-consuming – particularly for bureaucracies unfamiliar with an external, output-based contracting model.</li> </ul>
Sustainability	For	<ul style="list-style-type: none"> <li>Where governments are weak and personnel change, PPPs provide continuity and stability in a project.</li> </ul>
	Against	<ul style="list-style-type: none"> <li>Non government partners drop out once the focus of their institution or staff changes</li> <li>PPPs typically incur high transaction costs.</li> </ul>

### **Areas for PPPs in Education**

Partnerships in education are clearly not viable in all instances, so what are the most appropriate areas for possible collaboration among the public, business and civil society partners? The following provides four possible areas that offer the best opportunities:

#### **1. Improving the Environment**

School infrastructure partnerships have highlighted how the business partner can provide useful gains in the creation and maintenance of infrastructure while the philanthropic initiatives have shown how philanthropy supports the learning environment ranging from the provision of IT in education to the provision of scholarships.

#### **2. Enabling Innovation**

If suitably incentivised, the business sector can play a critical role in the production of new teaching materials as well as the introduction of new communication technologies, in particular the development of technologies for education in resource-poor environments.

#### **3. Enhancing Relevance**

The business and civil society have the ability and networks to assist the government in an area where it is traditionally weak, namely providing education and training that is relevant to the economy.

#### **4. Reaching The Last Mile**

Reaching excluded learners of all ages is a major challenge and civil society groups have often been the most successful at developing services that can meet the very diverse social, health and economic needs of these learners as well as overcoming some of the geographic constraints that prevent access to these learners.

### **Challenges to Establishing PPPs in Education**

There are perhaps seven particular challenges to the establishment of PPPs in the education sector, particularly in developing countries and these challenges continue to limit the scope for designing such contracts as well as acting as a deterrent to enabling a greater number of private sector incentives to invest in education. These challenges include:

- The low level of capacity for implementing PPPs in the education sector in many countries;

- The difficulty of determining appropriate outcome or performance measures since there are so many factors that affect school outcomes that it is difficult to set up frameworks under which non-state providers can be held accountable;
- The costs of contracting with the private sector are high relative to the scope and size of the potential partnership project;
- Apprehension from both parties -for the public sector, education is seen as a ‘non-commercial’ activity while for the private sector there is concern that policy reversals may reduce the benefits arising from such a partnership arrangement.
- The partners all have different aims, constituencies and ways of working and it is difficult harnessing their respective demands and requirements for working with each other;
- There are considerable differences in power that the respective partners can wield;
- There is a significant variety of organizational modes that fall under the term Partnership ranging from PPPs that are formed for implementation or operational purposes to those that are formed for gathering and disseminating knowledge.

### **Evidence on the Impact of PPPs in Education<sup>1</sup>**

Although there is a wide range of PPPs in place around the world, rigorous evaluations of programmes that involve experiments that randomly assign benefits and include a true control group are extremely rare. Selected research – at both a macro level and for individual programmes – on the impact of PPPs on student outcomes and other variables for four of the seven identified types of PPPs provides some of the following findings:

#### Outsourcing of School Management

Swope and Latorre (2000) examined FyA schools in nine Latin American countries. They found that unit costs in FyA schools were higher than in public schools when the community contribution was factored in, however they also found that schools in the FyA network were successful in reducing repetition and dropouts and that progression rates and retention rates were 44 percent and 11 percent higher in FyA schools than in other public schools.

#### Government Purchasing Programs

Barrera (2005) showed there is strong evidence that Concession Schools in Colombia have a direct effect on drop-out rates and some evidence that they have an impact on drop-out rates on nearby public schools and that students in Concession Schools scored higher on mathematics (1 point) and language (2 points) compared to students in similar public schools.

Woessmann (2005) examined the association between student achievement and education PPPs using student-level data for 35 countries drawn from the OECD's Programme for International Student Assessment. He finds that, controlling for a range of student characteristics, public operation of schools is negatively associated with student performance in math, reading and science, while public funding of schools is positively associated with student performance in these same subjects. This evidence suggests that school systems based on PPPs where the state finances schools but contracts their operation out to the private sector are more effective than either fully privately or publicly

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<sup>1</sup> [http://www.cfbt.com/evidenceforeducation/pdf/PPP\\_Report\(v3H\)Web%20FINAL%202021\\_05\\_08.pdf](http://www.cfbt.com/evidenceforeducation/pdf/PPP_Report(v3H)Web%20FINAL%202021_05_08.pdf)

financed/delivered systems or systems involving significant private financing but public delivery.

### Voucher Programs

Angrist and others' (2002 and 2006) evaluations of the PACES voucher scheme in Colombia have shown the programme to be successful. Voucher students were more likely to attend a private school, more likely to complete 8th grade and their scores on standardized tests increased by two-tenths of a standard deviation. The unit cost of the programme was less than that in the public sector and the programme also had longer-term positive effects, with lottery winners being more likely to take the college entrance exam.

An impact evaluation of the Province of Balochistan's Urban Girls' Fellowship (UGF) Programme, which employed an experimental design, indicated that the program increased girls' enrolments by an average of 33 percentage points and boys' enrolments by an average of 27.5 percentage points (Kim, Alderman and Orazem 1998a).

Filer and Münich (2000) examine the response of non-state and state schools to the introduction of a voucher funding system in Hungary and the Czech Republic in the early 1990s. Their findings support the arguments advanced by voucher proponents, namely that: (i) non-state schools emerge at locations with excess demand and lower quality state schools, and (ii) greater competition from non-state schools creates incentives for state schools to improve the quality of educational inputs used and significantly improve the quality of their graduates. They also find that non-state technical schools react to regional labour market conditions, but state schools do not.

### School Infrastructure Partnerships

Two recent studies by the Treasury and the National Audit Office (NAO) in the UK found that, despite considerable opposition by teacher unions and weaknesses in bureaucratic processes, PFIs appear to have been successful in delivering public infrastructure in a timely and cost-effective manner. The Treasury study examined the UK's experience in 61 PFI projects, while the NAO study examined 37 PFI projects. Both of these studies show that PFI projects were far more likely to be delivered on time and within budget than were traditionally procured (non-PFI) projects. But it is difficult to assess the operational performance of PFIs given that these contracts are up to 30 years in length.

### **Factors for Success in PPPs in Education**

Ultimately success for PPPs in education must be measured by the degree that the PPPs have improved teaching and learning, provided improved facilities and introduced improved means of management and enabled the wider community to participate in the process of education and training.

**Needs.** It is important to ensure that a needs assessment is carried out that includes not just the partnership's providers but also the partnership's end users. Context of Further, it is necessary for this assessment to place any PPP within the context of the overall national education sector plans and for all the partners to be clear about the transaction costs that will be incurred in maintaining the partnership.

**Ownership.** Following on from the needs, it is essential to ensure that the end users are involved in the conception, planning and implementation stages of the endeavor. In addition, there needs to be an appropriate balance that can allow for the PPP to be directly accountable for its action and for each of the partners to be able to satisfy their own constituency in its terms of accountability.

**Impact.** Although it is difficult to ascribe effects of change in the education sector, it is important to establish impact assessments on the partnerships and, again, to use the end users in this process of gathering the requisite evidence of impact.

**Accountability.** Unfortunately regulation and accountability concerning partnerships is still sparse and weak. But this regulatory vacuum makes it even more imperative that measures are in place to ensure transparency regarding the management, financial structures, processes and results. A focus on outcomes is paramount and it is important from the outset to have and maintain an instrument that can share information and results regarding these outcomes among the stakeholders.

This Section has examined the key features of PPPs, provided some examples and highlighted some areas in which PPPs could be used as well as the challenges that need to be overcome. In addition, it has outlined some of the pros and cons of PPPs and offered some factors that are required for a PPP to succeed. The Section concludes by reiterating briefly four key lessons that have been learnt.

- Not all situations are suitable for PPPS and it is important to determine from the outset how the objectives of all the partners – the doers and the recipients – are mutually attainable.
- Regulation and accountability systems are still lacking so it is important to establish clear guidelines and detailed agreements on each of the partners' roles and responsibilities and what the penalties will be for no-compliance.
- There needs to be a wide assessment of the needs and agreement as to the desired results and outcomes that embraces all the shareholders from the implementers to the end users.
- The benefits of PPPs range from enhancing of capacity, leveraging of greater resources, broader ownership by all the actors including the sharing of the risks. Yet there are also obviously risks to PPPs that range from loss of interest, to higher transaction costs and failure to meet mutual obligations.

## CONCLUSION

Over half a century ago 'Education For All' was stated to be an ambition of the international development community. Yet while progress has undoubtedly been made, 72 million children still lack access to school and an even larger number leave school without the requisite minimum education and training skills. Nearly two decades ago at Jomtien participants recognized that the classic approach of partnership between donors and recipient governments was both inadequate to meet the challenge and that 'new and revitalized partnerships at all levels will be necessary' and that these partnerships would need to involve 'government, non-governmental organizations, the private sector, local communities, religious groups, and families.'<sup>2</sup>

Partnerships range from large international alliances such as the World Economic Forum's Global Education Initiative to local coalitions that are advocates for a particular cause. Partnerships involve a semantic minefield in that they can refer to a contractual arrangement

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<sup>2</sup> Article 7 of the World Conference on Education for All, 1990.

to work together over a long time period to a loose arrangement that comes together for a particular short term purpose. MSPs or PPPs embrace public, private and civil society stakeholders and, within this partnership, there are two types of partners – those that are the actors or doers and those that are the stakeholders or recipients that are affected by the initiatives.

In recent years a number of factors have combined to lead governments and development assistance agencies to seek the support of the business and civil society actors. These factors include the focus on programmatic rather than discrete project approaches, the increased commitment to joint funding and sector-wide approaches and the use of medium-term expenditure frameworks for tracking on impact and expenditure. The welcome consequence of these factors has been an appreciation that increased involvement for the business and civil society partners is vital if the EFA and Millennium Development Goals are to be achieved.

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If you are interested in reading or hearing more on this subject, please refer to:

The Role and Impact of Public-Private Partnerships in Education  
by Harry Anthony Patrinos, Felipe Barrera-Osorio, Juliana Guaqueta

Enhancing the role of private sector partners in education can lead to significant improvements in education service delivery. However, the realization of such benefits depends in great part on the design of the partnership between the public and private sectors, on the overall regulatory framework of the country, and on the governmental capacity to oversee and enforce its contracts with the private sector. Under the right terms, private sector participation in education can increase efficiency, choice, and access to education services, particularly for students who tend to fail in traditional education settings. Private for-profit schools across the world are already serving a vast range of users—from elite families to children in poor communities. Through balanced public-private partnerships (PPPs) in education, governments can leverage the specialized skills offered by private organizations as well as overcome operating restrictions such as salary scales and work rules that limit public sector responses.

The Role and Impact of Public-Private Partnerships in Education presents a conceptualization of the issues related to PPPs in education, a detailed review of rigorous evaluations, and guidelines on how to create successful PPPs. The book shows how this approach can facilitate service delivery, lead to additional financing, expand equitable access, and improve learning outcomes. The book also discusses the best way to set up these arrangements in practice. This information will be of particular interest to policy makers, teachers, researchers, and development practitioners.

The launch of the book is scheduled for April 29th at the World Bank in Washington, DC. Additional information on the event, along with access to the full text version of the document will be available at: [www.worldbank.org/education/ppp](http://www.worldbank.org/education/ppp). To purchase a copy of the publication now, please use the following link:  
[http://publications.worldbank.org/ecommerce/catalog/product?item\\_id=8976243](http://publications.worldbank.org/ecommerce/catalog/product?item_id=8976243)

The **EdInvest** website contains a comprehensive bibliography on school choice, financing, and Public-Private Partnerships. Please click the link:

<http://www.ifc.org/ifcext/edinvest.nsf/Content/Resources>

Number 41 December 2008 of the Norrag News (the Network for Policy Research Review and Advice on Education and Training) entitled 'The Politics of Partnership: Peril or Promise' and it is available for free on the website [www.norrag.org](http://www.norrag.org).

Forthcoming events dealing with these issues include:

UKFIET Oxford Conference, September 15-17, 2009, where the overall theme is on 'Politics, Policies and Progress' but one of the key sub-themes is going to be on partnerships and NORRAG will be joined by Research Consortium on Educational Outcomes and Poverty (RECOUP), and the UNESCO Centre for Comparative Education Research at the University of Nottingham.

<http://www.cfbt.com/ukfiet/>