Public-Private Partnerships in Education

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April 2017
Why involve the private sector?

1. Challenge of ensuring learning for all
2. Growth and types of private sector engagement
3. Evidence revolution
Growing market for education

- 1999: $2 trillion
- 2013: $4.5 trillion
- 2016: $5.6 trillion
- 2018: $6.3 trillion

Education Expenditure ($ trillions)
Education spending
Returns to schooling
Returns to schooling highest in Africa
Why involve the private sector?

1. Challenge of ensuring learning for all
2. Growth and types of private sector engagement
3. Evidence revolution
Private enrollment as % of total student enrollment

- Low income countries
- Middle income countries
- High income countries

Private sector growth
<table>
<thead>
<tr>
<th>Provider</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Traditional public schools</td>
</tr>
<tr>
<td>Faith-based</td>
<td>Fe y Alegria, Madrasas</td>
</tr>
<tr>
<td>NGO</td>
<td>BRAC schools in Bangladesh</td>
</tr>
<tr>
<td>Community</td>
<td>EDUCO</td>
</tr>
<tr>
<td>Private, for-profit</td>
<td>GEMS, Sabis, Bridge, Omega</td>
</tr>
</tbody>
</table>
Why PPPs in Education?

- Formal contractual arrangement
- Involve public and private sectors
- Outcome focus
- Sharing risks/rewards, public & private
- Recognize complementary roles
Benefits of PPPs

• Increase efficiency
• Improved service delivery
• Secure specialized skills
• Overcome public service restrictions
• Permit quicker response
• Benefit from economies of scale
• Gov’t focus on comparative advantage
• Increase access for under-served
• Increase transparency of spending
<table>
<thead>
<tr>
<th>Current system of education</th>
<th>With a voucher</th>
<th>Parents that switch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families purchase public or private education, subject to budget constraint</td>
<td>Parents that choose public no worse off</td>
<td>Able to consume more schooling and other goods</td>
</tr>
</tbody>
</table>

Economics of public finance of private school choice
## Finance-provision matrix

<table>
<thead>
<tr>
<th>Finance</th>
<th>Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>Private</td>
</tr>
<tr>
<td></td>
<td>Traditional private schools</td>
</tr>
<tr>
<td></td>
<td>Home schooling</td>
</tr>
<tr>
<td></td>
<td>Tutoring</td>
</tr>
<tr>
<td></td>
<td>User fees</td>
</tr>
<tr>
<td></td>
<td>Student loans</td>
</tr>
<tr>
<td>Public</td>
<td>Government funded private schools</td>
</tr>
<tr>
<td></td>
<td>Privately managed schools</td>
</tr>
<tr>
<td></td>
<td>Voucher schools</td>
</tr>
<tr>
<td></td>
<td>Public schools</td>
</tr>
</tbody>
</table>
Public involvement need not be provision nor finance.
Private engagement across countries
Why involve the private sector?

1. Challenge of ensuring learning for all
2. Growth and types of private sector engagement
3. Evidence revolution
Education used to be a laggard in generating evidence.
Netherlands: Impact of private schooling through choice
<table>
<thead>
<tr>
<th>Program</th>
<th>Results: Gains in achievement due to Charter:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harlem Children's Zone</td>
<td>Students gain more than 1 SD in math</td>
</tr>
<tr>
<td>KIPP</td>
<td>Students gain up to 0.4 SD</td>
</tr>
<tr>
<td>Charters in Mass</td>
<td>Students gain up to 0.5 SD</td>
</tr>
</tbody>
</table>

Charter schools typically use “No Excuses” model:

- Frequent teacher feedback
- Data to guide instruction
- High-dosage tutoring
- Increased instruction time
- High expectations

USA Charter schools
Traditionally collected input measures:

- Class size
- Per-pupil expenditure
- Teacher certification & teacher training
Concession schools
Bogotá, Colombia
Concession schools
Bogotá, Colombia

Enrollments

Drop out

Outcomes

Reduction in dropout rates, 1999-2003 (% points)

Increase in test scores, 1999-2003 (% points)

Direct
Indirect

Direct
Indirect

Concession schools
Bogotá, Colombia
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Voucher students were:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of schooling</td>
<td>10 points more likely to finish 8th grade</td>
</tr>
<tr>
<td>Grade repetition</td>
<td>5-6 points less likely to repeat grade</td>
</tr>
<tr>
<td>Test scores</td>
<td>0.2 standard deviations higher</td>
</tr>
<tr>
<td>Finish high school</td>
<td>5-7 points higher</td>
</tr>
<tr>
<td>Take college exam</td>
<td>15-20% more likely</td>
</tr>
<tr>
<td>College exam scores</td>
<td>2 points higher</td>
</tr>
<tr>
<td>Work during study</td>
<td>2.5-3.0 points less likely to be working</td>
</tr>
<tr>
<td>Delay marriage</td>
<td>0.6-1.0 points less likely to be married</td>
</tr>
</tbody>
</table>
Universal vouchers: Chile

Expansion of schooling
Mixed evidence on learning
New evidence on long term impacts
Pakistan Foundation Assisted schools

Public financing and private provision to reach poor households

Results-oriented approach to raise educational outcomes
School Choice in Andhra Pradesh, India
Peru: Fe y Alegria
Political Economy

Public divided on issue of school vouchers

Remain controversial

Opponents of voucher system fear:
- Only poorest of poor would be left in public schools
- Beneficiaries would be high income families
- Funds would be drained away from public schools
When do PPPs work?

- There is a supply issue
- Need to improve targeting
- Budget constraint
- Systemic issues
- Promote autonomy
When don’t PPPs work?

- Information is lacking
- Accountability not enforced
- Capacity
- Not well understood
- Infrastructure only
PPPs for Effective Education

- Encouraging innovation by providers
- Holding schools accountable
- Empowering parents & students
- Promoting diversity of supply

A clear legal & regulatory framework is crucial
PPPs for Effective Education

Evaluate
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