

## **Making Rights Realities Does Privatising Educational Services for the Poor Make Sense?**

**Keith M Lewin**

There has been a growing interest in the role that for-profit private providers of educational services can play in universalising access to basic education<sup>1</sup>. The mechanisms include promoting "low cost private schools for the poor"<sup>2</sup> and public financing of privately managed schools through vouchers<sup>3</sup>. However, the case for continued emphasis on public provision and financing of basic education to promote equitable development remains compelling. There are a number of questions that need to be addressed to help make rights to education realities<sup>4</sup>.

***Question 1. Can fee paying and for profit private provision make a central contribution to universalising access to education when all UN member States are committed to providing free universal access to basic education?***

All children have had a right to free basic education since the UN Declaration on Human Rights in 1948 and the UN Convention on the Rights of the Child (1989). This right was reaffirmed at the Jomtien (1990)<sup>5</sup> and Dakar (2000)<sup>6</sup> Global Education Conferences, by the UNICEF School Fee Abolition Initiative<sup>7</sup>, and most recently by the UN Secretary General's commitment to "Education First" (2013)<sup>8</sup>. Thus, U.N. member States remain committed to providing fee-free schools that impose no costs on the households, especially the poorest. States are the "provider of last resort" and have to ensure that no child is excluded from quality education. Fee-paying private schools ration access by price and cannot therefore be central to delivering the right to education. Voucher schemes that are run for profit transfer some scarce resources away from public benefits, and have yet to demonstrate they enhance equity. States and public school systems should remain the main method of delivering rights to basic education to the poorest.

***Question 2. Publicly funded and managed education systems have delivered massive increases in access to education and are now working on improved quality - Why change a successful strategy?***

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<sup>1</sup> See for example Keith Lewin and Michael Barber in discussion at <http://www.bbc.co.uk/news/business-20641059> See also Kevin Watkins and Justin Sandefur at <http://www.oxfamblogs.org/fp2p/?p=11156> and see also Pauline Rose (<http://www.youtube.com/watch?v=FIZNqsPt2WI>) Keith Lewin (<http://vimeo.com/53410853> and others at PERI Global at <http://www.periglobal.org/>

<sup>2</sup> For example see Tooley, J. <http://www.cato.org/publications/white-paper/private-education-is-good-poor-study-private-schools-serving-poor-lowincome-countries>

<sup>3</sup> Patrinos, H. <http://www.wise-qatar.org/content/school-vouchers-education-innovation-funding>

<sup>4</sup> Lewin, K. M. "Making Rights Realities: Researching Educational Access Transitions and Equity." <http://www.create-rpc.org>

<sup>5</sup> <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/education-for-all/the-efa-movement/jomtien-1990/>

<sup>6</sup> <http://www.unesco.org/education/wef/en-leadup/evaluations2.shtml>

<sup>7</sup> [http://www.unicef.org/education/bege\\_61665.html](http://www.unicef.org/education/bege_61665.html)

<sup>8</sup> <http://globaleducationfirst.org/about.html>

The fact that some States will fall short of universalising access to basic education by 2015 should not overshadow widespread progress. The number of children out of school has halved over the last 15 years from about 110 million to 60 million (GMR 2012)<sup>9</sup>. These out of school are now less than 9% of the world's children. Over 50% are in just 10 of the 200 U.N member states where conditions are especially challenging. Overwhelmingly these gains have been financed and delivered through the expansion of fee free public school systems. The largest gains have been where there have been massive public programmes to support the growth of free public schools e.g. in Ethiopia (+160%) and Tanzania (+100%) and through Sarva Shiksha Abhiyan in India. China's rapid development has built on near universal access to public education<sup>10</sup>. Where there have been much smaller gains e.g. Pakistan (30%) and Nigeria (15%) and stagnation in progress, private provision has not compensated for poor governance and lack of political will<sup>11</sup>.

**Question 3 Why should private school providers be subsidised if private provision does not increase access for the poorest and private schools do not consistently out perform public schools?**

Research on "low fee" private schools in Ghana<sup>12</sup> and India<sup>13</sup> indicates that they predominantly enrol children who were previously enrolled in other schools, rather than reach out to those who have never, and never will, attend school. Low fees are often not low enough to allow for the participation of the poorest, as research in Uttar Pradesh shows<sup>14</sup> and may require 30% or more of household income per child from the poorest households below the poverty line<sup>15</sup>. Not surprisingly the most common cause of drop out in the Punjab is the cost to household of schooling<sup>16</sup>. Where poor households borrow to finance fees, as they do in Ghana, this can lead to debt with annual interest of over 40% or more<sup>17,18</sup>. Some fee collection is also known to be coercive<sup>19</sup>. Every dollar spent on school costs by households below the poverty line is a dollar less spent on health, nutrition and shelter<sup>20</sup>.

International studies of achievement do not produce consistent findings that privately financed schools outperform public ones when appropriate value added controls are applied<sup>21</sup>. In many countries, there is a long list of public schools that perform as well or better than private schools and differences between school types after correcting

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<sup>9</sup> <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/>

<sup>10</sup> As is the case in many other high performing countries including Finland, Canada, the United Kingdom, and Cuba.

<sup>11</sup> <http://www.unesco.org/new/en/education/themes/leading-the-international-agenda/efareport/>

<sup>12</sup> Akaguri, L. (2013) "Fee-free public or low-fee private basic education in rural Ghana: How does the cost influence the choice of the poor?" Compare (forthcoming)

<sup>13</sup> James, Z. and Woodhead, M. (forthcoming) *Choosing and changing schools in India's private and government sectors*.

<sup>14</sup> Harma, J. (2010) "[School choice for the poor? The limits of marketisation of primary education in rural India.](#)" [Pathways to Access No 23. CREATE; University of Sussex www.create-rpc.org](#)

<sup>15</sup> Riep, C. B. (2013) *Pearson plc: A case study of corporate-led privatizations and profiteering in education*. (forthcoming)

<sup>16</sup> Pakistan Social & Living Standards Measurement Survey, May 2013

<sup>17</sup> Bannerjee, A. and Duflo, E. (2012) *Poor Economics: Barefoot Hedge-fund Managers, DIY Doctors and the Surprising Truth about Life on Less than \$1 a day*. London: Penguin.

<sup>18</sup> Chimombo, J, Meke, E, Zeitlyn B And Lewin K M. Increasing Access to Secondary School Education in Malawi: Does Low Cost Private Schooling Deliver on its Promises?

<sup>19</sup> Cases are reported of children being between to encourage fee payment and direct intimidation of parents in arrears (see Akaguri above)

<sup>20</sup> See Keith M Lewin at <http://www.bbc.co.uk/news/business-20641059>

<sup>21</sup> Schleicher A Personal communication 2013

for cultural capital etc are small and not in consistent directions<sup>22</sup>. The problem is that there are not enough fee free high performing public schools addressing the needs of low income households, not that they do not exist or cannot be replicated.

**Question 4. Can private sector engagement fill the resource gaps needed to finance universal access to basic education?**

The Dakar (2000)<sup>23</sup> promise that "no country with a credible plan would fail to universalise basic education for lack of resources" was reaffirmed in Dakar in 2013<sup>24</sup>. It should mean what it says<sup>25</sup>. All countries that commit more than 2.5% of GDP to basic education, allocate more than 15% of their government budgets to education, and operate schools at costs per child of less than 15% of GDP per capita, can afford universal access to education. If they do not provide it, the reasons are not a lack of finance but issues of political will, prioritisation, and productivity. If revenue generation and allocation is insufficient to support universalise access to public schools, it is also insufficient to finance voucher schemes and subsidise fees in private schools. Successful fee paying private schools need no subsidy because they can be very profitable, returning 30% or more on capital. Village level single proprietor family enterprises in dwelling houses may not be profitable and usually have small and irregular enrolments and fee incomes and low levels of achievement<sup>26</sup>. It is also not clear why they should be subsidised.

**Question 5. What are the systemic risks associated with privatising educational services and are they acceptable?**

If private fee paying schooling is more than a small proportion of total enrolment the systemic risks can be considerable. Fees may be raised to levels that price out segments of the population; margins of return on capital may fall causing closure and migration of venture capital to other business opportunities; competition may lead to examination orientated learning and institutionalised private tuition; large providers may establish collusive relationships with State bureaucracies<sup>27</sup>, and, socially exclusive groups may create separate school systems antithetical to national unity<sup>28</sup>. In many countries, private contractors of services to States do not have to employ teachers who are qualified and paid above the minimum wage within a developmental career structure. If truly low fee private schools require teachers to be paid at or below the poverty line, as is the case in parts of South Asia this abrogates their rights to a decent job. Most worryingly private providers may ebb and flow with the business cycle and scale down private provision in economic recession as effective demand softens<sup>29</sup>.

## Conclusion

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<sup>22</sup> Waslander, S., C. Pater and van der Weide, M. (2010), "Markets in Education: An Analytical Review of Empirical Research on Market Mechanisms in Education", *OECD Education Working Papers*, No. 52, OECD Publishing.

<sup>23</sup> <http://www.unesco.org/education/wef/en-leadup/evaluations2.shtm>

<sup>24</sup> [http://www.unesco.org/new/en/dakar/about-this-office/single-view/news/global\\_consultation\\_on\\_education\\_in\\_the\\_post\\_2015\\_development\\_agenda/](http://www.unesco.org/new/en/dakar/about-this-office/single-view/news/global_consultation_on_education_in_the_post_2015_development_agenda/)

<sup>25</sup> <http://www.globalpartnership.org/>

<sup>26</sup> Chimombo et al as above

<sup>27</sup> Lewin, K. M. (2007) "[The Limits to Growth of Non-Government Private Schooling in Sub Saharan Africa](http://www.create-rpc.org/)" *Pathways to Access No 23. CREATE; University of Sussex www. create-rpc.org*

<sup>28</sup> Mono-ethnic private school systems are developing in some countries with possible consequences for social cohesion e.g Malaysia.

<sup>29</sup> This was evident in the recent unanticipated closure of 10 Swedish "Free Schools" that ceased trading leaving about 10,000 students to find alternative schools.

<http://www.theguardian.com/education/2013/may/31/free-schools-education>

The arguments in favour of continuing to invest in the development of publicly financed and provided basic education school systems are compelling. First, public systems are the only guarantors of the right to basic education. Second, public systems have delivered much additional access at very low costs to households and include many schools of quality. Third, fee free public systems reach children who would not otherwise attend school, and enrol the poorest who are of little commercial interest. Fourth, resource gaps can only be filled by public policy which adopts appropriate fiscal policy, projects political will to universalise access, and promotes pro-poor redistribution of educational opportunity. Fifth, systemic risks are real where there is increasing dependence on an array of private sector providers, limited capacity to supervise, opportunities for rent seeking, and sensitivity to the business cycle.

Public systems that are fee free are the mode of choice for basic education in almost all rich and middle income countries for the good reasons that they do deliver public goods more effectively and sustainably than the alternatives<sup>30</sup>. They promote Rawlesian<sup>31</sup> equity where investment of public resources results in redistribution of opportunities. States need to deliver public services well because public goods that have collective benefits are at the centre of development. These are not best provided through markets and distributed by the ability to pay. Public services require public taxation that is equitable, progressive, and socially just. States need to provide public goods that have quality, reach and impact on development to enhance social cohesion, legitimise democratic governance, sponsor social mobility, and make rights realities. The next generation of children deserve no less.

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<sup>30</sup> The 2010 McKinsey Report reviewed 20 systems that were identified as the world's most improved. The great majority were public systems, none had low fee private schools on any scale and very few had voucher schemes. Neither mechanism was identified as central to success. Mourshed, M, Chijioke, C. and Barber, M. <http://mckinseysociety.com/how-the-worlds-most-improved-school-systems-keep-getting-better/#sthash.rqyNRCzz.dpuf>

<sup>31</sup> Rawles J (1971) *A Theory of Justice*. Cambridge, Massachusetts: Belknap Press of Harvard University Press, 1971.

## **Summary Biography**

### **Keith M Lewin**

Professor Keith Lewin is the Professor of International Education and Development at the University of Sussex. He has special interests in educational planning, economics and financing, and science and technology education policy. He was a co-convenor of roundtables on financing education at both the Jomtien (1990) and Dakar (2000) World Conferences, a facilitator at the Dakar UNICEF/UNESCO Education Post 2015 consultation in 2013, and technical advisor to the Commonwealth Ministers on their current Framework for Education. He has extensive experience of education systems in Sub-Saharan Africa, South and South East Asia, and China, and has worked extensively with DFID, the World Bank, UNICEF, UNESCO, AusAID, and many national governments. Has published over 150 books and scholarly papers, and supervised 45 doctoral students. Most recently he has been Director of the DFID financed research consortium on Educational Access, Transitions and Equity (CREATE).