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Making rights realities: does privatising educational services for the poor make sense?

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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. The mechanisms include promoting low-cost private schools for the poor and public financing of privately managed schools through vouchers. 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.

Question 1. Can fee-paying and for-profit private provision make a central contribution to universalising access to 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) and Dakar (2000) Global Education Conferences, by the UNICEF School Fee Abolition Initiative, and most recently by the UN Secretary-General's commitment to 'Education First' in 2013. Thus, UN member states remain committed to providing fee-free schools that impose no costs on 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 scarce resources away from public benefits, and have yet to demonstrate that they enhance equity. States and public school systems should remain the main method of delivering rights to basic education to the poorest.

Primary school in Africa. Photo: GODONG / BSIP / Reporters

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?

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 past 15 years from about 110 million to 60 million. Those out of school are now less than nine per cent of the world's children. More than 50 per cent are in just 10 of the 200 UN 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 since 2000 have been where there have been massive public programmes to support the growth of free public schools, such as in Ethiopia (by 160 per cent) and Tanzania (100 per cent), and through India's Sarva Shiksha Abhiyan programme. China's rapid development has built on near-universal access to public education. Where there have been much smaller gains, such as in Pakistan (30 per cent), and Nigeria (15 per cent), and progress has stagnated, private provision has not compensated for poor governance and lack of political will.

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 outperform public schools?

Research on 'low-fee' private schools in Ghana and India 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, and may require 30 per cent or more of household income per child from the poorest households below the poverty line. There is evidence that in some countries, poor households favour paying fees for boys rather than girls if choices have to be made.

Unsurprisingly, one of the most common causes of dropout in the Punjab is the cost of schooling. Where poor households borrow to finance fees, as they do in Ghana, this can lead to debt with annual interest of 40 per cent or higher. Some fee collection is also known to be coercive. Every dollar spent on school costs by households below the poverty line is a dollar less spent on health, nutrition and shelter.

International studies of achievement do not produce consistent findings that privately financed schools outperform public ones when appropriate value-added controls are applied. In many countries, there is a long list of public schools that perform as well or better than low-fee private schools, and differences between school types after correcting for social background are small and not in consistent directions. 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 promise in 2000 that "no country with a credible plan would fail to universalise basic education for lack of resources" was reaffirmed in Dakar in 2013. It should mean what it says. All countries that commit more than 2.5 per cent of GDP to basic education, allocate more than 15 per cent of their government budgets to education, and operate schools at costs per child of less than 15 per cent 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 universal 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 per cent or more on capital annually. 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. 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; and socially exclusive groups may create separate school systems antithetical to national unity. 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 teachers' 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, leaving the State to pick up the pieces when schools close.

Conclusion

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 that 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.

Fee-free public systems are the mode of choice for basic education in almost all rich and middle-income countries for the valid reasons that they do deliver public goods more effectively and sustainably than the alternatives. They promote Rawlesian equity where investment of public resources results in pro-poor 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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