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Mobilizing the Private Sector for Public Education

A View from the Trenches

Harry Anthony Patrinos and Shobhana Sosale
Editors



THE WORLD BANK

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Foreword

The accumulation of human capital is one of the top priorities in developing and developed countries alike. Historically, ensuring access to primary education has been seen as a predominantly public responsibility. However, governments are increasingly sharing this responsibility through a variety of subsidiary arrangements. Some governments are contracting services out to the private sector, to nongovernmental organizations (NGOs), and even to other public agencies. Some societies are transferring responsibility for financing, provision, and regulation to lower levels of government. Responsibility is sometimes being taken up by communities themselves.

In education policy, public–private partnerships play an important role in enhancing the supply as well as the quality of human capital. In recent years public–private partnerships in different parts of the world have burgeoned. As is documented in the papers in this book, initially presented at a conference hosted by the World Bank and the Program on Education Policy and Governance at Harvard University, public–private initiatives are widespread. The partnerships, however, differ in form and structure, in the extent of public and private participation, and in the forms of their engagement.

Although public–private partnerships in the United States have received considerable attention, credible research on such initiatives in oth-

er parts of the world has been very limited. The essays in this book, written mainly from the perspective of the providers, begin to bridge that gap. Together, the essays provide valuable insights into the purpose, trend, and impact of public–private partnerships in different parts of the world, as well as an understanding of the barriers they face.

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CHAPTER 1

Public–Private Partnerships in Education

Harry Anthony Patrinos and Shobhana Sosale

Public–private partnerships (PPPs) in education are receiving widespread attention. They are sometimes discussed under broader areas such as school choice, and in terms of fostering competition (Hoxby 2003). The impetus originates from increasing and competing demands on the state; constrained resource environments; diverse and differentiated demand for educational services; and the consequent need for the private sector to share a public responsibility: that of financing and/or providing education (Sosale 2000). Examples of school choice, that is, the use of public funding through vouchers for private school participation, are prevalent in Australia, Bangladesh, Belize, Canada, France (Catholic schools), Japan, Republic of Korea, Poland, and the United Kingdom (Patrinos and Ariasingam 1997; Patrinos 2000).

Governments' interest in *promoting* and *financing* education can be buttressed by private sector *provision* of education (table 1.1). Public sector schools in most countries have limited resources to maintain school infrastructure and offer basic amenities for an appropriate learning environment. Aside from the problem of responding to excess and differentiated demand, maintaining an appropriate quality of education is also a challenge for the public sector.

Table 1.1. Public/Private Assessment Matrix

	<i>Public financing</i>	<i>Private financing</i>
Public provision *	Traditional public schools Student loans	User fees Private finance initiative (PFI) Student loans
Private provision *	National voucher schemes Charter schools Contracting out Student loans	Home schooling Pure private schools Community schools

Source: Sosale 2000.

* Provision encompasses ownership and management.

The terms *outsourcing* and *contracting* are no longer terminologies confined to the technological, infrastructure or health domains, and alien to the world of education. An emerging trend is that making services work for the poor might best be accomplished through contracting private sector services at the local level. Contracting refers to the process whereby a government procures education or education-related services, of a defined volume and quality, at an agreed price, from a specific provider for a specified period where the provisions between the financier and the service provider are recorded in a contract. Contracting public services is a highly specialized industry. Contracting private sector services can take different forms (table 1.2) depending on the type of services bought from the private sector.

The scope of private sector responsibilities varies depending on the type of arrangement. For instance, the typology of private sector participation in infrastructure operations (table 1.3) can be used to explain options for infrastructure PPPs for education. Bundling groups of schools into one project to lower transaction costs for both the public and private sectors is also a practiced approach (United Kingdom). Extending the standards to learning is also under experimentation. Examples include infrastructure (school building) contracts extended to encompass the installation and maintenance of information and communication technology systems across many schools—extending output requirements to education performance. Performance against availability, usage, and learning-gain targets determine the payment for the service.

Although contracting for education services is less common than in the health sector, available evidence on contracting experiences around the world indicates that the approach can be a good strategy for responding to the expanding demand for education, for rapidly expanding access to education, and for avoiding large public sector capital costs (World Bank 2005).

Table 1.2. Typology of Education Contracts

<i>What government contracts for</i>	<i>Definition</i>	<i>Contract types</i>
Management, professional services (input)	Government buys school management services or auxiliary and professional services.	Management contracts Professional services contracts (curriculum design)
Operational services (process)	Government buys school operation services.	Operational contracts
Education services (output)	Government buys student places in private schools (contracts with school to enroll specific students).	Contracts for education of specific students
Facility availability (input)	Government buys facility availability.	Provision of infrastructure services contracts
Facility availability and education services (input and output bundle)	Government buys facility availability combined with services (operational or outputs).	Provision of infrastructure contracts with education services contracts

Source: World Bank 2005.

Be it in the domain of adult literacy, or formal or informal education, the objective of reaching the poorest and most marginalized groups of people, PPPs in education are leading to strong community ownership of the purposes and processes of education. From the “faire-faire” (getting things done) model in Senegal to the Concession schools in Colombia where the private sector is providing public education in 25 schools for a period of 15 years, to various innovations in India, and the charter school system in the United States, varied and interesting examples are emerging (table 1.4).

While PPPs in education in the United States have received considerable attention, there is limited knowledge about such partnerships in other parts of the world. PPPs play an important role in the provision of education outside the United States as well, and their importance has been steadily rising, both in developing and developed countries. From an academic perspective, attempts have been made to present cross-country evidence on the effectiveness of PPPs in providing cognitive skills to students (see Woessmann 2005). This volume represents service providers’ perspective on PPPs in different parts of the world. Taken together, the providers are responsible for educating more than one million students worldwide. Together, the essays in this volume provide valuable insights to understanding the purpose, trend, and impact of public-private partnerships in different parts of the world,

Table 1.3. Range of Private Participation in Infrastructure

<i>Type of partnership</i>	<i>Features</i>
Traditional design and build (D&B)	Government contracts with private partner to design and build a facility to specific requirements.
Operations and maintenance (O&M)	Government contracts with private partner to operate a publicly owned facility.
Turnkey operation (TO)	Government provides financing. Private partner designs, constructs, and operates facility for specified time period. Public partner retains ownership of facility.
Lease-purchase (LP)	Private partner leases facility to government for specified time period; ownership then vests with government.
Lease or own-develop-operate (L/ODO)	Private partner leases or buys facility from government. Private partner develops and operates facility under contract to government for specified time period.
Build-own-transfer (BOT)	Private partner obtains exclusive franchise to finance, build, operate, maintain, manage, and collect user fees for fixed period to amortize investment. At end of franchise, title reverts to public authority.
Build-own-operate (BOO)	Government either transfers ownership and responsibility for existing facility or contracts with private partner to build, own, and operate new facility in perpetuity.

Source: World Bank 1998.

and the barriers they face. The inspiration for publishing the essays stems from the international conference on “Mobilizing the Private Sector for Public Education,” jointly convened by the World Bank and Harvard University’s Kennedy School of Government, Program on Education Policy and Governance (PEPG) at Harvard University in October 2005.

Chester Finn and Gregg Vanourek, in chapter 2, “Lessons from the U.S. Experience with Charter Schools,” argue that charter schools are a dynamic and dramatic example of mobilizing the private sector on behalf of public education, and a new approach to service delivery. In the United States charter schools are increasingly an essential and reconceived government function taken up by the private sector, showing entrepreneurial initiative, private sector investment, competitive forces, performance contracting, franchising, and more, all within the context of public funding, standards, and oversight. The chapter highlights the American educational governance system, the special relevance of the charter school framework to the “leave no child behind” policy and the focus on what results a school is producing rather than merely on the microregulation of school inputs and processes. The essay outlines the genesis of charter schools in the

Table 1.4. Examples of Contracting in the Education Sector

<i>Country</i>	<i>Type of service</i>	<i>Type of contract</i>	<i>Form of PPP</i>
United States	Management services	Direct Input contract	Publicly owned and funded but EMO managed.
		Indirect Input contract	Publicly owned and funded but EMO management of charter schools.
United Kingdom	Management services	Direct Input contract	Private sector manages a small number of public schools.
Latin American countries	Management services	Direct Input contract	Private sector manages a small number of schools for publicly funded students.
Middle East Europe North America	Professional services	Direct Input contract for Curriculum design and implementation	Private sector design and implementation.
England (U.K.) New Zealand	Noninstructional, support services	Output contract	Private sector management of noninstructional services (maintenance, pupil transportation, school meals, school bus service, etc.)
United States	Operational services	Performance contract	Charter Schools: community-based, nonprofit or charter organizations (private entities) to operate public schools.
United Kingdom	Operational services	Performance contract	City Academies: government contracts with sponsoring organizations to take over operation of underperforming schools.
Latin America	Operational services	Performance contract	Fe y Alegría: public financing for teachers and the school principal; foundations, int'l agencies, and voluntary fees from local community for land, construction, and school maintenance.
New Zealand	Education services	Innovations contract	Private organizations accredited by Qualifications Authority specializing in alternative education (AE).
Philippines	Education services	Output contract	Private sector support of enrollment of low-income students in private high schools in localities where public schools are full.
Spain	Education services	Output contract	Publicly funded students in private schools.

Source: World Bank 2005.

United States, its organization, management, accountability issues including periodic evaluation, the mechanisms of licensing, outsourcing, contracting educational services, and how it benefits society. The discussion portrays performance contracts and related processes, the linkages with the differing laws of federal states including compliance with non-discrimination norms, mandatory testing, and pupil attendance. The authors observe the difficulties of describing a comprehensive theory of chartering due to the prevalence of different charter school systems in the United States, corresponding to differing state charter laws, and within this context they assess how charter schools are doing, their advantages, the challenges, and the unknowns. Finn and Vanourek provide lessons for policy makers and providers on how to get the most out of charter schools.

SABIS is an international education company with roots going back 120 years to a small school in Lebanon. Today it operates a network of 31 K-12 schools in 11 countries with a total enrolment of 28,000 students from over 120 nations. Seven of the thirty-one are charter schools in the United States. In chapter 3, *Carl Bistany* discusses the challenges involved in participating in public-private partnerships in education. Since the mid-1950s, SABIS has viewed “education” as an industry and has subjected its schools to the rules and practices that govern successful industrial and business practices: efficiency, accountability, and optimization of resources. Studies by governments, NGOs, private foundations, private power groups, and academics have come to the consensus that achieving and maintaining economic competitiveness and winning the fight against poverty can only be realized if a good and effective education is offered to all, not just a select few.

José Ginés Mora, in chapter 4, “Public-Private Partnerships in Latin America: A Review Based on Four Case Studies,” analyzes public-private partnerships in education in four Latin American countries—Chile, Colombia, Brazil, and República Bolivariana de Venezuela in the context of how these countries are addressing access, quality, equity, efficiency, and financing challenges at the school and higher education levels. Although the proportion of spending on education is similar to that of developed countries, Latin American countries have to cater to twice the student population. Highlighting basic characteristics of the social, political, and economic background of these countries, the author draws the positive and negative elements of the public-private partnerships in the four countries, the incentive structures to improve teacher performance, the types of student population, and the policies that the governments have striven to put in place. Focusing on resource allocation, the author describes the ways in which private education is financed, and how impor-

tant this is when government's objective is to encourage equality and efficiency in education systems. Given the relatively poor resources and quality of education in the four countries under study, the author notes that private-public partnerships in education are a frequent occurrence which aim to also improve the management and quality of educational centers. Noteworthy discussions include República Bolivariana de Venezuela's *Fe y Alegría* program under the Venezuelan Association of Catholic Education (AVEC) agreement. The various programs strive to address ownership of educational institutions, integrate school improvement options offering administrative and technical support to affiliated schools, and the attempt to integrate both managerial and pedagogic support as a cornerstone of the philosophy and approach to school improvement. Analyzing the tensions between publicly owned and privately owned educational institutions, Mora concludes that many privately owned institutions have public objectives, and are often open to society as a whole, although they may have a specific bias (religious, pedagogical, etc.). He stresses that with public financing these institutions make it easier for the rest of society to gain access to them. He points out that in a strict sense, financing private institutions is not a policy aimed at privatizing education as is often thought, that the opposite is actually true, that it "publicizes" education or makes education more public.

The Colombian Federación Nacional de Cafeteros (coffee growers of Colombia)—the largest NGO in the coffee world—operates a number of public-private partnerships in education. The coffee growers operate primary, basic, and adult education programs, and support the well-known Colombian innovation *Escuela Nueva*. In chapter 5, *Pablo Jaramillo* discusses the coffee growers evolving role in the education sector and their contributions to educational development in Colombia. He focuses on the dimensions of private sector investment in a public good; on the private sector response to the increasing demand for schooling, especially in rural areas; on the supply response, i.e., Colombian Federación Nacional de Cafeteros approach to support the state and make up for deficiencies and weaknesses characteristics of the state by promoting state-society union to achieve a better well-being for the Colombian people; and on the demand response to the Federación's response to schooling needs.

Focusing on the barriers to breaking down state monopoly in the provision of schooling in England, in chapter 6, *Neil McIntosh* analyzes the moves towards greater involvement of private, voluntary, and independent (PVI) organizations in the delivery of education in the United Kingdom (U.K.) and places these developments in the context of wider PVI

involvement in public service delivery. The author opines that the public perception in the United Kingdom is that state and private sector are rigidly separated when it comes to the direct business of teaching and learning, and that in education the public sector relies on largely unacknowledged, private bodies to cater to its most needy children. The author points out that the task of promoting diversity in service provision in what was formerly a state monopoly is neither easy nor is it universally welcomed, and that the United Kingdom has a longer and tougher record of promoting diversity than most other countries and of trying to ensure competitive neutrality between state and PVI suppliers. Achievement of competitive neutrality requires real commitment. McIntosh states that commitment has been much less consistently present in the education sector, complicated as it is by splits in statutory responsibilities between central and local government. He focuses on three attempts to encourage greater private sector involvement in education. Each having had its successes but each having deficiencies, either in the limited nature of the private sector engagement or in the failure to create competitive neutrality, for example by not addressing the issues of capital costs and running costs together. He concludes that although there have been consistent attempts to pluralize education service provision, there are significant barriers inhibiting the success of those efforts. Barriers include: declining enrollments, the national curriculum, the complexity of school administration in England, the non-scalable nature of initiatives thus far, and the opposition of national trade unions to interventions that might undermine their national pay bargaining. The author's discussion on issues surrounding market mismanagement, the development of locally based Connexions Partnerships to refocus education services towards the most disadvantaged young people, on Private Finance Initiative (PFI), City Academies—the 'Independent, State School Model,' and on the barriers to private entry to render a public good offer a panoramic view of the gamut of issues and possibilities surrounding public–private partnerships.

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CHAPTER 2

Lessons from the U.S. Experience with Charter Schools

Chester E. Finn, Jr. and Gregg Vanourek

Public charter schools offer today's most dramatic example of mobilizing the private sector on behalf of public education in the United States. The charter movement is a dynamic example of how an essential government function that has been recycled with few fundamental changes for well over a century can be reconceived to accommodate entrepreneurial initiative, private sector investment, competitive forces, the profit motive, performance contracting, franchising, and more—all within the context of public funding, standards, and oversight. More than that, the practice of “chartering schools” provides a compelling example of how the entire U.S. education enterprise can be redesigned. This chapter reviews the background of charter schooling, examines how charter schools are doing in 2005, and draws a series of lessons about the nexus of public and private forces in chartering.

Background

Charter schools are independent public schools of choice, freed from many regulations yet accountable for their results. A group of parents,

educators, or entrepreneurs (or combinations thereof) can develop the vision for a school (wholly new or the conversion of an existing school) and apply (through a formal, prescribed process) to a charter authorizer (a gatekeeper or licensing body) to run a school that will be open to all children in a defined area (sometimes a school district, sometimes an entire state). If awarded a charter—a performance contract authorizes the school to operate for a set period of time (usually five years)—this founding coalition forms a board of trustees that then hires staff to launch and operate the school. Every such school must follow the requirements of its state’s charter law, including compliance with nondiscrimination norms, mandatory testing, pupil attendance, and the like. After the initial charter term is over, the school must return to its authorizer and seek renewal of its charter based on its demonstrated performance—or face sanctions or even closure.

At the heart of the charter model is a bargain: eased restrictions meant to free educators from red tape and inefficiencies in exchange for tightened accountability for academic performance at the school level. This “tight-loose” framework entails a drastic shift, even a reversal, in American educational governance, which has long concerned itself with the microregulation of school inputs and processes while neglecting results. And this new framework has special salience at a time when the United States is seeking to “leave no child behind” and when the most important thing to know about a school is what results it is producing.

Where did the charter idea come from? In 1988, after visiting a school in Cologne, Germany, American Federation of Teachers President Albert Shanker urged that the United States enable “any school or any group of teachers ... to develop a proposal for how they could better educate youngsters and then give them a ‘charter’ to implement that proposal” for a period of 5 to 10 years, after which “the school could be evaluated to see the extent to which it met its goals, and the charter could be extended or revoked” (Shanker 1988; see also Schroeder 2004; Finn, Manno and Vanourek 2000). That concept was picked up by Ray Budde in a 1998 publication titled “Education by Charter,” by a citizens group in Minnesota, and by Ember Reichgott Junge and Ken Nelson, who persuaded their colleagues in the Minnesota legislature to enact the nation’s first charter law in 1991. California followed suit the next year and so, in time, did 40 states.

Charter schooling can be seen as a form of “reinventing government,” a popular concept in the United States in the 1990s whereby government entities embraced private sector dynamics to improve their efficiency and

performance. Essentially, public agencies were being asked to “steer, not row”—that is, to set policy goals and frameworks but rely on other organizations, often specialized private or nonprofit groups, to run programs and deliver services. The idea was that competitive outsourcing would drive efficiencies and give customers (in this case, families) what they seek.

Chartering has other intellectual debts to pay, some decades old, including economist Milton Friedman’s market-based schooling ideas in the 1950s (though he later came to term charter schools a “halfway solution” en route to the vouchers that he favors); the groundbreaking work of psychologist Kenneth B. Clark on behalf of academic standards and minority youth in the 1960s; the educational “excellence movement” of the 1980s (marked by the widely known 1983 commission report, *A Nation at Risk*); a landmark 1990 study by John Chubb and Terry Moe titled *Politics, Markets, and America’s Schools*; and ideas swirling in the 1990s about employee empowerment, corporate restructuring, the rekindling of civil society, and innovative school designs. Chartering also resembles practices long familiar in other government domains, including licensing (e.g., driver’s, liquor, and elevator licenses), contracting (e.g., the Air Force engaging Boeing to build fighter planes), and outsourcing (e.g., via requests for proposals, competitive bids, etc.).

Chartering incorporates a theory of organizational change in public education, too: that creating sound school choices will improve educational quality in two ways: by supplying immediate alternatives to students who are not thriving in their present schools, and by exerting competitive pressure on the system to improve while providing it with innovative examples of schools that work.

Twenty years ago, the United States lacked imagination about public schools. They were assumed to be near-permanent institutions of brick and mortar. Like libraries, parks, or churches, they were expected to last practically forever, and it was not uncommon for children to attend their parents’ school. Regrettably, many of those immortal institutions were not getting the job done and were failing to keep pace with technological innovations, organizational breakthroughs, and fast-changing delivery systems. Yet for a host of reasons it was extremely difficult to change them—and then only on the margin. Perhaps creating new schools was a more promising approach.

Chartering went beyond this “new school strategy”¹ by introducing the important innovation of the “authorizer” in lieu of the “central office”—that is, entities are empowered to “sponsor” charter schools and hold them to account under terms of their charters, which are essentially perform-

ance contracts. In time, many such entities came to fill this authorizing role, including not only local school districts but also colleges and universities, state agencies, a mayor's office, and specialized nonprofit organizations (all depending on the state charter law).

At the micro level, charter schools can be thought of as a “license to dream” for educators and entrepreneurs seeking to improve on the current state of the art—and an outlet for struggling schoolchildren stuck in stultifying neighborhood schools. At the macro level, charter schools are transforming our definition of “public” schools by demonstrating that they need not be administered in top-down fashion by bureaucratic bodies. Rather, a school is public so long as it is open to all members of the public in nondiscriminatory fashion, paid for by the public via tax dollars, and accountable to public agencies for its academic performance and stewardship of funds. Yet this concept is so new that most charter school debates are still framed erroneously as a struggle between “charter” and “public” schools, even though charter schools are, by definition, *public* schools.

Components of Chartering

Charter schools, then, have importance not only for particular communities and families but also for the evolution of public education itself, whose DNA is gradually being altered by the 10 essential components of the charter model (see figure 2.1):

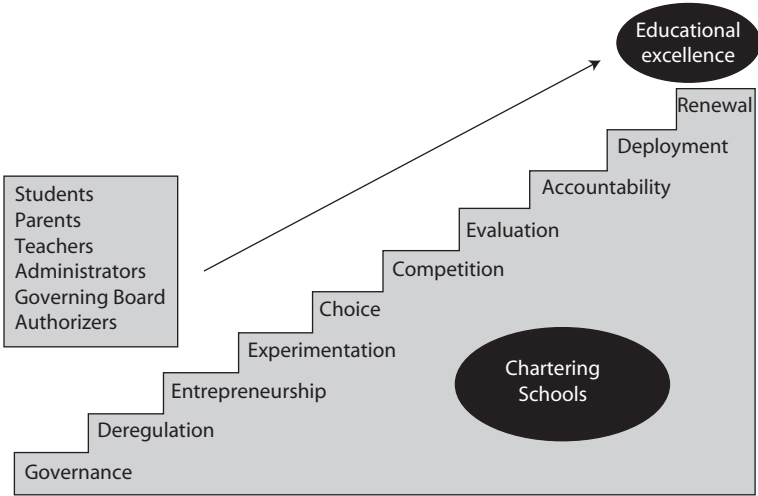
- *Site-based governance*: Chartering begins with community-based, “locus-of-control” governance of public schools, with charter school boards independent of existing bureaucracies but still accountable to government officials and the electorate.
- *Deregulation*: Charter schools are offered freedom from red tape that ensnarls traditional public schooling, allowing their leaders and teachers to shift their focus from compliance to learning.
- *Entrepreneurial talent*: The chartering opportunity attracts talent from beyond the traditional education sector (and unearths it from within), infusing fresh thinking about how to design, operate, and sustain high-performing schools.
- *Experimentation*: As they offer alternatives, charters try new approaches to schooling—from curriculum and instruction to culture, leadership, governance, technology, parental involvement, contracting, partnerships, and structure, as well as the length and flow of the school day and

year. Charters have agility and originality that district-run schools, at least in a particular locale, often lack. In the charter world, for example, we are far more apt to find teacher-run schools, employer-run schools, and cyber schools.

- *Choice*: The presence of charter schools in a community allows parents to select schools that meet their children’s needs as well as their own priorities—and allows educators to opt for new arrangements that suit them, too. Chartering implicitly rejects the “comprehensive school” model in which every school purports to be all things for all kids—inviting specialization within schools and diversity across schools.
- *Competition*: When different school models are offered, each school must react to what other schools are doing, pay attention to what parents seek, and meet the academic and operating standards of the community. Otherwise, it faces obsolescence or marketplace extinction.
- *Evaluation*: An essential component of chartering is assessing what works (and does not work) in education, so that educators, authorizers, and policy makers can make informed decisions. This requires regular assessments, transparent information, and agreed-on performance norms.
- *Accountability*: Holding schools to account for their academic results—as well as their legal compliance, operating efficiency, and financial viability—helps to ensure that failing schools are restructured or closed (the equivalent of filing for educational bankruptcy).
- *Deployment*: As chartering yields successful models, these can be replicated so that excellence pervades the system while mediocrity is squeezed out. This dynamic restructuring process is imbued in the DNA of chartering—the prospect of educational excellence going viral.
- *Renewal*: Through the deployment process, contingent on successful execution of the prior components of chartering, we can expect a renewed system of schools that self-correct over time, “learning” how to become better.

It must be observed, however, that although these 10 steps describe a comprehensive *theory* of chartering, in fact the United States has 40 different charter-school systems (corresponding to the states that have passed charter laws), none of them perfect and some gravely weakened, even fatally flawed, by political compromise. That messy reality arises from American federalism, which remains especially vigorous in primary–secondary education.

Figure 2.1. The Components of Chartering



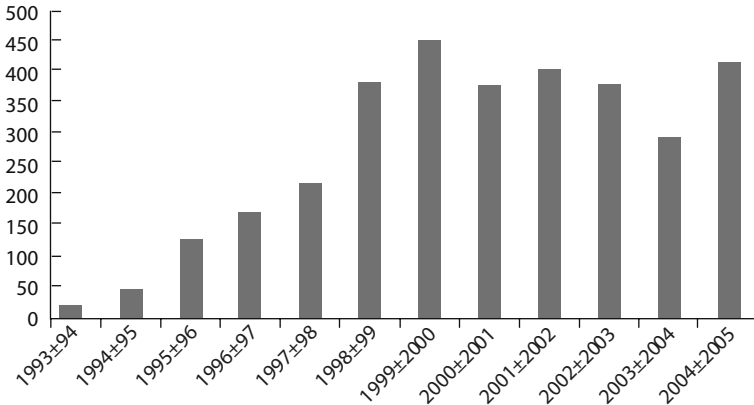
By the Numbers

Charter schools have grown rapidly since the first one opened its doors in 1992. By 2004 about 3,400 charter schools were operating nationwide (see figure 2.2). Their enrollment has also risen dramatically: from about 300,000 in 1998 to nearly 1 million pupils today—larger than the entire public school systems of 36 states. Currently, about 2 percent of U.S. students attend public charter schools.

Although charter schools have spread rapidly, they are by no means evenly distributed across the country. Today, 42 percent of U.S. charters can be found in Arizona, California, and Florida. More than half (54 percent) of the charter growth of the past five years has occurred in those three states plus Michigan and Texas.

The typical charter school is much smaller (250 students) than the average district school (475); more than half enroll fewer than 200 students. A heavy proportion of charter students are minority, low-income, and/or “at risk.” According to the U.S. Department of Education, charter schools enroll proportionately more African American students, low-income youngsters, and low-performing pupils than do district-operated public schools (Policy and Program Studies Service 2004: xiii, 23).

Charter schooling is not uniquely a U.S. phenomenon. Similar education strategies can be observed in Australia, Canada, New Zealand, Qatar, and the United Kingdom; and schools with charterlike characteristics

Figure 2.2. Number of Charter Schools Opening per Year, 1993/4 to 2004/5^a

Sources: For the data from 1997 to 2003: Center for Education Reform (www.edreform.com); for the data from 1991 to 1996: (net) calculation from total schools reported each year.

have also been tried in recent years in China, El Salvador, Guatemala, the Netherlands, and Sweden.²

How Are Charters Doing?

Academic Performance

The most complete and recent picture is presented in a meta-analysis of 44 major studies, released in July 2005 by Dr. Bryan Hassel and the National Alliance for Public Charter Schools, which draws conclusions in three areas.

- *Diversity of outcomes.* Results vary widely from one school to another, with some charters at the top in their communities, others at the bottom, and many in the middle. This range complicates all discussions of charter schools' performance. Some of America's highest-performing schools are charters, with examples visible in places such as Boston, San Diego, Chicago, New York City, and Washington, D.C. At the same time, plenty of charter schools reveal dismal academic results.
- *Evidence of "added value."* Of the 26 studies that sought to appraise change in student performance over time, Hassel reports, 12 found charters with larger overall gains than district schools, four found larger gains in certain categories, and six found comparable gains. (Four other studies found lesser gains in charters.)

- *Evidence of performance improvement.* Most studies indicate that charter schools' performance improves over time. Five of seven studies find that more mature schools do better. Hassel's conclusion: "Chartering holds promise as an approach to getting better schools. What we have is an experiment worth continuing—and refining" (Hassel 2005).

Other Accomplishments

Beyond academic performance, we can point to seven significant accomplishments of the U.S. charter venture so far.

- *Providing new opportunities for struggling students.* Charter schools enroll a large proportion of underserved students, especially poor and minority youngsters for whom there exists a stubborn achievement gap. At a time when the U.S. is striving to "leave no child behind" and when that goal includes creating alternatives for children trapped in failing schools, chartering is an especially good way to supply new options, especially in urban areas.
- *Creating high levels of parental involvement and community support.* Many charter schools make extensive use of parent volunteers, with parents serving on school governing boards and with some schools asking parents to sign contracts affirming their commitment to their children's academic success. The U.S. Department of Education reports, "Charter schools are more likely than traditional public schools to have high levels of parental involvement in the areas of budget decisions, governance, instructional issues, parent education workshops, and volunteering" (U.S. Department of Education 2004).
- *Fostering education innovation.* Besides a new governance model, many charter schools bring curricular diversification to their communities; some experiment with organizational structure (e.g., school or class size, "schools within schools," residential campuses for troubled children); and some charter schools are celebrated for their demanding but supportive school culture (e.g., the acclaimed Knowledge Is Power Program, or KIPP). The charter sector also appears to be an "early adopter" of new technologies and instructional delivery methods, such as "virtual" schools that operate primarily in cyberspace.
- *Encouraging entrepreneurialism.* Chartering attracts entrepreneurs and committed reformers who wouldn't otherwise be in public education.

New York City school chancellor Joel Klein likes charter schools because they “bring in new blood. These are leaders and entrepreneurs who are not otherwise part of the system. They are people with ideas, with creativity, and who are willing to give their all for their students” (Charter School Leadership Council 2005). A new “charter industry” is beginning to emerge, bustling with activity among for-profit and non-profit service providers, networks, contractors, and more.

- *Leveraging private capital.* Through both private investment and philanthropy, chartering attracts many millions of dollars to augment government funds—from for-profit and nonprofit management organizations to associations, resource centers, charitable foundations, donors, venture funds, lenders, and more.³
- *Boosting efficiency.* Charters receive far fewer dollars than district-operated public schools. According to an August 2005 study, “On average, . . . charter funding fell short of district funding by \$1,801 per pupil, or 21.7 percent” in the 17 states studied, with funding disparities ranging from 39.5 percent (South Carolina) to 4.8 percent (New Mexico) (Thomas B. Fordham Institute 2005, 6). Having to make bricks with less straw is onerous and sometimes counterproductive, but it can also yield cost savings, and productivity gains—especially where charter school performance rivals or surpasses district schools, essentially offering “more bang for the buck.”
- *Deploying market forces.* Chartering avails itself of competitive pressure to shape and drive the education enterprise, ration resources, and instill accountability for performance. To remain viable, a charter school must attract and retain families. Parents can “vote with their feet” by shunning or exiting their local charter school. The robust deployment of market forces is significant in a sector in which almost nothing operates at scale, incentives for compliance trump those for performance, organizations are politicized instead of optimized, and research and development is not even a line item in the typical district budget.

Challenges

Although their accomplishments to date are substantial and mostly encouraging, charter schools also face plenty of challenges. Here we list six.

- *Facilities.* In most states, charters are responsible for finding and financing their own school buildings out of their operating budgets, whereas

district schools have access to special capital funds. This turns out to be an enormous barrier for would-be charter operators across the country.⁴

- *Funding.* Given the wide discrepancy between district and charter school funding in most states, charters often struggle to attract adequate resources to operate high-quality programs and support their growth. Many state funding schemes also employ a “prior-year count” system, funding schools according to their previous year’s enrollment—a huge penalty for entrepreneurial charter schools that often start small and add grades and pupils as they mature.⁵
- *Political opposition.* The charter movement faces well-funded and dogged opposition, often led by teacher unions. Their strategies include lobbying against charter legislation, weakening the laws or reregulating the schools, placing caps on the number of charter schools allowed, litigating the constitutionality of chartering, feeding misleading information to journalists, publishing studies purporting to show that charters are failing, supporting anticharter political candidates, wooing charter teachers into unions, and ensuring that charter funding remains low—in other words, death by a thousand cuts (Thomas B. Fordham Institute 2005, v–vi).
- *Quality control.* The quality of charter schools is notably uneven. Chartering has suffered from poor authorizing on the front end—often relying on local school boards that are reluctant to do this at all, much less do it well, because they are in effect licensing their own competition. And many authorizers lack the political will to close poorly performing charter schools or the expertise to manage the attendant logistics (Charter School Leadership Council 2005).
- *Supply shortfalls.* The charter-school supply does not match the demand—and under current restrictions it cannot. In 2002/3, 39 percent of charter schools reported waiting lists, averaging 135 students (Center for Education Reform 2004). If the charter movement could accommodate all those students today, its enrollment would be about 20 percent larger. The supply shortage arises from two sources: First, barriers to entry. With each new school effectively a mid-sized start-up organization, chartering is a tough business that requires long hours, access to capital, and an iron constitution—all in the context of political machinations, onerous regulations, and vexing financial gaps and

facilities hassles. It is not for the faint hearted. Second, many of the people who might be best suited to develop and lead charter schools—for example, ambitious and socially conscious MBA students—do not have education leadership jobs on their radar owing to entry barriers, licensing requirements, and their own aversion to bureaucracy.

- *Public understanding.* Despite 15 years of chartering, 3,400 such schools nationwide, and a million children enrolled in them, most Americans don't know what a charter school is—or recognize that it is a *public* school.⁶ Hence debates over chartering are waged primarily in editorial board rooms and legislative corridors, not in living rooms and civic organizations. According to a 2005 survey, only 12 percent of registered voters know much about charter schools, versus 65 percent who say they know little or nothing. Among those who report knowing something about charter schools, 45 percent think (correctly) that they are public schools, 30 percent think (incorrectly) that they are private schools, and 7 percent think (also incorrectly) that they are religious schools (18 percent hazarded no response) (Vanourek 2005).

Surprises and Uncertainties

Few observers predicted that there would be such heavy concentration of charter schools in a few states and cities, including their stunning market share in some places such as Arizona (8 percent), Washington, D.C. (25 percent), and Dayton, Ohio (30 percent). And although it is no surprise that urban families are the keenest clients for charter schools, their suburban counterparts often lack the option: in a number of states, legislative and political obstacles mean that chartering hasn't even been tried in the suburbs.

More surprising, charter schools in many jurisdictions are not nearly as deregulated as is commonly assumed—and as may be necessary for chartering to work properly. This is the result of political opponents who demand a “level playing field,” isolated mishaps leading to widespread reregulation, and failures of imagination among policy makers about how charter schools might operate differently.

Another unwelcome surprise is how few schools are closed for academic reasons. That means the primary charter-accountability mechanism is not yet functioning as intended, whether due to incompetent (and sometimes reluctant) authorizers or to interest-group politics. (It is never easy to shut a school in the face of student and parent protests. Government, in general, adds better than it subtracts.)

Chartering also faces important unknowns:

- *Market share.* Will growth rates plateau, leaving chartering as a peripheral phenomenon with single-digit market share in most communities? Are the greatest barriers to growth inherent limits on supply and demand or external constraints?
- *Tipping point.* Is there a “tipping point” in regard to the market share of students attending charter schools that will cause districts to change their practices in significant and constructive ways?
- *Impact.* Can charter schools affect critical district instructional practices and school offerings? Many school systems have reacted politically to charters, but we don’t have a clear picture of other competition-induced changes that may be occurring in them.
- *Academic achievement.* Given time, will charters outperform their traditional public school counterparts? Will authorizers and policy makers come forward on accountability, invoking interventions, sanctions, and closures to transform or weed out low performers?
- *Achievement gap.* Will chartering turn out to be an effective strategy for addressing America’s vexing gaps between white and minority youth?
- *Reconstitutions.* The No Child Left Behind Act and several state laws say that one strategy for revitalizing low-performing district schools is to convert them into charter schools. Will this actually be tried? and How well will it work?

Lessons Learned

What have we learned from charter schools about mobilizing the private sector for public education? We see 10 lessons, each with a rough parallel in the business world.

1. *Demand: There is strong demand for educational alternatives in the United States, and chartering is a valuable source of supply.* In the commercial world, successful firms are demand driven. They respond to customer preferences, producing more or different supply when needed. In education, there is a rising demand for options, now amplified by the federal No Child Left Behind Act, which holds that children *should* have alternatives to failing schools. Much of that demand is found among low-income families whose children are ill served by their present schools. Chartering can help meet that demand for better alternatives by boosting the supply of acceptable schools, much as

happened, for example, in the 1950s when automobiles became affordable by working class families. When traditional school systems fail to respond, chartering enables the market to do so, as can be seen today in Aurora, Colorado, where housing developers are proposing to create new specialized schools to attract education-minded homeowners—what the *Denver Post* calls “part of a national trend of businesses doing an end run around traditional school districts” (Sherry 2005).

2. *Start-ups: Start-ups take great effort and substantial resources to succeed.* Although a high failure rate among start-ups is taken for granted in business, that reality is difficult to accept for schools. Yet starting a school entails a thousand tasks, some of them time-consuming and complicated: forming a founding coalition; selecting or writing a curriculum; drafting a charter application (usually over a hundred pages); navigating the charter approval process (often lasting a year); locating a facility; interviewing, hiring, and training staff; promoting the school in the community; purchasing supplies and equipment; preparing the lunch room; and much more. Much can go awry. Meanwhile, would-be charter starters have to manage all these activities while fighting political opponents, defending against critics in the local newspaper, and trying to raise supplemental funds to ensure a successful launch. It is no surprise that some people obtain charters but fail to open their school on time, fail to open it altogether, or open a school that is not truly ready to operate.

3. *Scale: Getting to scale is an important but still-elusive goal of the charter movement owing to a host of limiting factors.* Just as companies seek growth to meet demand and strengthen the bottom line, so it is with charter schools attempting to “scale up.”⁷ Yet education is far from a true marketplace in which potential suppliers can swiftly and flexibly respond to rising demand. Whether it is an entrepreneur seeking to launch a single charter school or a successful “education management organization” striving to replicate its school model in dozens of places, myriad constraints are faced. These include statutory caps on charter schools (27 states), funding shortfalls, and lack of facilities. Moreover, getting to scale with any major education reform (especially one as controversial as chartering) requires the reallocation of sizable resources—fiercely resisted by powerful established interests—and may also require the creation of new institutions such as specialized,

nondistrict authorizers. Political opposition can be counted on to oppose more charter schools, and parents—and the larger public—are nervous about school failures. For chartering to reach a much larger scale, it must leverage sustainable private capital; incubate entrepreneurship amid bureaucracies; and engage in replication, franchising, branding, and something akin to mergers and acquisitions.⁸ That is new territory for public education.

4. *Leadership: Without strong leadership, individual charter schools—and the charter movement—will falter.* In the corporate world, it is well known that dynamic and enlightened leadership makes an incalculable difference. For chartering to succeed, schools, too, need strong, principled leadership and competent, talented staffs, as well as political champions who create the space in which success is possible. According to the National Alliance for Public Charter Schools, “People make the difference.... Charter leadership requires the skill sets of an MBA, a real-estate developer, a world-class coach, and a master educator combined” (Charter School Leadership Council 2005, 10–18). Finding many such individuals is daunting. At the policy level, too few advocates have the understanding and political courage to do chartering right—with true deregulation, experimentation, competition, funding, and accountability.⁹ In assessing the efforts of Tony Blair, the former British Prime Minister, to charter schools U.K.-style (called “specialist schools”), University of Washington professor Paul Hill (2005) concludes that “the most important lesson of Blair’s initiative is the importance of political leadership.” In the United States, however, both because of the political price that charter supporters often pay at the ballot box, and term limits that mean even the most zealous champions are soon out of office, bold charter leaders are hard to come by—and harder to retain.
5. *Quality: Providing choices for families is not enough when it comes to education; they must be good choices.* In the business world, quality is a commandment (e.g., Malcolm Baldrige Quality Awards, the Total Quality Movement, inspired in part by tough Japanese competition, etc.). Companies that neglect quality seldom prosper. And so it should be with chartering, where quality must be honored on the *front end* (pre-clearance) as well as the back end. Unfortunately, that has not always happened. Faced with uneven implementation of accountability mechanisms and high-profile meltdowns of a few famously bad char-

ter schools, the charter movement is now awakening to the need for more self-policing. Consider the August 2005 report of the quality task force of the National Alliance for Public Charter Schools, which contends that “Quality is more important than quantity” and “Growth is not an end in itself” (Charter School Leadership Council 2005, 10). Consider, too, the National Association of Charter School Authorizers’ excellent *Principles and Standards for Quality Charter School Authorizing*, the quality standards set by the California Charter Schools Association, and recent efforts to strengthen charter school accreditation. Yet academic quality and school effectiveness continue to be trumped in many places by interest group demands and political imperatives, by collective-bargaining gamesmanship, textbook hang-ups, rule-crazed bureaucracies, and risk-averse administrators. The charter movement is not immune to the maladies that beset U.S. K–12 education as a whole. John Chubb laments that “the rules that organize public education were not necessarily established to maximize the ability of schools to help students succeed” (Chubb 2001).

6. *Dual accountability: Market pressures in a framework of public oversight can be a powerful engine for reform.* Many industries face both market incentives and government regulation (for example, airlines, restaurants, pharmaceuticals, banking, telecommunications, and health care). The reason, of course, is that those industries both serve consumers and advance public purposes (or incur public risks, such as plane crashes and the spread of disease). Education is also both a public and private good, meeting individual needs and enriching individual lives while also fulfilling the vital public purpose of an educated citizenry. Until chartering, however, explicit dual accountability mechanisms were foreign to public education. Chartering entails accountability both to the market (parents) and to government entities (authorizers, the state, federal government). This does not always work as intended—but it is a hugely promising formula for tomorrow’s education system.

7. *Level playing field: Schools, too, depend on fair rules and equitable treatment.* The ground rules by which markets operate greatly affect the prospects of companies, which often face tough rivals, powerful monopolies, and sometimes dirty competitive practices. For industries to thrive and firms to have a fair shot at success, the rule of law must be definitive, with companies playing by the same rules, contracts

enforced, taxes paid, disclosure transparent and uniform, and courts fair. When politicians play favorites, behave corruptly, or otherwise allow the competitive deck of cards to be stacked in favor of some firms and against others, commerce is distorted and markets fail to operate as intended. Quality may suffer, demand may be unmet, and consumers may be ill-served. In education too, the playing field matters—and today it is not fair for charter operators. The forces of the status quo are powerful, well-funded, relentless, and influential. They have used their political might to inhibit and discourage the charter movement with caps, lawsuits, funding gaps, reregulation, and more, tilting the playing field against these new schools and creating circumstances in which the charter concept itself may not be given a full and fair test.

8. *New technologies: The dynamic and enterprising nature of charter schools makes them more receptive to new and “disruptive” education technologies.* In the corporate world, new technologies often reshape standard operating procedures and even entire industries. In education, charters seem more receptive than traditional schools to the opportunities presented by new technology. Charters have been “early adopters” of distance learning and virtual schooling, for example, whereas traditional school systems often react negatively to the competitive threat that these changes pose (i.e., the loss of students and revenues). For charter schools to maintain their relevance, they must continue to operate on the cutting edge.
9. *Productivity: Chartering puts new emphasis on a school’s productivity, forcing discussions about results achieved per dollar spent instead of ever-more calls for “more money” as a panacea.* To survive and prosper, businesses must continually improve their processes to become more efficient, all the while “meeting the expectations” of investors and Wall Street analysts. Charters also have to meet expectations—whether in the form of picky parents, the “adequate yearly progress” demands of the No Child Left Behind Act, or authorizers conducting public renewal hearings that will determine whether the school survives. Today, in most states, charters are expected to do all this despite substantial funding gaps vis-à-vis traditional district-operated schools. As *public* schools, charter schools have a worthy claim on parity funding (equal to district schools), but that doesn’t spare them from the imperative of maximizing their productivity and driving exemplary aca-

ademic achievement with the resources they have. Productivity analyses (and gains) have generally been foreign to K–12 schooling in America. Indeed, it can be said that public education has *lost* productivity over the decades. That creates a real opportunity for charters to change the debate from adequacy to effectiveness, from resources to results.

10. *Vision: Much of the impact of chartering will be felt not only in communities directly affected by it, but also in the entire education system through the power the ideas undergirding it have to pervade the system.* Today it is often remarked that companies without a compelling vision are not “built to last.” Great new ideas can reshape industries and transform entire sectors of the economy. Vision and ideas are also drivers of the charter movement, whose impact may turn out to be disproportionate to its size, in part because of the power of the ideas behind it: that a public school need not be run by a government bureaucracy; that members of a community can come together to create and run their own local public school; that families should be able to choose their children’s school; that the money for public schooling belongs to the child (and should follow her into the schoolhouse door), not the system; that all schools cannot be all things to all children; and that schools that fail to provide an adequate education to children should have their licenses revoked.

Conclusion: The Future of Chartering

What does the future hold for U.S. charter schools—and for public schooling in the era of chartering? Large governmental bureaucracies may continue to define education standards and measure school results, but they will have less control over the *delivery* of K–12 education services, as has long been true of American tertiary education and countless other sectors of our mixed-market economy.

And why not? In a time when China is plunging into market-oriented economics and private sector investment, initiative, and technology, the prospect of the American education behemoth mobilizing the private sector via “third way” solutions is not far-fetched.

At a minimum, today’s new schools are a needed tonic for the old ones. It also seems likely, however, that with chartering we are beginning to witness a profound shift in basic assumptions about what a public school is and the ground rules by which it operates (or expires). The institutional and accountability innovations that chartering brings may be laying the foundation for a redesigned structure of public education as a whole. In

that new architecture, successful schools are incubated and brought to scale; entrepreneurs introduce fresh ideas (and resources) into the sector; overseers of schools (perhaps altogether new entities) steer them in wise policy directions but leave others to row; authorizers hold schools strictly to account for their results (not their intentions, inputs, or processes); parents carefully choose among many varieties of educational enterprises; and schools boost their performance via dynamic leadership, effective instruction and governance, organizational efficiency, and smart use of new technologies and delivery systems. The result—and what makes all the *Sturm und Drang* worth it—will be a better educated populace that meets the nation’s 21st century needs and helps all its residents achieve the successful and rewarding lives that are their birthright.

Notes

1. Note also that a significant percentage of charter schools in some states are “conversion” charter schools, meaning that they are not new, start-up schools but rather former district public or private schools that changed their governance structure and “converted” to charter school status.
2. See, for example, Aitken 1998; Bergstrom and Sandstrom 2003; Cuellar 2001; Hepburn and Van Belle 2003; Hill 2005; Patrinos 2001; Patrinos 2002; Tsang 2000; World Bank 2005; www.aare.edu.au/00pap/dal00092.htm; www.charter-schools.ca; <http://www.english.education.gov.qa>; www.fcgp.org/pdf/kiwistyle.pdf; www.minedu.govt.nz/web/downloadable/dl7786_v1/future-focus-.doc; www.specialist-schools.org.uk.
3. Especially large philanthropic investments in charters have been made by prominent family foundations such as the Walton Family Foundation (related to Wal-Mart), the Bill and Melinda Gates Foundation (related to Microsoft), the Pisces Foundation (related to Gap Inc.), and the Thomas B. Fordham Foundation (which is run by Chester E. Finn, Jr.). Also noteworthy are groups such as the NewSchools Venture Fund, a Silicon Valley venture philanthropy firm working to transform public education through entrepreneurship.
4. Note, however, that some of the most interesting chartering involves “virtual” schools that bypass this issue altogether by setting up shop online without bricks and mortar.
5. Many funding schemes also come with cash flow delays, in which operating dollars come months into the school year—again not a problem for traditional schools supported by districts but a real problem for start-up charter schools with bills to pay.
6. Note the Poll of the Public’s Attitudes toward the Public School findings: 49 percent of respondents said they favored charter schools, versus 41 percent

opposing and 10 percent saying they don't know. Also, 80 percent said that charter schools "should be accountable to the state in the way regular public schools are accountable," versus 14 percent saying they should not and 6 percent saying they don't know. Only 28 percent said they would favor charter schools in their community "if funding for them meant reducing the amount of funds for the regular public schools," versus 65 percent opposing that and 7 percent saying they don't know; note that this may reflect a fundamental misunderstanding given that charter schools are public schools (Rose and Gallup 2005).

7. "What can business do that the public sector cannot? The answer is, Anything that requires scale to accomplish.... The political process often creates and protects bureaucracy; a competitive market discourages it. The market permits society to gain the benefits of scale without paying the costs of bureaucracy" (Chubb 2001).
8. Note that many philanthropies, such as the Gates, Pisces, and Walton foundations, are now investing in various efforts to accelerate replication of successful school designs, which is vastly harder than identifying successful schools.
9. This partly explains the lack of public awareness, because few prominent leaders are flying the charter banner.

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CHAPTER 3

True Partners in Public–Private Partnerships

Carl R. Bistany

“The struggle to raise a nation’s living standards is fought first and foremost in the classroom. The new jobs in tomorrow’s industries will require workers that are literate, numerate, adaptable and trainable—in a word—educated.”
Excerpt from an article in “The Economist” 29 March 1997.

Background

The company SABIS’s journey commenced nearly 120 years ago, in 1886, with a small school in a village in Lebanon. It was the first private school in the SABIS network. With early signs of success, it grew and prospered. Today SABIS operates a network of 31 K–12 schools in 11 countries, with a total enrollment of 28,000 students from more than 120 nations. Seven of the 31 are charter schools in the United States, and the remaining are private schools.

Since the mid-1950s SABIS has viewed “education” as an industry and has subjected it to the rules that govern successful industries and businesses: efficiency, accountability, and optimization of resources. SABIS has scrutinized existing and accepted practices and carefully studied emerging trends. It has often gone against popular trends and rejected many established myths in the

world of education. For half a century, SABIS has been teaching larger classes and has insisted on a hierarchy of subjects, memorization, student discipline, and frequent testing. Last, but not least in importance, in the SABIS student life program where students are empowered and given the responsibility for running many aspects of the school, including some of their own classes.

SABIS is, however, more than just an operator of schools. It is actively engaged in curriculum development and book publishing, including more than 500 books. SABIS is also a provider of an ever-growing data bank of tests that are used weekly in grades 3 to 12. Detailed information on the SABIS network is available at www.sabis.net.

The Challenges

Studies by governments, nongovernmental organizations, private foundations, private power groups, and academics have concluded that achieving and maintaining economic competitiveness and winning the fight against poverty can be realized only if a good and effective education is offered to all, not just to a select few.

The basic role of education is to prepare students to be functional and productive in the world they live in and to provide them with the tools that allow them to keep pace with change while remaining functional and productive throughout their lives.

The pace and degree of change in the world has created the challenge of preparing students for a world that cannot be described, with jobs that cannot be fathomed in advance, and with requirements yet to be defined. What job opportunities will today's 10-year-olds have when they are 40? The answer is difficult to foresee, yet students have to be prepared for it as best as respective education systems will allow.

A challenge of this magnitude and nature is too great a task for any single sector to tackle alone. Pooling the efforts of government, business, and industry as well as education providers creates an effective and efficient vehicle to address the issues. The task confronted by the partnership can be broken roughly into three parts:

- Determine the content and direction of education.
- Deliver it accurately, efficiently, and at a reasonable cost.
- Monitor its quality.

Public–Private Partnerships: Roles and Responsibilities

Government, businesses, and industry have distinct roles in determining the content and direction of education. The role of government is imper-

ative, for it can provide a comprehensive look at the present and a wider vision of the future. Business and industry's role is to reflect the pulse of the market and its needs. Despite the fact that its input is sometimes influenced by short-term priorities, it is nevertheless essential.

The education provider also plays a vital role in determining the content and direction of education, for no matter how complete or elaborate the plan to meet the vision and needs may be, it should be more than theory; it should be achievable, efficiently and at a reasonable cost. For the accurate and efficient delivery of education, governments worldwide have been looking for answers. Rumbings about the cooperation of the public and private sectors in education have been heard for a long time in many countries.

In a country where profit-based economics has played a major role in development and advancement, it comes as no surprise that the United States is leading the way to find appropriate public–private partnerships. It seems natural for the United States to turn to the private sector to seek assistance to enhance public education by subjecting the private sector to the rules inherent in business and industry, that of accountability, efficiency, cost reduction, added value, and results-oriented incentive schemes. SABIS shares the same views and has been successful in implementing the approach to the SABIS network of schools for a long time.

Some critics hasten to state that it is inappropriate to mix the broad national goals of education with the incentives inherent in for-profit companies. They argue that quality suffers if it is driven by profit. There may be some companies that put profit before quality, but when subjected to known market forces, these companies are quickly eliminated by the market itself. History has proved that the market might stray occasionally; however, in general, it is the best assessor of performance.

Coming to the last task facing public–private partnerships, the question is who among the partners will monitor the quality of education. This should be the responsibility of the government. However, all three sectors involved should constantly appraise the general plan, taking into consideration the reaction of the market to keep the plan dynamic and relevant.

The government, while using the most effective tools and methods available to monitor the plan's quality, should deregulate the process and allow private education providers to use the approach they consider most efficient and effective. There should be checks on the way, but not so many as to choke private sector initiative.

With roles clearly defined between the public and private sectors, the remaining key challenge to enhancing public education is to establish an

environment of “true partnership.” From SABIS network’s worldwide experience, it has become apparent that partnerships created in a half-hearted manner are doomed to failure.

SABIS has been involved in public–private partnership in education for some time. Outside the United States, such partnership is just beginning; but in the United States, SABIS has had a 10-year experience with charter schools, yielding very diverse results. Although all the charter schools were successful academically and otherwise, some have been terminated. It would be enlightening to ask why.

The decision to involve the private sector in education is often half-hearted and lacks the true spirit of partnership. Although charter school laws vary from state to state in the United States, they share a common trait—they put the private education provider at a disadvantage. The laws are replete with rules and regulations that impede optimum performance and erect barriers to the involvement of the private sector.

Barriers for the Private Sector

The Boards

In most states, charter school laws do not allow for-profit providers to hold a charter. A nonprofit board holds the charter and subcontracts to the provider. The boards have the authority over the provider but do not bear the responsibility for the consequences of decisions that affect the operation adversely. That approach is an aberration in the noncommunist world.

Two examples of how this varying relationship between the board and education provider can affect operations:

- The SABIS International Charter School in Springfield, Massachusetts, benefits from a mutually held understanding of the role of each partner and the school’s mission and objectives. The result of this has been 10 years of success for the students and the community, with all students graduating and almost 100 percent of them gaining admission to colleges and universities. This achievement can be fully appreciated only when partners and beneficiaries are aware of the fact that before attending the school many of the students had no hope of completing high school, let alone attending college.
- SABIS experience with operating two charter schools in Chicago conversely illustrates a board relationship that was marred by many operational barriers. The half-hearted partnership meant that successful

operation of two schools with more than 1,600 students had to be ended after two years despite performance that was publicly recognized by the board.

The Length of the Charter

With most charters granted for a five-year period, finding adequate financing for facilities is another barrier many private education providers face. The only choice that some providers are left with is to provide personal financial guarantees to ensure repayment of debt. This, of course, comes at great risk and acts as a major impediment to attracting the involvement of other education providers.

The Implementation Process

An attempt to regulate every aspect of charter school operation has led to barriers that impede optimum performance. The high level of regulation stifles the potentially enriching diversity of approaches that operators could employ to achieve student performance goals.

Regulations stipulating teacher certification requirements exemplify a barrier SABIS faces in the process of implementation. In most states charter school laws require teaching qualifications for all teaching staff, thus eliminating the possibility of employing some very highly academically qualified people, especially in the fields of math and the sciences. This regulation, in addition to having a negative effect on the performance of the education provider, also is a major factor that negatively affects the standards of math and science nationwide.

The Funding

Per pupil funding puts private education providers at a great financial disadvantage in comparison with other public schools. Per pupil funding in most cases is not inclusive of the funding necessary to cover major outlays in capital expenditures. Furthermore, providers often do not receive enough funding, if at all, for transportation and the special services needed to provide for special education students. This inadequate funding adversely affects the performance of education providers.

Conclusion

The few examples mentioned above inhibit the increased involvement of the private sector, involvement that is necessary if we are to enhance public education.

As mentioned, a nation's competitiveness is at risk unless about the issue of educational standards is appropriately tackled. SABIS believes that a partnership of government, business and industry, and education providers can meet this challenge. The first step is to establish a true partnership in which all partners view education as one of the most important industries of our time and provide it the support and attention it deserves.

CHAPTER 4

Public–Private Partnerships in Latin America

A Review Based on Four Case Studies

José-Ginés Mora

Introduction

This chapter examines public–private partnerships in education in Latin America. The analysis is based on four case studies carried out in four countries: Colombia, República Bolivariana de Venezuela, Chile, and Brazil. These countries are different and varied, leading us to believe that this study is, therefore, fairly representative of the situation in Latin America. In general, there are close linkages between public and private education in all these countries. About 20 percent of students in primary and secondary education study at private schools, and about one-third of the students in higher education attend private universities. The way private education is financed is of great importance and must be considered when equality and efficiency are encouraged in these countries' education systems. In addition, given the relatively limited resources and quality of education in these countries, public–private partnerships in education occur frequently in an effort to improve the management and quality of education centers. Both aspects will be dealt with. In the context of the

discussion, two relevant studies published in the last years are worth mentioning: Navarro et al. (2004) and Wolf et al. (2002). These studies focus on the same topic as this chapter but have a broader scope.

The chapter is divided into the following sections. First, the political, social, and economic background of the four countries involved are examined; this is followed by a brief analysis of the public–private partnership in each of the four countries; and finally a global analysis of the situation is carried out, and some initial conclusions are put forward.

Basic Characteristics of the Countries

Prior to a closer examination of the educational situation in the four countries, some of the basic characteristics of their social, political, and economic backgrounds are highlighted. Table 4.1 presents basic data that give a general idea of the socioeconomic background of the countries we are concerned with. The data show that the gross domestic product of these four countries (using purchasing power parity exchange rates) ranges from \$5,800 and \$10,700. These figures fall far short of the GDP of the main industrialized nations, but they are well ahead of most developing countries. These countries' relatively "intermediate" position is also reflected in the Human Development Ranking (an indicator that includes the countries' economic, education, and health standards). The rankings for Colombia, República Bolivariana de Venezuela, and Brazil, which fall between 63 and 75, place them at the top of countries at the intermediate stages of development. Chile, however, ranks 37th on the list and is included among the highly developed group. Literacy levels for the adult population stand between 88 percent in Brazil and 96 percent in Chile, which, although not ideal, are certainly far ahead of many other developing countries. In short, the economic and educational development of these countries is not as advanced as the most developed countries but is above average when all countries worldwide are taken into account. Chile is the most advanced; all indicators show that its situation is much closer to that of the developed countries.

There is, however, one indicator in all four countries that is cause for considerable concern—the Gini coefficient, an indicator of economic inequalities. Its values range from 0, which represents total equality, to 1, which represents total inequality. The Gini coefficient in the four countries under study is very high, far above the scores for developed countries. For example, in countries that are very equal, such as the Scandinavian countries, the Gini coefficient is about 0.25. In countries that are not as egalitarian, such as Spain, the figure is 0.33. The levels of inequality in the countries under

Table 4.1. Socioeconomic Indicators

	<i>Brazil</i>	<i>Chile</i>	<i>Colombia</i>	<i>Venezuela, R. B. de</i>
GDP (\$PPS)	8,100	10,700	6,600	5,800
Human Development Ranking	63	37	69	75
Adult Literacy (%)	88	96	94	93
Gini Coefficients	0.59	0.57	0.58	0.49
% Population 0–14 yrs.	28	26	32	32
Expenditure in Education (% GDP)	4.2	4.2	5.2	5.6

Sources: UNDP, *Human Development Report* (HDR) 2004; *World Facts Book* 2005.

study, and in Latin America in general, are very high and are far above the average for developed countries. The high level of inequality in Chile, for example, stands out from the rest and is inconsistent because its socioeconomic indicators are more or less proximate to that of many developed countries. The significant level of inequality in Latin American countries is an important aspect that should be taken into account when defining public policies, whether in education or in other areas.

Public expenditure on education, calculated as a percentage of GDP, is not high but can be considered average. Spain, for example, spends 4.5 percent of GDP on education, which is similar to the four countries under study. However, in Spain only 15 percent of the population is under 14 years of age, whereas in the countries under study the figure is between 26 percent and 32 percent of the total population. This means that, although the proportion of education spending is similar to that of developed countries, Latin American nations have to supply services to twice the number of children in the education system. Another serious problem faced by Latin American countries is, therefore, the limited resources available to provide for a large young population.

Problems of poverty and inequality are exacerbated in some cases by political issues and territorial disparities. The difference between rural and urban is highly significant all over Latin America. In general, education opportunities for the rural population are much more limited compared with opportunities for city dwellers and especially in comparison with inhabitants who live in large cities. In Brazil, there is the added handicap of territorial inequalities, which create regions whose education indicators are up to three times worse than in other parts of the country. Political problems are highly relevant in two of the countries under study. The permanent insecurity that a large part of the Colombian population has to live with daily is a reality that affects all sectors of the country's activities, including education. The current political divisions in

República Bolivariana de Venezuela affect all social aspects of life, and education is obviously no exception.

In short, inequalities of access to quality education and limited resources for education are possibly the most serious problems faced by Latin American countries. Implementing efficient public policies that improve equality is the most important challenge facing the countries. In that sense, public–private partnership in education is extremely relevant because improvements in this partnership may be the way to achieve both objectives.

The Chilean Case

Basic Education

Basic education in Chile is provided mainly by three types of schools: municipal schools, subsidized private schools, and nonsubsidized private schools. There are, in addition, some technical-vocational schools with special fiscal funding managed by business corporations (MINEDUC 2004).

Before 1980 the administration of the Chilean school system was fully centralized in the Ministry of Education (Delannoy 2000). The ministry was responsible not only for the curriculum of the whole education system, but also for the administration of public schools, which accounted for 80 percent of all schools in the country. The ministry also appointed public school teachers and principals, and it approved and paid expenses and salaries. In 1981, as part of the Pinochet government's sweeping market-oriented reforms, Chile introduced a nationwide school voucher program with financial incentives for both public and private institutions. This initiative had three main components: (a) decentralization of public schools—public schools were transferred from the Ministry of Education to roughly 300 municipalities, such that they became known as municipal schools; (b) public school funding—municipal schools continued to be funded centrally, but each municipality began to receive a per-student payment for every child attending the school and, as a result, enrollment losses came to have a direct financial effect on the municipal education budget; and (c) public funding for private schools—the size of the voucher payment each school receives varies according to the educational level at which it operates, whether or not it offers special programs, and its distance from urban centers. The most important aspect is that non-tuition-charging, subsidized private schools began to receive exactly the same per student payment as the municipal schools (McEwan and Carnoy 2000).

The objectives of this reform were twofold. On the one hand, the idea was to bring education decision making closer to the different territories and, on the other, to generate competition for student enrollments between municipal and private schools as financing was linked to the number of students enrolled at each school. The policy is based on the belief that free-choice schooling can lead to improvements in the quality of education because it means that parents can choose whichever school they wish and thus force schools to compete against each other. Free-choice schooling changes the incentives that schools are faced with and encourages them to deliver better-quality schooling at a lower cost (Levin 2002).

One of the results of this reform was the large-scale transfer of students from municipal schools to subsidized private schools. The subsidized private sector share grew from 15 percent to 33 percent during a 10-year period (MINEDUC 2003). There was a similar decrease in the budget percentage for public education during the same period. This public-private combination in education has meant that the Chilean school system has been able to enroll and retain many more students than in previous years (MINEDUC 2004). The current schooling system is better placed to enrolling, providing for and retaining the children of the poorest 40 percent of the population than in the 1980s.

Until 1992 subsidies were the only formal source of income for educational establishments financed by the state. Subsequently changes were made to the law to allow private contributions to be made to subsidized schools via two mechanisms: financing shared by parents, and business donations to non-profit-making schools (Gauri 1998). Subsidized schools can opt for the shared financing system if they wish. This system allows schools to charge parents a monthly fee for the education of their children, in addition to the subsidy the schools receive from the state. The system is regulated so that parents' initial contributions mean a direct increase in income for the school; subsequent contributions entail a decrease in public subsidies. This means that schools taking in the poorer sectors of the population prefer students not to contribute any further, at least once a certain threshold is attained. To prevent greater inequalities, an aid system was set up in 1997 for students who were unable to pay shared financing (García-Huidobro and Bellei 2003). Municipal schools can also resort to that type of financing, although only in secondary education, and only as long as the particular institution's stakeholders agree. Municipal schools can also receive additional resources for infrastructure and even for operating costs.

In 1988 Chile implemented a system to measure the quality of education. The results of this system show that unsubsidized private schools

obtain the best education results, while subsidized private schools had better results than municipal schools. Other performance-related measures such as the dropout and repetition rates followed the same trend (MINEDUC-SIMCE 2005). However, the validity of this comparison has been strongly challenged in light of the differences in students' socioeconomic levels in the three types of schools.

Recent studies show that the results of free-choice schooling in Chile are contradictory (Gauri 1998; Hsieh and Urquiola 2003; Mizala, Romaguera, and Ostoic 2004). The system of free-choice schooling has undoubtedly contributed to the fact that some children with limited resources have been able to enroll in schools that they otherwise would not have been able to attend. There is, however, a positive aspect to the Chilean model, that is, the use of private resources to make free education available to the greatest number of students possible whatever their socioeconomic situation. It is not as clear whether equality of access has been respected as the education system has been extended, especially because private schools have been allowed to charge their students high fees. There are two challenges facing education in Chile at present. First, Chile needs to maintain education coverage and the levels of quality reached in basic education. Second, it needs to effectively correct the possible social student segmentation and performance results. Specific support programs for schools, although effective, might not be sufficient to reduce the structural inequalities, which require a new systemic approach.

Higher Education

Although the main object of our study is primary and secondary education, it is interesting to consider higher education in the case of Chile. There are private and public universities in Chile, as in other countries. However, the major difference between the types of universities does not lie in the nominal ownership of the institutions but rather in the way they are financed. In Chile, the two types are the so-called Consejo de Rectores universities and all the rest of the universities. The first group is made up of old, well-established public and private universities that are partially financed by the state. The second group are all private and do not receive public funding. All charge enrollment fees, but in the first group this covers only part of the tuition fees, whereas in the second group, the fees cover practically all of the institution's costs. All the universities, however, whether public or private, are eligible for research funds. This university model is particularly unusual. Some countries, such as Belgium and the Netherlands, subsidize public and private universities in the same way,

and as far as the state is concerned there is no difference between them. What is unusual in Chile is how differences are made between some universities (the older, well-established private universities and the public universities) and the rest of the universities (all newly established). This is particularly unusual when the quality of some of the universities in the second group is similar to those of the Consejo de Rectores universities. If subsidies are granted on quality criteria and not simply for reasons of seniority, it would seem logical for the system to include other private universities.

The Colombian Case

The Education System

Colombia has about 9 million students, 60,000 schools, and 400,000 teachers in primary and secondary education. The access to schooling indicators have improved considerably during the past few years, and the adult illiteracy rate has dropped to 6 percent. However, primary education is still not universal, and the coverage indicators for secondary education are only 63 percent (Informe del Progreso Educativo (IEP) 2003). Access to educational services in Colombia and the quality of the services differ greatly across geographic regions and income groups.

The private sector share in education is high: approximately 20 percent of students in primary, 35 percent in secondary, and 65 percent in higher education. The private sector is varied and ranges from excellent schools, especially in Bogotá and in other large cities, to very poor-quality schools. This is the norm at all education levels, including higher education.

One of the most important changes, which began to be implemented 15 years ago, was a process of administrative and economic decentralization of the education system to regions and municipalities. All regions and municipalities with large numbers of inhabitants have their own school districts that are independently organized even though they receive funds from the central government. However, real levels of autonomy are still low, and the system is highly inefficient. A per student subsidy is in place and a policy has been implemented since 2002. The process, however, is still new and, in some localities, district and municipal authorities unable to take control of the education process.

The outcomes are troubling: countrywide, only one-third of the children who start school complete their basic education. This percentage drops to 16 percent in rural areas. Internal studies show that the students' educational performance is below expected levels, and the number of

poor-quality schools taking part in state exams has gone down. International studies show that the levels of educational achievement in Colombia are low compared with the most developed countries. However, Colombian students' results are average when compared with other Latin American countries and are on a par with countries such as Brazil and Mexico. The issue of the quality of education is particularly important in the case of the poorest sectors of the population and the rural areas. Four possible causes for the poor performance include:

- Inappropriate teaching methods, including insufficient and inappropriate training;
- Inefficient time management in schools, despite the increase in annual number of school hours over the past few years. Evidence suggests that enforcing discipline and other non-teaching-related activities that teachers are required to perform take up a large part of school time;
- Lack of materials and resources such as libraries, laboratories, and computer rooms, which reinforce teaching; and
- Lack of freedom to appoint teachers.

Another challenge relates to teachers in the Colombian education system. Critical aspects of this profession include the following (IEP 2003; Villa and Duarte 2004):

- *Teaching qualifications.* A large proportion of teachers (38 percent) still are not qualified to work as teachers. They work mainly in rural areas, which, ironically, are the areas in which higher-quality teaching is needed.
- *Incentive system.* The incentive system for teaching staff is almost non-existent. The status of teachers has improved during the past few years, and the salaries for public school teachers are still 15 percent higher than those of private school teachers. However, there is no efficient incentive system to motivate teachers to perform their jobs more effectively or to make improvements to the education system. A teaching staff assessment plan and the implementation of incentives designed to motivate improved performance have not yet been put into practice, despite having been designed several years ago.
- *Selection system.* The rules establish, for example, that teacher selection and appointment must be made on merit, through public contests, and

that transfers must not affect children's studies. However, evidence indicates that a good number of public school teachers are still being appointed via political recommendations. Political bias also intervenes in administrative aspects, such as transfers, promotions, pension payments, and other social benefits. The intermediaries are the regional politicians from traditional parties and, in some cases, union leaders. The relations between teachers and the state, however, are highly politicized by the influence and strength of the teachers' union, the Colombian Federation of Educators.

The country has made significant efforts to prioritize education, and the percentage of public expenditure devoted to this sector has risen to 5.2 percent of GDP. However, the misallocation and poor management of these resources continue to obstruct significant progress in the sector. Close to 90 percent of education funds are spent on salaries; less than 2 percent is spent on educational materials.

Public-Private Partnerships in Education

Programs for expanding coverage outside the traditional public system framework have recently been promoted. There were two types of programs: direct subsidies to students (vouchers) and purchase of enrollment. Direct subsidies to students, a strategy used predominantly as a way to expand coverage during the 1990s (program closed around 1995-96), were promoted by the central government. The program operated with a system of subsidies for low-income families, cofinanced by the central government and the territorial entity. These programs, at the time of highest coverage, reached approximately 250,000 enrollments. The second modality was the Purchase of Enrollment in Private Schools, which was used by departments and municipalities (Bogotá, Antioquia, Medellín, Cartagena, etc) to respond to the demand for new enrollments. These authorities contract education services with private schools and pay for each child admitted according to defined standards. These initiatives were an attempt to increase enrollment by contracting private schools and responding quickly and flexibly to the social pressures for broader, better-quality coverage, especially in the less-favored social sectors. Nevertheless, evaluations have shown that this scheme faces serious restrictions because of the characteristics of the market in which it is implemented, particularly the restrictions on availability and information in the poor areas in which they operate (Villa and Duarte 2004).

Currently, there are three main active public-private partnerships in education:

- *Mission schools.* An education modality provided by the Catholic Church and financed by the government since the 19th century, developed in remote areas (especially in the Amazon region and other junglelike areas of the country), where the state has little presence and the church carries out missionary activities. Within the public education system, interesting experiences with more schooling autonomy and community participation are being developed to optimize resources and infrastructure.
- *Subsidies based on demand.* Programs to provide schooling for young people from the poorest spheres of society when they cannot be provided for at primary and secondary public schools. The authorities sign agreements with private educational institutions, which undertake to achieve and maintain suitable quality levels and to maintain infrastructures in good condition. In the Bogotá district the maximum subsidy for each subsidized student in 2004 was 1.2 million Colombian Pesos (\$522 in 2006 exchange rate) per year per awarded student. In the country as a whole these subsidies were about 0.8 million Colombian Pesos (\$348 in 2006 exchange rate) per student per year. The schools can levy additional charges (between \$15 and \$30) for the same concepts and values that are authorized for public schools.
- *Colegios en Concesión.* The public school concession program in Bogotá, Colombia, is an experimental program that began in 2000. Bogotá has a large concentration of private schools (28 percent of national private school enrollments), and many of these are among the best-performing schools in the country (46 of the 96 best-performing schools in a recent national achievement exam). Hoping to capitalize on the concentration of successful private institutions locally, the Secretariat of Education (SED) for the Bogotá District launched a concession program, through which a private school, organization, or group takes over the management of one or more public schools. Thus far, schools eligible for the program have been newly constructed by the SED, largely in low-income neighborhoods in need of additional school space. The opportunity to manage the schools was then offered in a public procurement process, in which bidders (private educational institutions) were evaluated on their proposed management plans, pedagogic methods, and proposed services. A total of 25 concession schools have been opened.

The following figures for the city of Bogotá offer a quantitative idea of the importance of the different mechanisms that subsidize private educa-

tion: 683,000 students in this city go to nonsubsidized private schools; 860,000 students are financed by the district, of these 115,000 attend private schools that receive a subsidy per student; finally, 25,000, close to 3 percent, go to the concession schools. The importance of these subsidy systems is low and is even more insignificant in small municipalities and rural areas.

Private Education Activities in Partnership with Public Education

In Colombia, private sector initiatives to improve the quality of public schools are interesting. These activities show just how dynamic the society is and highlight the widespread social concern about education in certain sectors of Colombian society. Many activities could be cited, but only three particularly relevant cases are included here.

First, is the case of "Escuela Nueva," which in essence is about multi-grade teaching. Escuela Nueva is a teaching method that has been used in Colombia since the mid-1970s. It is based on students' taking part in their own learning, teaching projects, fostering links between school life and the community, developing self-esteem, and participating democratically in school decision making. It uses materials designed especially for that purpose: teaching guides for teachers and for self-learning. Moving up a year is flexible and is based on the progress made by each child at the child's own pace. The teacher is the education facilitator and is constantly trained via workshops and participation in networks. Several national and international studies have demonstrated the efficiency of this method, especially as far as learning results are concerned compared with the results obtained at other traditional rural schools (Psacharopoulos et al. 1993). More than 2,000 schools have benefited from this teaching reform. The cost of this initiative was covered initially by the coffee companies, although in recent times the project is financed at a specific time for a specific action plan, although it still enjoys the support of a group of companies. Escuela Nueva is a school management model that has enjoyed great success both in Colombia and in other developing countries. It is an excellent example of how private initiative can help improve both public and private education.

The second activity of interest is the Cajas de Compensación (equalization funds). These are earmarked payroll taxes from the government to nonprofit, privately managed institutions. These companies have to contribute 4 percent of their workers' salaries to the compensation associations. The resources obtained must be used to benefit their members, that is, the company's workers and their families. A large part of the

resources are used for education. This allows the associations to set up very well-financed private schools that are attended by members' children. For example, COLSUBSIDIOS, whose headquarters is in Bogotá, has several private schools in which the per student cost is 3.5 million Colombian pesos (\$1,522 in 2006 exchange rate) (almost triple the cost of a public school or a concession school). In these schools, the students contribute about 30 percent of the cost. COMFAMA, in Medellín, has a cost per student of 1.5 million Colombian Pesos (\$652 in 2006 exchange rate). The Cajas de Compensación carry out a wide range of activities in the educational environment: kindergarten for the children of poor families whose mothers need to work; adult education (in this case financed by the actual companies the adult students work in); vocational training using school premises outside school hours; training courses for young people who are not part of the school system; and libraries, museums, theaters, and many other cultural activities. The Cajas de Compensación is an excellent example of the use of private funds for public goals, even though they benefit their own members in particular.

The third initiative is the *Empresarios por la Educación* (Entrepreneurs for Education). Colombian entrepreneurs have become more conscious of the need to support public education. They are aware of the lack of quality that is due largely to management deficiencies at both the system and the school level. Entrepreneurs from different regions all over the country decided to create the *Empresarios por la Educación* association with three basic objectives in mind: taking the regional lead in education, using the professional resources of their own companies to help improve management in educational centers, and supporting educational centers via philanthropic resources. The association is divided into 12 decentralized regional groups. Each region works on three areas: improving educational management by supporting educational authorities, training the people who manage educational centers, and working to improve the employability of those who leave school. These activities are carried out in many different ways, including through a volunteer program. Staff from the companies involved take part directly in the schools' management. The companies also organize cooperation programs with schools in which students have work-placements in these companies. The effects of this bilateral relationship between schools and companies is an improvement in the understanding between both systems and assistance for teachers in becoming more receptive to more-efficient management systems. This initiative, which is not the only one of its kind in Colombia, illustrates the vitality of Colombian society and the collective interest in education.

The Brazilian Case

The Education System

About 60 million students are in the Brazilian education system in infant, primary, middle, and higher education. The system is highly regulated by means of federal and state laws, in addition to being extremely decentralized in regard to both powers and resources. The 1988 Federal Constitution increased the independence given to municipalities, allowing them to organize their own education systems free from state supervision. The states and municipalities play a key role in certain levels of education, being responsible for managing schools in addition to funding systems, defining the curriculum, and providing pedagogical guidance. At certain levels, responsibilities overlap, as is the case of municipalities and states in regard to elementary education, or states and the union in regard to higher education.

Expenditure on education relative to GDP is similar to that in many developed countries. However, a lack of legal criteria defining the responsibilities of all the parties involved has created a serious problem concerning the poor distribution of resources between the three administrative levels involved in education.

Various factors—the continental dimensions of the country, the high levels of social and regional inequality, and a highly decentralized education system—combine to create a major obstacle to designing and implementing national policies that aim to expand or improve the education system. In addition, the concepts of ethics, transparency, and efficiency in public schools vary just as much as do the country's economic and social circumstances (Souza 2005).

In Brazil 12 percent of 7- to 14-year-olds did not attend school in 1995. This figure rose to 25 percent among the poorest sectors of the population. The problem was not only one of access to education, but also of the quality of the education received. More than 30 percent of students repeated a year in elementary education, and only 40 percent of the students finished secondary education at the normal age, that is, 17 years old. The number of students who finished the eight years of elementary education was half the number of those who started. Primary teacher training was extremely poor. In most regions in the north and northeast of the country, a quarter of the teachers involved in the first phase of elementary teaching did not fulfill even the legal requirements to teach at that level.

During the past decade there have been extremely important changes in the Brazilian education system. Public education at the primary and

secondary levels has undergone exceptional growth. At present, the private sector accounts for 9 percent of primary enrollments and 13 percent of secondary enrollments (down from 12 percent and 22 percent respectively in 1995). However, in this same period private higher education has increased from 60 percent to 71 percent. During these 10 years, the overall growth of education has also been outstanding. The percentage of 7- to 14-year-old students attending school has grown from 88 percent to 97 percent. The most important element is the fact that the percentage of 7- to 14-year-old students who come from the poorest sectors of society has risen from 75 percent to 94 percent. Likewise, with regard to students from the same age group, the percentage of native Brazilians who attend school has risen from 77 percent to 87 percent, and the percentage of black students who attend has increased from 79 percent to 93 percent. As a result of policy changes, the efficiency of the education system has also improved during the past decade. Thus, for example, the number of students having to repeat a grade has fallen from 30 percent in 1995 to 20 percent in 2000. There have also been improvements in the quality of the teaching staff: the proportion of teachers without higher-education qualifications has dropped from 24 percent in 1995 to just 6 percent in 2002.

Public–Private Partnerships in Basic Education

Public–private partnerships in education are rare in Brazil. Public funding of private education is not legally permitted. However, there are various private sector, social responsibility initiatives involved in the public sector, as well as some incipient initiatives by the public sector toward the private education sector of the education system. The following are some of the programs promoted by the public sector: (a) the *Acorda Brasil* program, promoted by the Ministry of Education with the aim of encouraging large corporations and institutions to help improve public schools and in particular the way they are managed; (b) a program recently promoted by the local authorities of São Paulo aimed at improving the management of public schools with the collaboration of private administrators; and (c) the PROEP program, which has built new vocational training schools with public funds and provided these institutions with economic support for technical development, teacher training, and administration. Some of these new schools are public, but others are community schools. In legal terms, these schools are private, not-for-profit institutions, and their owners are community institutions (Ministerio da Educaçao 2002).

There are also two notable cases of public–private partnerships in higher education: The first is a recent program aimed at helping students

with few resources gain access to higher education in private institutions. This is called the University for All Program. It offers tax exemptions to private universities that use 10 percent of their income to provide grants to students with limited resources. The program currently provides free access to 112,000 students, and there are plans for this figure to reach 300,000. The second case involves community universities. These institutions, which are almost all situated in the south of the country, have been set up by community associations as private enterprises in legal terms, but they have fundamentally public aims. The local authorities of the cities in which these universities are located have provided land and funding to construct the buildings and to set up the universities. Once they are up and running, these universities are privately funded and managed.

Private sector initiatives in the public education system are relevant in Brazil. An interesting case is that of GIFE, an association of 80 large corporations that pledge about \$400 million per year to support public schools (GIFE 2003). The association began in 1985, when democracy was established, out of business leaders' interest in trying to resolve the country's social problems. Foreign companies started these initiatives. Although to a certain extent it is a marketing exercise of the large corporations involved, it is the result of a clear awareness of the low quality of the public education system and the fact that the companies themselves need to invest in education to improve the quality of the human resources that they employ. GIFE focuses aid on additional training programs outside formal school hours (students of Brazilian public schools, just like students in most countries in the region, have a part-time school timetable). A similar initiative is *Comunidade Solidaria* implemented by private organizations with the aim of developing solidarity programs for lower strata of society.

An interesting phenomenon in Brazil is the fact that some big private sector corporations in the education system also work in the public sector. Two examples are: *Pitágoras* and *Positivo*. These corporations are an innovative effort by the private sector to support both private and public schools through an integrated school improvement package offering administrative and technical support to affiliated schools. The integration of both managerial and pedagogic support is a cornerstone of the philosophy and approach to school improvement. The corporations have their own curriculum and provide textbooks for each grade and subject; the textbooks are updated yearly and sold to the parents of children attending the network schools. Besides providing schools with an integrated curriculum and textbooks, the corporation offer principals and schools a wide

range of professional development opportunities and management support. Administrators receive management support, and teachers have access to training courses, videos to complement classroom teaching, and a Web-based information and question hotline. In the case of public schools, the participation of these companies is funded by selling books to the schools. In addition, Pitágoras provides training in quality management in schools that are funded by collaborating corporations.

The Venezuelan Case

The Education System

In República Bolivariana de Venezuela, all aspects of the education system are rigidly controlled by the central government through the Ministry of Education, Culture and Sport (MECD), which has standardized public school administration. In addition to national schools, which are directly dependent on the Ministry of Education, there are schools managed by state authorities, by municipal authorities, and by other state institutions; there are also private schools (many belong to the Catholic Church; others are nonreligious). With the exception of private education, the other schools follow strict teaching, administrative, and financial guidelines established by the national government. There have been various unsuccessful attempts to decentralize the education system to improve management. With the arrival of the current government led by President Chávez (who came to power in 1999), the process of decentralizing the education system was suspended.

Overall, private schools account for 17 percent of all schools at primary level and 30 percent at secondary education. Private schools are divided into nonsubsidized schools, which receive all their funding from contributions made by the users, and subsidized schools, which are partially or totally funded by the state. Most of the latter are Catholic schools, which belong to the Venezuelan Association of Catholic Education (AVEC). Not all schools that belong to the AVEC receive subsidies, and some schools that do not belong to the AVEC do receive subsidies.

Expenditure on education has increased enormously during the past few years. The current government considers education to be a prime objective and has substantially increased the resources set aside for it. Thus, for example, in the mid-1990s expenditure on education was under 2.1 percent of GDP, whereas it is currently more than 6 percent. However, such spending does not necessarily lead to a better organized or better planned education model, but rather to a series of poorly structured initiatives with a certain populist tone.

Just as in other countries of the region, one of the most serious problems facing the education system is that of the teaching staff. An excessively high proportion (24 percent) of teachers lack even the qualifications legally required to teach. The lack of training for teachers and an inability to manage the schools efficiently are major problems of the Venezuelan education system. Until a short time ago, the economic and social status of teachers was very low. Recently, teaching salaries have increased, but just as in other countries of the region, the organization of teaching staff is highly bureaucratized, and teachers lack incentives to improve their teaching performance. The Venezuelan education system does not have any means of assessing the performance of teachers and schools. An attempt to implement an assessment system a few years ago was not pursued by the current government.

Public-Private Partnerships in Education

The main public-private partnership in education is the state funding of certain private educational sectors. The most important partnership to come under this umbrella, although it is not the only one, is the agreement between the Ministry of Education, Culture and Sport and some of the Catholic schools in the AVEC.

The AVEC-MECD Agreement

The AVEC is made up of more than 700 Catholic schools, the majority of which are involved in teaching the poorest sectors of society. The MECD-AVEC Agreement (Convenio 2004) lays down a set of regulations governing the state's contribution to support private education by means of subsidies to not-for-profit legal entities that aim to promote education and strengthen the education system. The MECD-AVEC Agreement focuses on the following types of schools: (a) schools providing free education: schools that provide educational services without receiving any contribution from the students enrolled; (b) schools of special public interest: schools that offer schooling to train students in different technical disciplines, in farming and livestock in farm schools, and in various other techniques in vocation-oriented schools; and (c) schools with insufficient resources: schools whose income covers only up to 85 percent of the expenses required to run smoothly. Certain projects affiliated with these schools also receive subsidies.

It is important to highlight that the financial support given by the Venezuelan state to private education, and in particular to Catholic education, has been in place for some time. However, the organizations inter-

ested in receiving subsidies from the state used to have to negotiate the terms of the financial aid every year, and there was no guarantee that they would receive anything and no certainty about how much they would receive. From 1990 onwards the partnership between the MECD and AVEC was institutionalized. In 2001 the subsidy amounted to 106 B VEB (equivalent to US\$150 million) and the aid benefited 459,000 students. In 2005 the figure rose to 175 B VEB (equivalent of US\$248 million), and the aid benefited 483,000 students. During that period there was an interesting change in the government's attitude. Whereas at the beginning of its term of office the government was reluctant to continue supporting Catholic schools, it has recently offered its full support, increasing the resources available and maintaining excellent relations with the AVEC and especially with Fe y Alegría, one of the most important pillars of the AVEC.

The Fe y Alegría school network stands out among the institutions affiliated with the AVEC. It is a religious institution involved mainly in providing education services to low-income students. Its motto reflects this philosophy: "Fe y Alegría begins where the street ends." It is a Jesuit initiative that began its work in República Bolivariana de Venezuela in 1955, and since then its programs have spread through various Latin American countries, in which it has also acquired a significant presence.

Fe y Alegría is involved mainly in the formal education system at the elementary level. However, it has managed to convert its schools into real community centers and social service centers and has given them a prominent position in the areas in which they operate. Fe y Alegría is funded by contributions from the state and from private individuals. It is not easy to determine exact quantities in monetary terms because an important component is the voluntary work of students, representatives, and communities, the value of which has not been calculated. Neither has the value of the premises and the furniture and fittings of the schools been accurately estimated, all of which are provided privately.

The advantage of subsidized schools over public schools for a set of education indicators can be seen in table 4.2.

The results are striking. Costs are lower in schools affiliated with AVEC. There is less expenditure on personnel in AVEC schools because AVEC teachers' salaries are lower despite the fact that they are better qualified. The two performance indicators (repetition and dropout rates), however, are better in AVEC schools, as are the academic results in writing (in this case the results refer only to Fe y Alegría schools). Considering that the socioeconomic level of students in AVEC schools is

Table 4.2. Comparative Indicators between AVEC and Public Schools

	<i>AVEC</i>	<i>Public</i>
Repetition	2.8%	8.6%
Dropouts	1.7%	3.2%
Math Achievement* (0–100)	35	53
Writing Achievement* (0–100)	40	27
Teachers' with Higher Education Diploma	59%	46%
Cost/student/month in U.S.\$	155	160
Expenditure not on personnel (%)	12	1

Source: Gonzalez and Arevalo 2004.

*These data correspond only to Fe y Alegría schools.

inevitably lower than the average of public schools (because AVEC schools work only with the poorest sectors of society), the only conclusion that may be drawn is that AVEC schools are considerably better managed than are public schools.

There are various reasons for such a difference in favor of the AVEC schools. First, there is the dedication of the religious orders, which have a clear vision of education as a public service, especially for those most in need. Second, there is the established agreement model between the AVEC and the state, which means AVEC schools are constantly accountable for their actions. In contrast to the unconditional “contract” between the state and public schools, there are “conditions” to the contract between the state and AVEC schools. Private schools are obliged to periodically provide statements on the use of the transferred funds, and AVEC has to present a yearly report on its management. There are also fundamental differences in regard to monitoring and supervision. In public schools there is very little supervision, whereas in AVEC schools supervision is constant. Twice a year, each school receives a visit from an AVEC supervisor to assess both academic aspects (syllabuses, timetables, staff wages, qualifications, and positions of teaching staff) and administrative aspects (where funds are allocated, evidence of expenses, company contributions, reserves for the payment of welfare benefits). A dossier is drawn up for each school, in which the AVEC compiles the information collected so that it can later be analyzed and verified. Technical and pedagogical assistance is also provided by the training school. In the case of Fe y Alegría, the headquarters of the institution also provides additional supervision and assistance. By means of its decentralized system organized into regional administrative areas, each regional department interprets and transmits the syllabuses and objectives put forward for a particular period to the educational centers, in addition to assessing and supervising schools

when formulating and implementing their educational projects and when planning their activities and strategies. It is important to emphasize the way in which the AVEC works in relation to the state and the schools themselves. It acts as an intermediary: as an agent, in regard to the government, and as a principal, in regard to the schools, obliging them to act in accordance with the general objectives laid down in the agreement. This double role of the association means that it is highly respected by the government, allowing it to improve its standing year after year.

Other Agreements

The agreement between the ministry and the AVEC is a stable one; although it is renewed each year it provides the schools with stability. Similar agreements that do not enjoy such stability are signed by the ministry and other private non-Catholic schools on an individual basis and on the condition that they fulfill conditions similar to those of the AVEC, particularly in regard to providing assistance to underprivileged social groups.

The ministry also has agreements with Catholic vocational training schools that are part of another association called APEP (Asociación para la Promoción de la Educación Popular). This is an association of vocational training schools attended each year by 130,000 students from the poorest sectors of Venezuelan society (APEP 2004). This agreement is not as stable as the agreements with AVEC, although in actual fact the agreements are renewed every year without any major hitches. Along the same lines, the government subsidizes higher institutes of technology belonging to Catholic organizations, although that is funded by means of individual agreements with each institution according to the types of students attending and the services each institution provides.

Summary Analysis of Some Problems and Lessons

Inequality and lack of adequate resources for education are the two main problems in Latin American countries. Educational policies that concurrently improve both efficiency and equality are fundamental for the future of education in the region and for the future of the region itself. To what extent can public-private partnerships in education help achieve both objectives? An analysis of the country experiences in this chapter can help to draw some conclusions.

First, the problems. In Latin America, as in other regions, debates often center on ideological issues rather than on real life. Two of these debates

affect educational development. The first issue concerns the debate over public or private. In highly unequal societies, the fear of certain social and political groups of all things private is quite understandable. However, this does not necessarily have to be the case. A good example of this is the many private schools in República Bolivariana de Venezuela that function as public schools and that in many cases are more effective than the actual public sector. This example has its parallels in some highly developed countries, in which the ownership of the educational institutions does not influence the public objectives of the institution or public support for these institutions. This occurs in highly equal countries with a highly developed welfare state. The problem does not lie in the public or private ownership of the institutions but in their objectives. Some educational institutions have a clear-cut private bias, that is, their objectives benefit a small part of society and they are not open to society as a whole. However, many other privately owned institutions, possibly the majority, have public objectives. They are open to society as a whole, although they may have a specific bias (religious, pedagogical, etc.). There is no reason for these latter institutions not to receive public funds. In fact, with public financing it is easier for the rest of society to gain access to them.

In a strict sense, financing private institutions is not a policy aimed at privatizing education as is often thought. The opposite is probably true. It can be said that it “publicizes” education or makes education more public. A “publicization” policy may help to efficiently extend the coverage of the education system; the case of Chile is an example. The policy is especially useful in countries that have a large private education sector. Not using existing private resources and simply trying to make the public sector grow is a highly inefficient policy, undoubtedly. But care must be taken in implementing these policies so that they do not increase inequality—one of the most serious problems in Latin America. Equality and efficiency are not mutually exclusive as the Colombian and Venezuelan case studies show. In Chile, though, social inequalities may actually be increasing. There are many examples worldwide, however, in which equality and efficiency in education systems have been achieved by treating public and privately owned schools similarly.

The other relevant issue centers on quality. A certain paralyzing pessimism is apparent in Latin America with respect to the quality of its education systems. International indicators show that learning performance in Latin America is below more developed countries. These studies are carried out for developed countries although some less developed countries are also included. For instance, in most Latin American countries, the

school day is much shorter than in the developed countries. Students not only dedicate less time to studying, but, what is worse, in many cases teachers are responsible for both morning and afternoon sessions, which logically diminishes their performance. Family background, another of the most important variables behind educational performance, is significantly different in Latin America. Finally, it is even possible that the exams put forward are culturally biased and therefore are not suited to the cultural environments involved, which are different from those the tests were designed for. It is even feasible to speculate that the academic approach that prevails in developed countries is not applicable to Latin America, where education may possibly require an approach that considers the environment in which the students live. Quality can be improved in many different ways, but all the cases of public-private partnerships mentioned here are examples of increased quality.

One of the worst problems in all countries studied is the teaching staff. Some important issues need to be dealt with: first, insufficient training is common in all the countries. Whether as a possible consequence of rapid expansion or of the increasing needs of the education systems, the teaching staff is hired without the necessary qualifications. Improving teacher training is one of the biggest challenges in all Latin American countries.

Another important aspect is teachers' working conditions. In the countries under study, considerable improvements have been made in teachers' working conditions and economic status over the past few years, yet this has not necessarily resulted in efficiency improvements. General improvements in teachers' working conditions should have generated a favorable climate of greater responsibility. However, if improvements are not linked to assessment and incentive mechanisms, the global effect of improved working conditions may be eliminated. Improved labor conditions for teachers are necessary but not sufficient to improve the quality of their work. Teacher incentives do not necessarily have to be financial incentives. Many other incentives can be effective in improving teachers' efficiency at work. Strangely enough, such incentives are more frequent in privately managed centers.

There is a great deal of discussion in the countries under study about the role of teachers' unions running the education systems. To an observer it is difficult to perceive the reality of the situation. The perception is that education trade unions, despite being social agents concerned, in theory, about the collective good of their members, are highly biased toward the protection not only of their members (which is legitimate) but also of the least-efficient part of their collective, which curbs improvements. The

markedly biased actions of these trade unions are one of the problems facing education in these countries.

The results of the study show the importance of school management in improving performance of education systems. The Colegios en Concesión in Bogotá, the AVEC schools in República Bolivariana de Venezuela, and the centers tutored by the Pitágoras and Positivo schemes in Brazil are examples of how good teaching, and resource and facility management, in conditions that are relatively similar to those in public schools, can lead to much better results. It seems that a large part of society is aware of the management problems facing education both at the system level and at the school level. This explains the decision of entrepreneurs and private institutions in Brazil and Colombia to implement programs aimed at improving management. The case of *Empresarios por la Educación* in Colombia, in which companies send their own managers to public schools to help improve management, is paradigmatic. However, management improvements are possible only if schools themselves become more independent. In countries such as Colombia, decentralization is, in theory, very advanced; but in practice, the levels of autonomy are particularly low, possibly because schools are not actually capable of taking on the responsibilities that go along with autonomy. In other countries, such as República Bolivariana de Venezuela, decentralization processes have recently been put on hold by the government, which prefers to control a centralized system. Finally, both schools and teachers need incentives to ensure that the schools run smoothly. That leads us to the case of Chile in which a general system that assesses the educational performance of each school provides a stimulus for improvement and for open competition between public and private schools.

Another relevant characteristic of Latin American education systems is the types of students who are being taught; especially relevant are those from the poorest strata of society. It is important to take into account the students' family backgrounds, labor market conditions, students' chances of staying in the education system, among other factors, when trying to analyze the education systems in these countries. Many of the education programs in these countries (Colegios en Concesión, for instance) provide students with food as a way to ensure that basic nutritional needs are taken care of. It is relatively easy to understand this type of basic need, but it is more difficult to be aware of (and, even more difficult, to find solutions for) other types of needs (libraries, computers, cultural activities, etc.) that are also necessary to improve the personal situations of the poorest students. Only a few schools (Colegios en Concesión and *Fe y Alegría*, for instance) provide this type of additional service to a certain

extent. Finally, the students' economic situation and the surrounding labor market are also important factors to be considered. Surveys carried out in some countries show that many students who have dropped out of the education system have said that they discontinued schooling primarily because they were not interested in what they were learning. Only a few models—*Fe y Alegría* being one of them—appear to be conscious of this problem. In Latin America when some people discuss quality, they express an elitist vision of the word, identifying quality with an academic approach to learning. But quality should have another dimension, such as “added value” or “fit for the purpose.” Systems that are excellent in that sense, that are rooted in satisfying the real needs of students, will perhaps never achieve high marks in standard assessment exercises.

Conclusions

It is not easy or wise to propose solutions for systems that are complex and that have to respond to multiple issues. Moreover, education is dogged by ideological prejudices that, in many instances, lack credibility in an objective analysis of the real situation. Despite this barrier, it is worthwhile to explore a few ideas to improve education systems in Latin America.

First, there is no place for the continuing dilemma between public and private education. If this is logically excluded, the instances in which education is provided as an exclusive service to certain social or ideological groups, the majority of the educational services available would have only a public objective, or could have one with the cooperation of the state. However, all evidence shows that private, autonomous, independent management of education centers produces better economic and education performance. Why not make public education private (managementwise) and make private education public (accesswise)?

How can public education be managed privately? A wide range of mechanisms are available, from directly transferring management to private entities or to the teaching staff through to creating quasi-market mechanisms that, without actually formally handing over management duties, can create the right conditions for schools to be managed as though they were private companies. How can access to private schools be made public? By providing funding for private education that ensures all children have access to these schools, widening parents' choice of schools, and making the most of existing resources to extend education. An important factor for consideration is that these mechanisms must not create social divisions. If not, this would have negative consequences in

societies that are already highly segmented. Much work is still to be done in this area in Latin America.

Second, teachers and schools must be given the importance they deserve. Efforts aimed at motivating and persuading teaching staff to change must be made. It is impossible to make changes when people work simply to survive. But working for mere survival does not appear to be the case in Latin American countries today. Relatively acceptable labor conditions are increasingly prevalent for teachers. The implication being that it is more feasible to institute active policies aimed at transforming the attitudes of teachers, giving them greater responsibility for educational processes, and consequently motivating them on-the-job. What is the explanation for teachers expressing greater job satisfaction in private systems that pay them lower salaries and possibly extracting more work from them? It is because other, nonmonetary incentives motivate them. Public schools could adopt quasi-market mechanisms that make them more attractive to their employees, and more efficient and effective for society. The introduction of greater autonomy in schools, personal and group incentives, and increased cooperation with companies and corporations makes the creation of new, more motivating conditions for all a real option, especially for the young citizens of Latin American countries.

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CHAPTER 5

The Role of the National Federation of Colombian Coffee Growers in a Public–Private Partnership for Rural Education in Colombia

Pablo Jaramillo

The National Federation of Colombian Coffee Growers is a private company, a not-for-profit association, whose main aim is to defend the interests of 560,000 Colombian coffee growers.

The federation invests and works intensely in research as well as on the extension and transfer of technology to make coffee growing a financially profitable activity. It also intervenes actively in the world coffee market by defending international coffee prices.

The federation is involved in many kinds of investments to improve coffee growers' standard of living, including building and paving roads, providing electricity and water to coffee-growing communities, building and equipping health centers and rural schools, carrying out programs for social benefit, and working to improve the quality of rural education.

Specifically, the federation's Departmental Committee of Coffee Growers of Caldas has invested substantially in education for many years. Initially it focused on completing the rural schools required to meet existing demand. All schools were required by the departmental committee to be built jointly with the public sector (national, departmental, or municipal).

In the early 1990s, coverage of primary education was universal and there was no need for additional schools. Therefore, it was decided that the focus would be on the aspect of quality in education. A study was done to evaluate rural education in the department, and the results confirmed suspicions: rural education was very inadequate. The programs did not meet the needs of the community, nor did they consider the environment or the reality of the community; the teachers were not sufficiently qualified for the requirements of the job; study materials were nonexistent or insufficient in most cases; and children lacked motivation, were often absent, or never completed their studies.

Actions To Take

On the basis of that and other studies, active intervention was proposed. The decision was made to take the following actions to improve the quality of rural education in the department:

- Actively support the new school methodology by providing teacher training programs, furnishing schools, providing educational materials, and so on.
- Lead the development of appropriate methodology to offer education in rural areas up to ninth grade. Even though the 1991 Constitution states that basic education is compulsory, it is common to find rural schools offering education up to fifth grade only.
- Develop the methodology to extend rural education up to 11th grade.
- Lead and develop a program aiming to introduce information and communication technology (ICT) in rural schools, as a means of improving the quality of the learning process.
- Strengthen the Center for the Development of Educational Innovations (Colonia Escolar La Enea).
- Promote and finance primary adult education for adult coffee growers.
- In the rural area of the department, include coffee farming as part of the curriculum from sixth grade onward in schools in communities that grow coffee. The idea is that the country children will learn how

to handle the region's products (coffee, in this case), so that if they decide to live in the country on finishing their studies, they will have a solid base on which to exploit farming on their land.

- Support the municipal administrations in the decentralization of the education process.

Proposed Objectives

It is hoped that with these actions, in a very few years there will be a department in which rural education will be characterized by the following:

- Education offered to at least the ninth grade (minimum), without children having to travel more than one hour on foot
- Rural families that do not feel the need to move to the city in search of education for their children, unless it is for higher education
- A feeling that the quality of education in the rural area may be better than that in the urban area
- Rural children who feel attached to the countryside and are proud of being from the country and of being farmers
- A change in the stereotype of the country child of the past: no longer a person who is submissive, shy, and afraid, but rather one who is smart, expressive, and self-sufficient and who possesses leadership and analytical qualities that enable him or her to lead the community toward a better future.

Why Is the National Federation of Coffee Growers Involved in Education?

The federation believes that development is not the responsibility solely of the state. Society as a whole has the obligation and right to intervene in improving the well-being of a community. That is the reason the National Federation of Coffee Growers, a private, not-for-profit entity, has joined with the government to achieve a common goal. The federation has not tried to displace the government in fulfilling its obligations. Rather, the federation's aim is to support the state and make up for deficiencies and weaknesses characteristic of the state, so that the state-society union can improve the well-being of the people.

Good education in the countryside helps ensure that the agricultural sector is a financially viable activity; through education it will be possible to adopt sustainable technologies more easily.

Another reason for the federation's involvement is to ensure that the countryside offers the necessary conditions so that the people living there do not feel the need to migrate to the cities to satisfy basic necessities (health, education, employment, etc.). In this way there will always be a sufficient workforce, thus preventing the marked tendency in developing countries for high migration from the countryside to cities, growth in poverty belts, urban unemployment, and a scarce workforce in the countryside, with population concentration in the cities.

A correlation has been found between the education of a community and its degree of development: more education leads to higher productivity; better health; higher income per capita; more respect for others; a more civilized, harmonious society; better land use; more social awareness; and what is most important, more self-esteem among the people.

Finally, in a country with so much violence, education may be the only way to ensure a peaceful existence in the future.

These are some of the reasons for the involvement of the National Federation of Colombian Coffee Growers, in an area that has traditionally been handled exclusively by the state. Often the federation's approach is viewed with skepticism. This can perhaps be attributed to the economic solvency of the company. The federation strongly believes that it is important to be proactive rather than to stand by as a spectator observing the country's development, and that the private sector has obligations and rights to fulfill in society. The federation is convinced that its role is to serve as protagonist in the building of a better future for its community. What better way to achieve this than through education?

CHAPTER 6

Breaking the State Monopoly in the Provision of Schooling: The Experience in England

Neil McIntosh

The Private Sector in State Education

This chapter analyzes the moves toward the greater involvement of private, voluntary, and independent (PVI) organizations in the delivery of education in the United Kingdom and puts these developments in the context of wider PVI involvement in public service delivery.

Education—in addition to health—has a special status in the public consciousness in Britain, which largely denies the private sector a role. There is an understandable, though also self-fulfilling, tendency to see a causal relationship between private—which includes both commercial and not-for-profit—and privilege. Education is one of the few areas of endeavor in which the assumption that the public sector will provide more efficiently is still rarely challenged head on.

That is not to say that the education sector has excluded any private sector involvement in the past. As in any other field of endeavor there are and have always been companies, large and small, making a good living

from education. But the bulk of that provision is in supplying goods and services, what one supplier called the “chore” of education, not the “core.” The public perception is that the state and the private sector are rigidly separated in regard to the direct business of teaching and learning. In fact, even that is not quite true. Traditionally, there have been three sources of the supply of schooling. There is a small, but highly influential and successful, fee-paying private sector, which caters to about 7 percent of the population. Most of the remaining 93 percent attend public sector schools, which charge no fees. However, the units of local government that run these schools and are statutorily responsible for ensuring the availability of schooling for all children between the ages of 5 and 16 also spend millions of pounds on sending pupils to independently owned and managed schools—the third source of schooling. The pupils in these cases have a variety of special needs and sometimes have been excluded from mainstream schools for bad behavior. The schools are run by a variety of providers, some commercial, others not-for-profit. In education the public sector relies on largely unacknowledged, private bodies to provide for its most needy children.

Nonetheless these exceptions do not alter the extent to which the public sector is, for the most part, a monopoly provider of schooling throughout the United Kingdom. There is, as we shall see, significant church involvement; but essentially provision is by the state which, for example, employs all teachers, even in church schools.

The Blair government has, since 1997, indicated its lack of enthusiasm for this public sector monopoly. There have been many initiatives to liberalize, privatize, or market-test various activities in the education system. These efforts appeared, indeed, to be gathering pace in the second half of 2005. But thus far, progress has been much more modest than the rhetoric of either the government or its critics would suggest; and it has been patchy, in the sense of unsystematic.

This lack of progress is explained partly by dynamics that appear to affect all such developments everywhere in the world. First, invariably there are powerful, public or quasi-public sector forces shoring up their defenses and resisting competition, sometimes with some success. The task of promoting diversity in what was formerly a state monopoly is neither easy nor is it universally welcomed. The United Kingdom has a longer and tougher record of promoting diversity than do most other countries and of trying to ensure competitive neutrality between state and PVI suppliers. However, achieving competitive neutrality requires real commitment. That commitment has been much less consistently present in the

education sector, complicated as it is by splits in statutory responsibilities between central and local government, than it has been, for example, in the truly nationalized sectors such as health or prisons (see box 6.1).

There is another feature of the position in the United Kingdom that is not particular to that country. It appears to be almost universally true that modern democratic societies tend to expand their definition of statutory

Box 6.1

Fostering Competitive Neutrality

The concept of “competitive neutrality” is a familiar one; it is the principle that competition should be fair, that there should be a level playing field between public, private, and voluntary providers of goods and services. In a mixed economy, PVI organizations increasingly find themselves in competition in both the public and private sectors.

In the early stages of the development of a mixed economy, it is not unusual for public providers to have a competitive advantage because of legislative and historical privileges.

It must be stressed that the competitive neutrality policy has nothing to say about the decision to privatize, commercialize, liberalize, or market-test public services. It has nothing to say on the question of whether or not public services ought to be provided through a public monopoly. But once the decision has been made to create a mixed economy, in which PVI sectors are in competition, then the competitive neutrality policy insists that a level playing field be maintained.

To ensure a level playing field, government may need to undertake fundamental restructuring of market design, the regulatory system, and the public sector provider itself. Government may need to introduce changes to taxation law or the rules on public access to data held by public authorities. In the United Kingdom, no formal statement of government policy seeks to address the underlying issues involved in competitive neutrality, or how they might be applied and enforced. The result is that, across a wide range of sectors, market distortions continue to exist.

The Organisation for Economic Co-operation and Development (OECD) has identified a number of different sources of advantage and disadvantage for public sector businesses:

(Box continues on the following page.)

Box 6.1 (continued)

- Advantages and disadvantages that arise from the governance and regulatory arrangements; regulation, taxation, and the cost of capital included by OECD in this category
- De facto or de jure exemption from competition law
- Subsidies from government to fund public service obligations, if used for cross-subsidies commercial activities
- Advantages from lax public procurement rules, in which public sector providers are allowed to set prices below full cost
- Power to collect data for public purposes, where the public sector entity can use that data on terms more favorable than those available to the private sector.

Government(s) use(s) a number of instruments to promote neutrality, but it is difficult to ensure a level playing field, and a more comprehensive policy framework may be required.

The UK government relies heavily, although by no means exclusively, on competition law to regulate anticompetitive structures and conduct. Central and local government authorities are warned that the provisions of competition law on anticompetitive conduct apply, and that they must seek advice to ensure that they comply.

However, as the UK's Competition Commission recognized, one of the key tests used to define markets and monopolies has limitations in many public service markets, "where bidding competitions take place infrequently, prices are determined for the duration of the contracts, and the competitions occur at one point in time." There is also no mechanism for ensuring that public sector suppliers comply.

One difficulty is that regulatory authorities have only a limited ability to look at the regulatory environment in which public services are delivered.

Responsibility for enforcing the competition provisions of the EC Treaty rests with individuals or firms that have submitted a tender; and they are able to launch a legal action in the High Court if they have been harmed or if they are at risk of harm from the breach of these laws.

There is considerable evidence that, in the United Kingdom, at least, private sector firms are reluctant to take legal action or to lodge formal complaints, particularly in public service markets in which government is the only customer.

Box 6.1 (continued)

Article 87(1) of the EC Treaty provides that financial assistance granted through state resources in a form that distorts or threatens to distort competition by favoring certain undertakings (insofar as it affects trade between member states) could constitute unlawful state aid. The elements of state aid include receiving an economic advantage that would not otherwise have been obtained under normal market conditions, the presence of some element of selectivity in applying such aid, and a distorting effect on competition.

As yet, the U.K. government has not chosen to incorporate the state aid provisions explicitly, although they are taken into account in Treasury guidelines for public undertakings. The guidance provided to new local authority trading companies in the United Kingdom warns that consideration must be given to European Union rules on state aid. But no detailed instructions are provided, and other guidance documents recognize that the rules are complex and that it is often very difficult to establish whether the state aid elements have been met.

Competition law must remain a central element of the competition neutrality policy, but it is not enough. That has long been recognized in the large body of legislation, regulations, and guidance notes that have been promulgated over the years dealing with the constitution, regulation, and taxation of the trading activities of various kinds of public undertakings.

The United Kingdom could benefit from the development of a comprehensive, competitive neutrality framework to give these disparate strands of policy much greater clarity and coherence. It seems probable that one of the reasons that there are still significant anticompetitive distortions in the U.K. market is that a comprehensive policy of this kind has not been developed.

Source: G. Sturges, The Serco Institute 2005 for the Confederation of British Industry, London, United Kingdom.

responsibility, which in turn tends to favor public sector suppliers whose area of activity widens even as they are being faced with potential competition from alternative suppliers. This development is very apparent in, for example, services for the under-fives in the United Kingdom.

The Preschool Sector

In the United Kingdom, education is compulsory for those between the

ages of 5 and 16, although free provision is available for 13 years of schooling, up to age 18. The hours of schooling are similarly statutorily defined. Under-fives provision, however, has been nonstatutory and commonly provided by the private sector. The same applied to a range of after-school providers. Increasingly, however, government is trying to encourage and even legislate for under-fives provision and wraparound schools that will provide a service lasting from breakfast to 6 p.m. or later. In the case of under-fives provision, after the Labour government scrapped the previous government's hastily devised and implemented nursery vouchers scheme, established private sector providers struggle increasingly to compete with the subsidized public sector.

The U.K. government has recently announced a 10-year strategy for child care, which proposes that a new duty be placed on local authorities to secure sufficient child care to meet the needs of their areas. It is contemplated that to fulfill this duty, authorities will need to assess the local child care market, developing an understanding of parents' demands and sources of supply. Significant work has been undertaken in the Department for Education and Skills on the development of market-level institutions.

The new policy framework does reflect concerns about competitive neutrality. One of the key principles of the Draft Code of Practice on the Provision of Free Nursery Education Places for Three- and Four-Year-Olds, released in June 2005, is that "Local Authorities should fund both the maintained and PVI sectors fairly, transparently and equitably." And parents using their entitlement to early-years education in the private and voluntary sector will be able to access this facility for the full 38 weeks that it is available to parents using nurseries and reception classes.

However, the obligation to fairness, transparency, and equity between maintained and PVI sectors is apparently limited to funding and does not, for example, explicitly cover efforts to develop the local child care market. Inspection regimens for three- to four-year-olds will differ between sectors. The new policy proposes extended use of school facilities to provide additional child care, particularly to three- to four-year-olds, and it is contemplated that capital funding will be provided to facilitate this expansion of capacity. This may have the effect of distorting the market and creating unfair advantages for public providers. The explanations given for this policy are concerned with better utilization of school facilities, given falling pupil numbers in primary schools (falling school enrollments encourage the resistance to new providers, who can succeed only at the expense of existing ones), and the desire to concentrate and cluster

expertise, particularly in after-school services for young children. But these outcomes could have been achieved in ways that were neutral as between the different classes of providers.

It is perhaps not surprising, given the existence of the institutional opposition to change in this field, that the common feature of the moves toward engaging the PVI sector in education in England (Scotland, Wales, and Northern Ireland show little sign of wanting even to question the public sector monopoly) is that the instruments devised by the government have been hybrid and complex and, as a result, have not provided scalable models.

Therefore, two related issues are faced. Even if senior ministers want to extend PVI involvement in education, do they consider it sufficiently important to expend their political capital winning the argument with their traditional support? And, if they do, does government have the models and the skills to manage the creation of sustainable markets. The relationship between these two issues is illustrated by the unsustainable nature or, more accurately, the lack of scalability of some of the initiatives up to now whose complexity seems in part at least the result of government's unwillingness to argue straightforwardly and wholeheartedly for the diversification and the injection of the independence it seeks.

Looking briefly at three attempts to encourage greater private sector involvement in education, each has had its successes but each has deficiencies, either in the limited nature of the private sector engagement or in the failure to create competitive neutrality, for example, by not addressing the issues of capital costs and running costs together.

Contracting Out

For more than 10 years, the government in England has increasingly been contracting out its own activities (the trend in Scotland and, particularly, Wales has been almost the opposite), and the in-principle commitment of the government to splitting the service purchaser and service provider roles continues to be quite firm. But there are major caveats. First, this commitment to contracting out has almost entirely excluded the direct provision of schooling. A substantial sector of service suppliers has built up, but primarily to manage services that are at least one step removed from pupils and parents. Second, where local government has had the power to decide whether outsourcing should take place, it has, in general, been much more conservative. Third, schools themselves have had very considerable regulation preventing them from contracting out their core teaching and learning activities, except temporarily.

And in two respects, central government has proved to be an unreliable customer. First, the rush of initiatives that emanated from the Blair government in its first term has inevitably dried up somewhat.

Second, less forgivably, private sector providers find themselves increasingly in competition with quasi-state agencies. A plethora of government grant-aided bodies have used their protected status, as well as the fact that their overheads are already paid for, to bid for commercial contracts against genuinely independent organizations. Competitive neutrality is far from being an established and secure principle across public services as a whole, and it is acknowledged that both health and correctional services, which are central government responsibilities, are considerably more advanced in this field than education (see box 6.2).

Box 6.2

A Case Study in Market Mismanagement

In the mid-1990s the then-government decided to outsource the task of providing career guidance in schools.

Local government suppliers were required to bid against other potential contractors, but the supply sector was at that time very underdeveloped. Nonetheless, the exercise was reasonably successful. Although most of the contracts were won by stand-alone, one-off companies controlled largely by local authorities, four significant suppliers emerged, each of whom won contracts to provide the service in four to six areas. As a result a substantial minority of the career guidance in England was supplied by the private sector. The four companies concerned consisted of two commercial companies and two not-for-profits.

The exercise also proved successful in relation to delivery. Comparative data within and across regions during the ensuing years showed the private sector deliverers consistently performing substantially above average.

The Move to Connexions

In 1999/2000 the government decided to refocus the service toward the most disadvantaged young people. The creation of locally based Connexions Partnerships was proposed. It was envisaged that these partnerships should incorporate a wide range of stakeholders including the existing suppliers, but with the local authorities being a particularly strong component. Government officials proposed that the

Box 6.2 (continued)

existing Careers Services should “transmute” into the new Connexions Partnerships, which were notionally independent organizations, relying 100 percent on government grants for their funding, with boards drawn from a range of local stakeholders.

It was quite clear that the department officials concerned had not considered or understood the position of the PVI suppliers. Although it was possible for companies that had been created solely to provide the careers service in one area to transmute into a Connexions Partnership, it plainly was not possible for PVI suppliers with a much wider portfolio.

The result was the creation of two very different sets of circumstances. First, there were the partnerships with no significant PVI involvement, in which contracting out was confined to small services provided by voluntary organizations and in which there was no purchaser–provider split. Second, there were partnerships that were envisaged as purchasers rather than providers and in which there were existing and successful PVI service providers. Notwithstanding the different management needs of the two types of partnerships, the government insisted that the partnerships should have similar management teams, each led by a chief executive.

The consistent and widespread experience since the creation of these Connexions Partnerships has been that the new executive teams have sought by any means possible to convert from being just purchasers to taking services in-house. Their explicit message to the PVI suppliers has been that their management expertise was not wanted and that, insofar as they were required at all, what was looked for was the provision of inputs that were specified in increasing detail. Throughout the five-year period all four suppliers have faced cuts in contract value to finance central bureaucracies of the Connexions Partnerships and very short-term contracts.

Although the services supplied by external contractors were put under consistent scrutiny and attack, the transmuted Connexions Partnerships enjoyed complete stability. There was no objective assessment of any of these suppliers, and the status quo has been maintained in every case.

These agencies presented themselves as being part of the public sector when arguing to take business in-house but, having acquired this new standing in the marketplace, they used their newly acquired credibility to bid competitively for other contracts, often against the companies whose contracts they had taken over. Such agencies, which are not directly subject to the discipline of either the market or democracy, are an increasingly common feature of public administration in the United Kingdom.

Source: Author.

Private Finance Initiative

The Private Finance Initiative (PFI) is the instrument by which the government has sought to pass on the risk of the capital financing of its school building program to the private sector.

Companies have won 25-year contracts to build schools and manage the plant. Teaching and learning activities have been excluded and, as a result, there is no evidence to suggest that PFI schemes will have any favorable impact or indeed any impact at all on education outcomes. Their main attraction for the government has been to keep major borrowing commitments out of the public sector books.

PFI schemes have involved fiendishly complicated contracts. A legitimate concern has been the difficulty in assessing the genuine costs and benefits in light of the very long-term obligations into which the public sector is entering. It also remains to be seen whether the potentially frustrating relationship between those running the educational activities of the school and those maintaining its physical infrastructure will prove to be a problem. To set against that, it is probably genuinely true that more capital investment has been made available more quickly than would otherwise have been the case.

PFI is a mechanism that has been used widely by government to finance capital projects. But in some other areas, for example, prisons, the PFI contractor takes on the running of the service as well as the maintenance of the plant. The results have been broadly positive, and the government appears to have been persuaded that the total separation of contractors from service delivery in education is undesirable. The result has been the creation of a new program, Building Schools for the Future (BSF), that is intended to combine private sector financing of school rebuilding programs on an areawide basis with the transformation of the educational offerings in those schools. This is to be effected by the creation, in each local government area, of a local education partnership (LEP) in which both the local public sector and the private contractors participate.

But LEPs are ill defined to say the least. The policy statement referring to them assumes that LEPs will be genuine partnerships in which both public and private sector organizations will participate and in which both will take full responsibility for managing schooling in the area. But the program envisages that each local authority can opt for a “deep,” or “thick,” LEP with genuine private sector participation in educational delivery, or a less-deep LEP with little such involvement. In the latter case the government BSF program will not be much more than a capital works program.

Given that this is likely to be the preference, not just of the local authorities on one side of the table, but equally of the private sector building contractors on the other, it is difficult to see deep LEPs becoming the norm. Construction companies are playing the game of demonstrating their educational credentials through partnerships with organizations such as CfBT Education Trust but that is not where their true interests lie.

City Academies—The Independent, State School Model

For some five years the flagship of the UK government's attempts to diversify the governance, management, and provision of schooling has been the Academies Program. In one significant respect this builds on the long-term history of involvement by nonstate bodies in school provision. The mainstream churches were providers of schools before the state largely took over more than a century ago. The churches were incorporated into the state system on a partially—very partially—autonomous basis. Church schools, to this day, appoint their own governing bodies according to rules that differ somewhat from local government schools. They are also required to provide 10 percent of the capital spending undertaken by their schools. All staff, however, are employed by the local authority, and the curriculum is very much the same in the church and local government schools. The churches would argue, with some evidence to support them, that their ethos is distinctive and that, as a consequence, education outcomes are better. Critics would counter that it is the school intake of pupils that favors the church schools, that is, they admit fewer challenging pupils.

It may be this historical precedent that encouraged the government to seek sponsors rather than investors when devising a model for the new academies. Each academy, thus far, has been envisaged as a newly built school with the closure of an existing, weak school creating the space, sometimes physically and always in regard to pupil demand. The sponsor is required to provide £2 million, which is assumed to be 10 percent of the capital cost of the new school. Having made available this contribution, the sponsor can then create a foundation that controls the membership of the governing body of the academy and can thus influence how the school goes about its business.

This is an expensive program and, particularly in light of the fact that there is no evidence of a strong causal link between new buildings and improved attainment, it is difficult to understand why the government has created this model. It has a number of serious disadvantages, some of which follow:

- The barrier to entry is the willingness to make a donation, not educational philosophy, ideas, or expertise.
- Motivation of the sponsors is open to question. Some appear to have a very specific agenda in mind for their academy, such as the promotion of a particular brand of Christianity or creationism.
- The motivation of some other sponsors may have little to do with the school. Some companies that regularly seek government contracts have sponsored academies, either corporately or through their chairman as an individual. Although the system may not be corrupt, it is far from transparent. One of the first academies to receive a poor inspection report is sponsored by a large company that was much involved in contracting to supply government services, but recently seemed less interested in what it sees as a declining education market.
- Although some sponsors are interested in more than one academy, the model is not easily scalable; and it is not clear whether the government will support the idea of anything more than a loose federation of academies.
- It is not easy to see what government can do in the event of failure—other than to take back control. Sponsors commonly have neither the experience nor the infrastructure to cope with major problems.
- As a consequence, the government is nervous about the degree of autonomy that it is willing to make available, which undermines two of the key potential contributions that academies might bring—diversity and independence.

This restricted autonomy is most starkly demonstrated by the description of the academies as “independent, state schools.” That is a formulation used increasingly by government figures, including the prime minister.

Why would government devise a model both so complex and so open to criticism? There are a number of possible answers. First, the British government has signally failed to win, or perhaps has not even tried to win, the argument with its traditional supporters that private sector participation is in the public interest. As a result it may feel unable to promote a more transparent model, relying instead on the fairly thin, specious argument that it is securing new resources for the public sector in the form of the sponsors’ contributions. It is equally possible that the government’s commitment to the notion that diversity and independence are desirable qualities to promote is at variance with its well-established tendency to centralize. Until the early 1990s the central government’s education department was in some way the smallest of the Whitehall spending

departments. The department contented itself with devising policy and issuing circulars. Local government was largely responsible for the task of delivering schooling.

In the past 15 years, initially under the Conservatives but much more rapidly since 1997, responsibility for the quality of schooling has, in effect, been nationalized. The creation of a new cadre of independent suppliers runs counter to that, and many in government are ambivalent.

More positive, there is some evidence that key people in government genuinely believe that the sort of successful entrepreneurs they have encouraged to become engaged with the academies program have the capacity to transform schools. Some practical evidence supports that optimism. Undoubtedly some talented people, whose talents were previously otherwise engaged, have devoted considerable energy and money to “their” academies. Moreover the results from the first batch of academies are quite encouraging.

The question is whether the success of these individual sponsorship deals amounts to a systematic or structured response to Britain’s education weaknesses. For every sponsor of real quality there will be others with less to offer, or whose interest is short-term or who cannot spare sufficient amounts of their time from their main business.

What is encouraging about the academies program is that it still seems to be evolving. The first tranche was modestly innovative in regard to curriculum and was steered very heavily by central government. But there are ongoing discussions with providers, such as the Steiner Foundation, whose educational principles simply cannot be accommodated within the government’s national curriculum or, indeed, teacher training and accreditation rules.

The government is by no means claiming that it has completed its initiatives in this field. Both the prime minister and the secretary of state for education have been speaking about their wish to make it possible for parents’ groups and not-for-profit organizations to start schools. A government official paper (a white paper) on this is promised before the end of 2006.

An Update

In late October 2005 the U.K. Government issued a policy paper on the management of schools. It proposed a new concept that schools should become independent trusts either on their own or as part of groups or federations. This proposal stirred up enormous opposition from within the Labour Party. The assumption of those in opposition was that schools provided by private suppliers would not cater to the most challenging or

disadvantaged pupils. Put another way there were fears that new Trust schools would draw the aspirant pupils away from comprehensive schools.

A rather different critique argues first, that the new proposals did not add to the freedom that already exists for schools to set up independent trusts, of foundations as they are called, and secondly that few head teachers or boards of governors of existing schools would be interested in exercising those freedoms anyway.

Further confusion was caused by the government insisting on the one hand that the new Trusts would be not-for-profit bodies; but on the other hand promoting firms such as Microsoft and HSBC as their preferred sponsors. No distinction was made between external partners or sponsors and suppliers and no thought had seemingly been given to the development of a new market of suppliers of schooling.

Legislation was put before Parliament in March 2006. The Bill was a watered-down version of the policy paper. The Government acknowledged that the freedom to set up Trusts already existed but nonetheless the opposition had been such that the Government had been forced to increase the supervisory powers of local government. Meanwhile the lack of financial incentives to take on the burden of true independence is likely to leave heads and governors unenthusiastic about abandoning their current set up, where as unincorporated bodies they exercise considerable power but all risk remains with local government.

Summary

The provision of schooling continues to be dominated by public sector monopoly providers in the United Kingdom. The idea of a purchaser-provider split is very widely supported in principle, but frequently ignored in practice. This is particularly true, first, in the case of quasi-government agencies that are not directly subject to the disciplines of either the market or democracy and, second, at the local government level in which, it has been observed, few people stand for election with a view to becoming strategic enablers.

Although there have been consistent attempts to pluralize provision, significant barriers still inhibit the success of those efforts. Those barriers include the following:

- Falling school enrollment, which means that the entry of new providers is inevitably at the expense of existing providers

- The national curriculum, which makes meeting the regulatory requirements difficult for a range of providers who want to offer a distinctly different approach
- The complexity of school administration in England, which means that it is almost impossible to succinctly define the division of responsibility between central government, local government, and the schools themselves
- The nonscalable nature of initiatives thus far, which is a further reflection of the tendency to create structures with complex governance arrangements that are far from transparent to the consumer
- Opposition of national trade unions to interventions that might undermine their national pay bargaining
- Belief that there is no serious market of suppliers, which is a self-fulfilling prophecy as long as there is no reliable demand.

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