



Making Services Work for Poor People

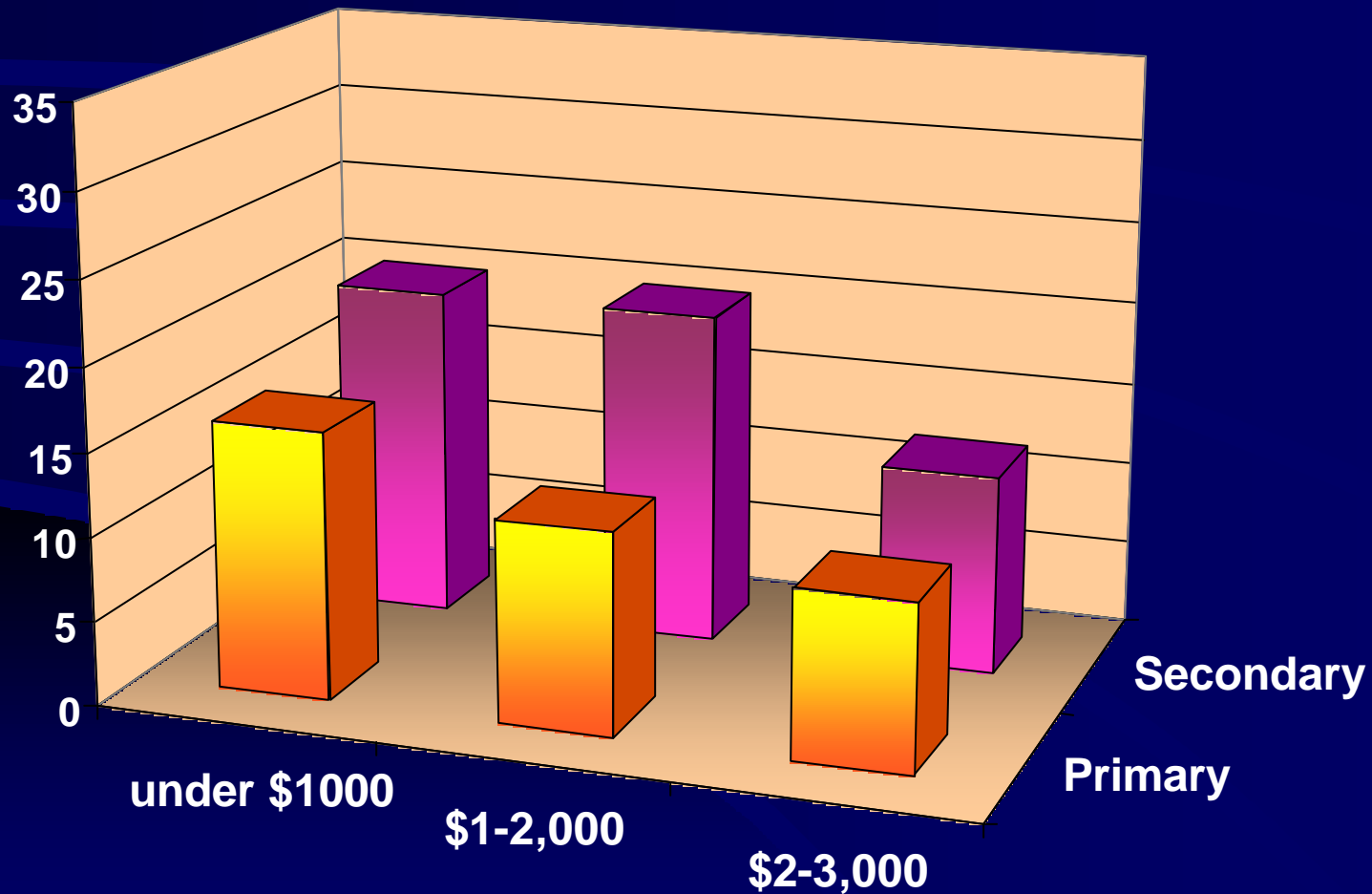
**Points for Discussion Focusing on
Private Education**

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Berlin, July 8-10, 2002**

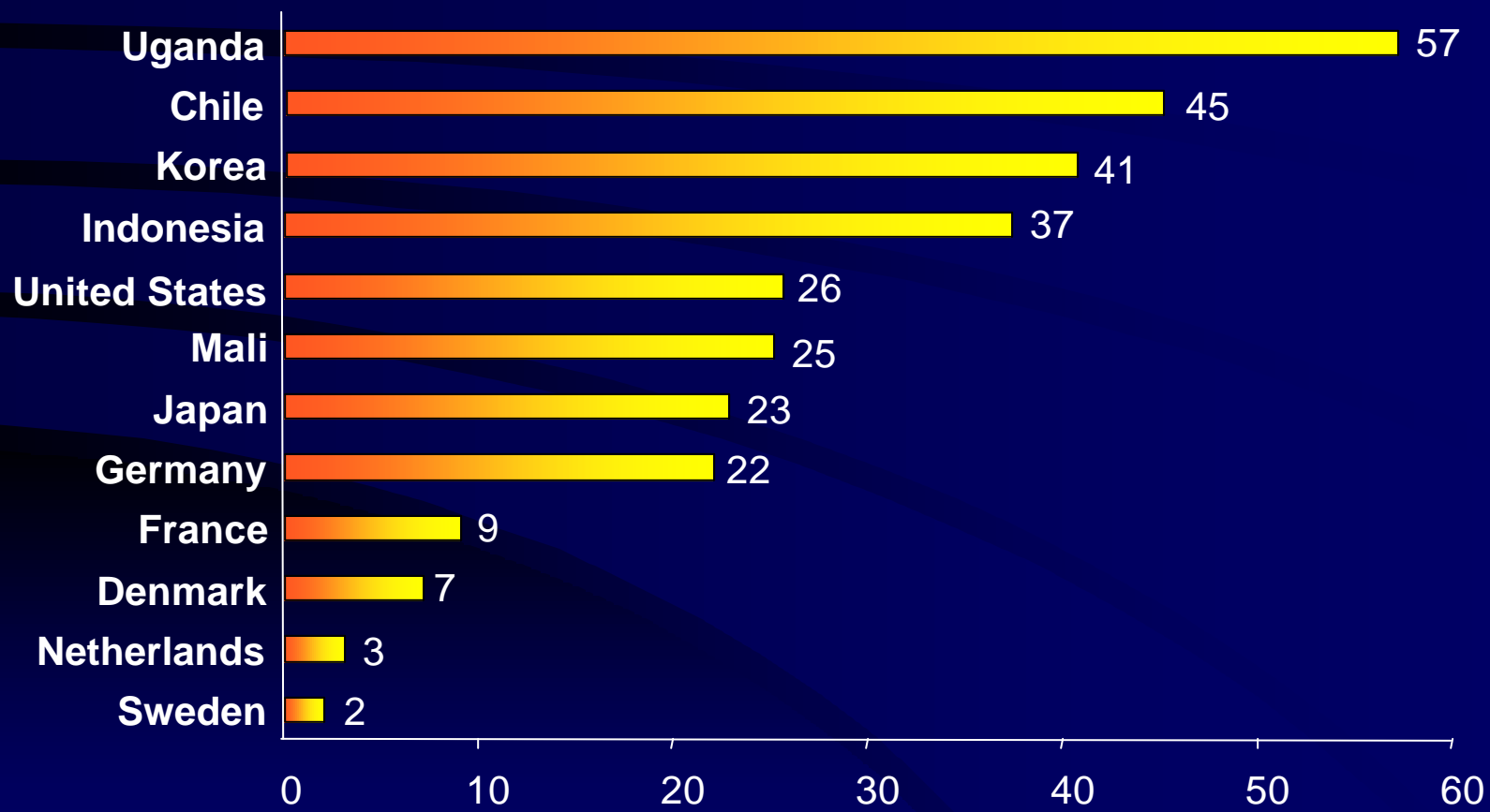
Private service delivery, an “innovation” ?

**It's been going on a long
time: Plato's Academy was
a for-profit fee-based
institution**

In poorer countries, private education plays a larger role

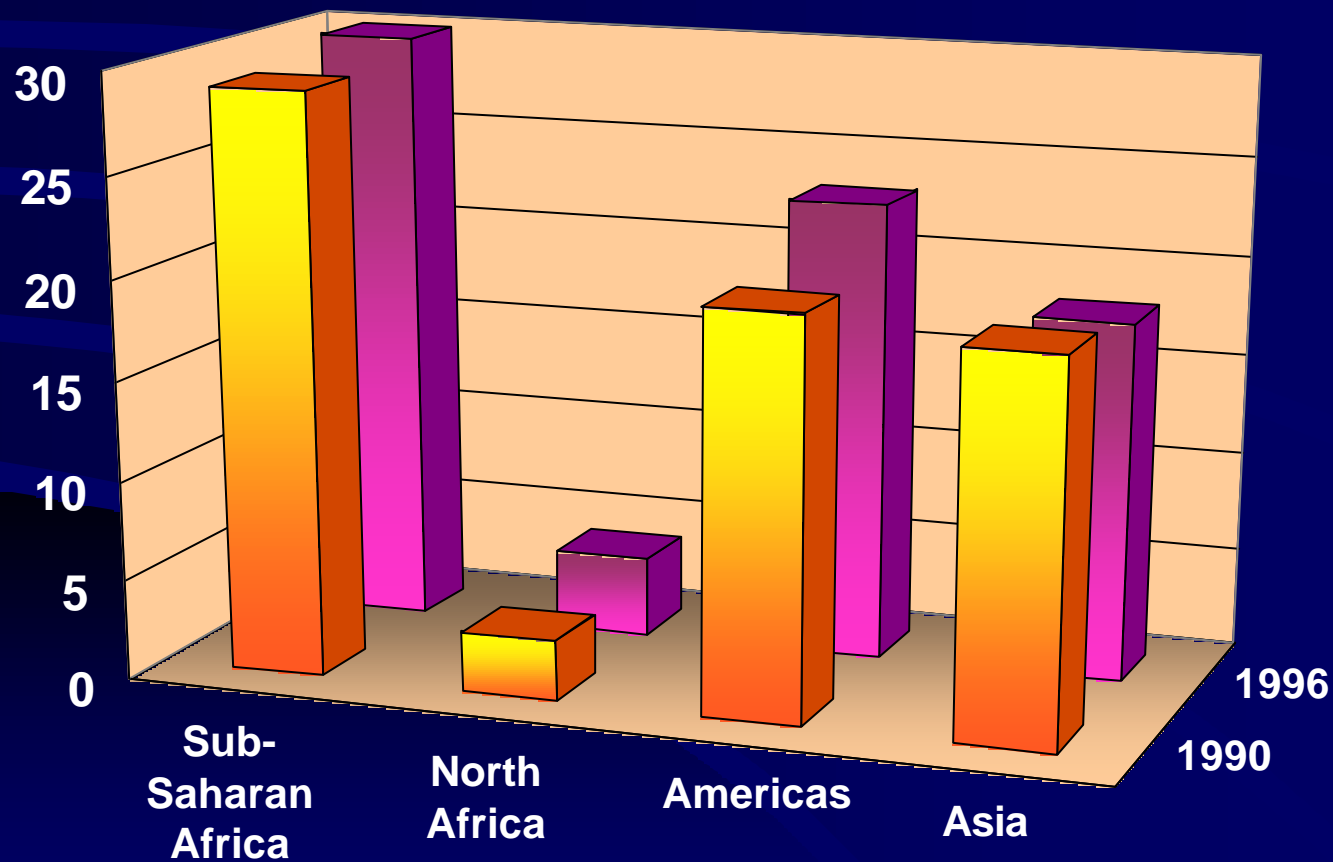


Expenditures on all levels of private education in selected countries, 1995 (% of total education expenditures)



And the trend, if anything, is up

Secondary Private Enrolment Trends

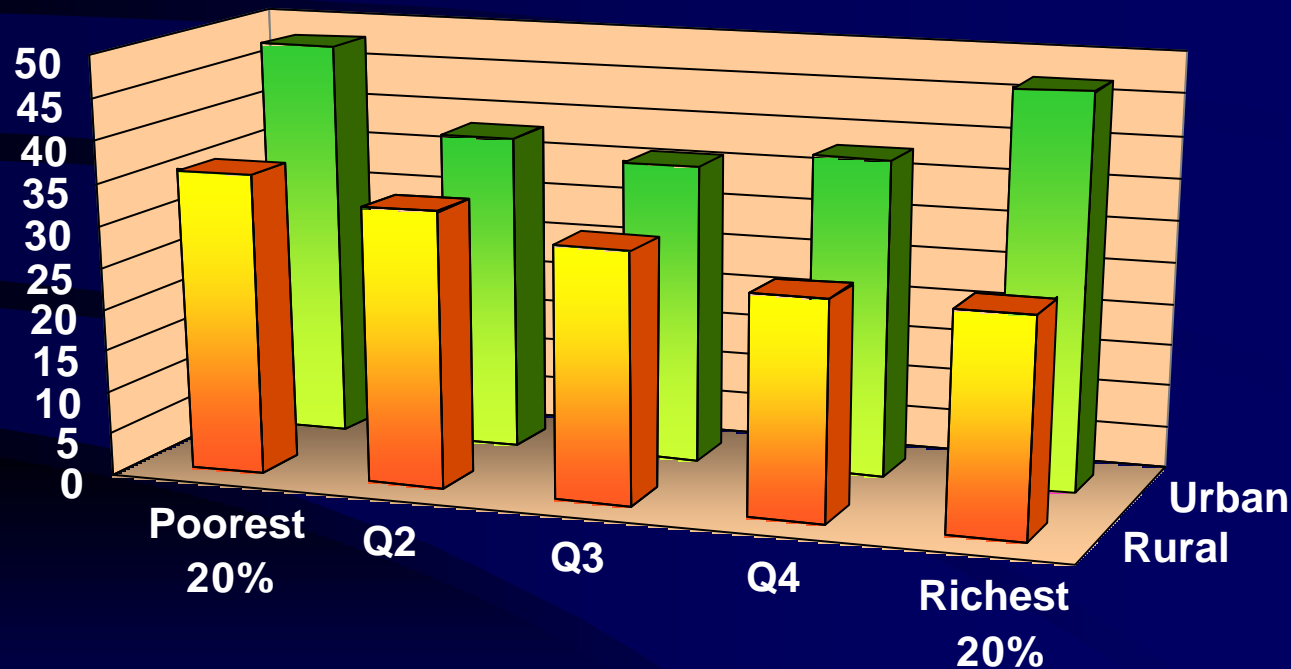


A quarter of all education in poor countries is private

- For profit
- Not for profit—Ex.: Fe y Alegria (14 LAC countries)
- High quality services—Ex.: Beaconhouse, Pakistan)
- Low quality services—Ex.: Community schools in Africa, escuelas de garaje (Colombia)
- Highly diversified demand
- Huge demand usually due to **failure of public sector to deliver the services—India is a good example**

In Kenya, the poorer the people, the more they rely on private schools

Kenya Private Enrolment (percent) by Income Groups



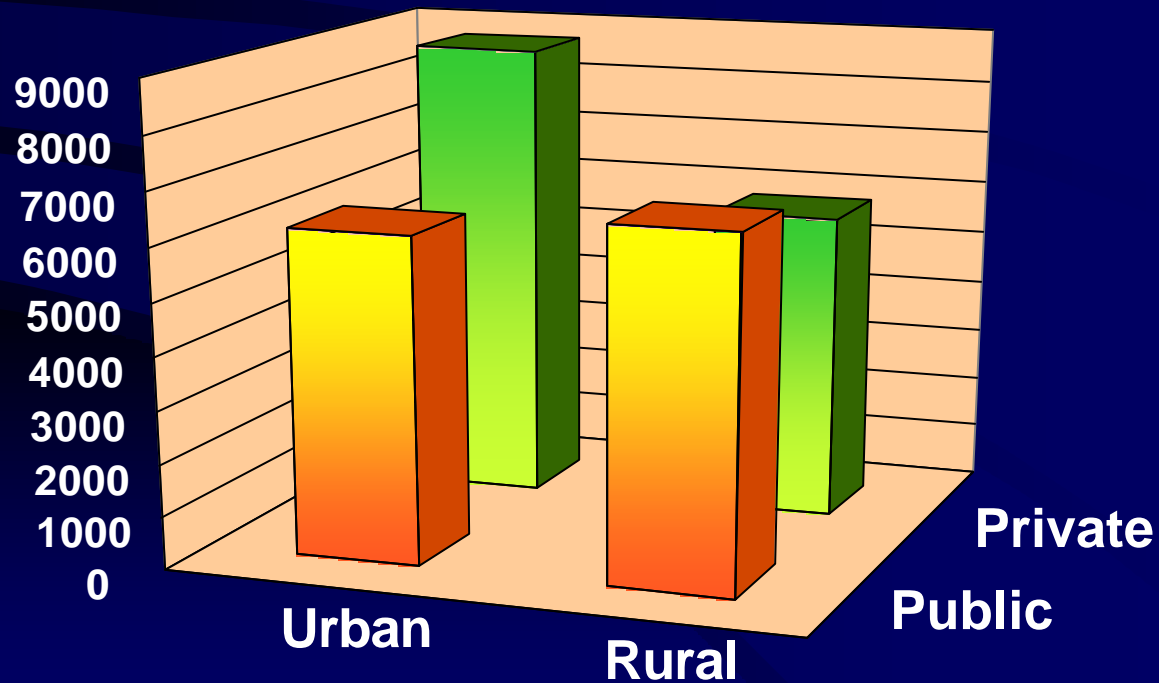
Same in India and Indonesia

Free State education is a myth: parents pay for public education

- **In Colombia, Pakistan, Thailand, Vietnam, families contribute to public primary school financing**
- **There are many associated costs, plus government teachers commonly receive private payments “for coaching children”**

In Kenya budget cut-backs forced parents to pay more of the costs of public secondary schools. Not much cost difference between “free” education and private schools. The better government schools favor children from well-to-do families

Average Secondary Schools Fee (KSh)



In most developing countries, state education is regressive: the State doesn't spend much on poor children

Expenditure Quintiles (lowest to highest)

	1	2	3	4	5
Côte d'Ivoire	13.5	17.4	17.1	17.2	34.8
Guinea	8.5	13.1	21.1	30.4	26.9
Kenya	16.7	19.9	21.0	21.7	20.7
Nicaragua	9.1	11.8	14.0	17.6	46.0
Pakistan	14.3	16.7	19.4	20.5	29.1
Peru	17.1	25.5	23.4	18.5	15.5
Vietnam	12.2	16.1	17.1	19.2	35.4

Quality: private providers are more likely to meet labor market demands

- In and around **Nairobi**, enrolment in eleven surveyed private vocational schools increased spectacularly since 1980, particularly for female students
- Schools offer courses in catering, hairdressing, dressmaking, air travel services, food management for cafeterias, secretarial services, carpentry, and machining
- In India and Pakistan, private schools offer English medium education in response to demands, while the public schools only offer in Hindi or Urdu.
- Many of the tertiary institutions (like UPC, Peru) are much more responsive to the demands of the labor market through ongoing curriculum development/adjustment and foster much closer relationships with employers than their public sector counterparts.

India's private schools are cost-effective

	Government	Private Aided	Private Unaided
Cost per student (Rs)	2008	1827	999
Predicted math score	11.38	10.09	12.8
Cost per math point (Rs)	176	181	78
Predicted reading score	13.78	13.73	13.82
Cost per reading score (Rs)	146	133	72
Predicted total score	25.16	23.82	26.62
Cost per achieved point (Rs)	80	77	38

So are private schools in the Dominican Republic, the Philippines, Tanzania and Thailand

Points for discussion (1)

**Willingness and ability to pay are
beyond doubt**

Points for discussion (2)

Demand for private schools largely reflects failure by government to “deliver the goods”

Points for discussion (3)

Private schools serving middle and upper-middle class families can have substantial social benefits: reducing migration, strengthening the middle class and local entrepreneurship

Sources

- **Enrolment: UNESCO, World Education Report 2000, Table 10**
- **GDP per capita: World Bank, World Development Reports**
- **Kenya: Second Welfare Monitoring Survey [WMS-2], Central Bureau of Statistics, cited in “The Business of Education—A Look at Kenya’s Private Education Sector, IFC Discussion Paper # 32, 1997 (Y. Karmokolias and J. Maas)**
- **India: Calculations by Dr. Geeta Kingdon cited in Tooley, “Budget’ Private Schools in India, 2001**
- **For evidence of better education results for private schools at lower costs in the Dominican Republic, the Philippines, Tanzania, and Thailand, see “Public and Private Schools Overseas: Contrasts in Organizations and Effectiveness” (M. Lockheed and E. Jimenez, 1996)**

Conclusion

- How can the private sector best support public sector goals?
- The public sector will, and should always be heavily involved, in regulating and ensuring access (to varying degrees, depending of the level)

What needs to be considered?

Revise legal frameworks where this is helpful

Facilitate access to capital by private schools

Create public-private partnership schemes, for example, expand private provision of services with partial public funding

Improve the regulatory environment

