

**'IS THE NON-STATE EDUCATION SECTOR SERVING THE  
NEEDS OF THE POOR?:  
EVIDENCE FROM EAST AND SOUTHERN'**

by

**Dr Pauline Rose  
Lecturer in Centre for International Education  
Institute of Education, University of Sussex**

**October 2002**

**Prepared and Presented at the  
'Making Services Work for Poor People'  
World Development Report (WDR) 2003/04 Workshop  
held at Eynsham Hall, Oxford**

**4-5 November 2002**

# IS THE NON-STATE EDUCATION SECTOR SERVING THE NEEDS OF THE POOR?: EVIDENCE FROM EAST AND SOUTHERN AFRICA

Paper prepared for DFID Seminar in preparation for 2004 World Development Report

*DRAFT PAPER. PLEASE DO NOT CITE WITHOUT AUTHOR'S PERMISSION*

*Pauline Rose*  
*Centre for International Education, University of Sussex*  
*p.m.rose@sussex.ac.uk*

October 2002

## Introduction

State involvement in education has commonly been justified on the grounds that there would be under-investment if left to the market. At the heart of the debate about the private education sector is the notion of education as a 'public good' which considers that the benefits of educational investment not only accrue to individuals through enhanced life opportunities but also have positive contributions to society at large. It is often argued that this is more relevant to lower levels of education, while private benefits of higher education outweigh public good aspects and, therefore, that private sector involvement at higher levels is particularly encouraged.<sup>1</sup> More recently, the potential for the non-state sector to meet the needs of the poor has been receiving increasing attention. Some of the reasons put forward in support of non-state sector involvement in education include:

- Responsiveness to excess demand – enables the expansion of educational opportunities
- Provision of differentiated product relevant to consumers' demands
- Setting of price according to ability to pay
- Accountability and cost-effectiveness
- Supplementing limited government capacity
- Better targeting of public subsidies
- Encouragement of innovation

(Karmokolias and van Lutsenburg Maas 1997, James 1993; World Bank 1999).

In reality, the non-state sector has always been involved in education in a variety of ways, including through the provision of education to under-served areas by not-for-profit NGOs, as well as for-profit private institutions catering for the elite. More recently, two key trends in the role of the non-state sector in education provision are evident. Firstly, international debates related to the changing role of states and markets in education, particularly in the context of the WTO and World Bank moves towards a *global education industry*, have focused attention on increased liberalisation in the education sector, accompanied by calls for a 'lighter touch' in state regulation of the sector. This potentially provides greater opportunities for increased non-state sector involvement, with incentives for the growth of the for-profit private sector in particular. Secondly, the *Education for All* agenda has placed emphasis on the expansion of basic education, often with implications for the quality of education provided by the state sector, as well as putting pressure on other levels of the education system. As a result, the non-state sector has mushroomed in some areas to fill the gap, although institutions are often unregistered and, therefore, unregulated by the state.

---

<sup>1</sup> See Colclough (1996) for an overview of debates around the role of the state in education.

The paper will explore the ‘new generation’ of non-state sector provision of education, indicating changes in its size and relative importance in recent years. It will examine the reasons for, and implications of, changes in non-state sector provision with a focus on sub-Saharan African countries where achievement of the Millennium Development Goals is most elusive, examining the implications for the poor in particular.<sup>2</sup> In countries where expansion of the non-state sector is apparent, the paper will investigate the implications for national policies to support changes that have occurred. Finally, it will reflect on the desirability and feasibility of further development of non-state sector involvement in education.

### **Measuring the size and relative importance of non-state sector in education**

In determining the size and relative importance of the non-state sector in education, it is necessary first to ascertain what is being measured. In his study of private education in sub-Saharan Africa, Kitaev (1999: 43) adopts the definition of private education as:

‘all formal schools that are *not* public, and may be founded, owned, managed and financed by actors other than the state, even in cases when the state provides most of the funding and has considerable control over these schools (teachers, curriculum, accreditations etc).’

This definition highlights the complexity of trying to distinguish between private/public spheres in education, with different arrangements possible in relation to provision/financing/regulation. An extreme example of this is Lesotho, where all primary schools are classified as private since the church has traditionally been seen as the provider of education, although the Ministry is responsible for recruiting and paying for teachers. This has resulted in lack of clarity about the respective roles of the Government, Churches and the local community, problems and tensions which remain unresolved. Furthermore, ambiguities arise in cases where government bursaries are paid to students attending private institutions, as is the case in Botswana where students attending the private Botswana Accountancy College receive a grant in order to build up national skills in accounting (Maxwell et al 2000). In Zimbabwe, most schools which are classified as private receive government support in the form of payment of teachers’ salaries, a per capita grant for non-recurrent expenditure and building grants (Latham and Blair 1999). Conversely, public education in some countries heavily relies upon private contributions which can be of a similar level to those charged in private institutions (Bray 1996). Furthermore, voucher systems may provide government resources for children to attend private schools and, within public education institutions there may be contracting-out to private companies of some aspects of the service. In most cases, the state attempts to maintain some control over all education institutions through their regulation, and stipulation that they follow norms and standards set for government schools, although the extent to which this is achieved can vary, as discussed below.

Further problems with the definition arise if non-formal non-state sector education (often provided by NGOs) is included, as well as concerning the categorisation of schools established by communities (where communities may or may not be responsible for running costs etc). Within both the for-profit and not-for-profit sector there may be a number of different institutional providers which could operate through residential, distance, or mixed mode provision, with variations particularly apparent at higher levels. These include:

- *Local providers*: including local associations and communities, individuals, NGOs etc.
- *Overseas providers*: including philanthropic individuals or agencies, embassy type schools, overseas public and private universities operating within another country.
- *Franchised providers*: These are local providers who purchase programmes from overseas institutions. In the higher education sector these are institutions that purchase degree programmes from overseas students and offer them to students with the local agents being responsible for most aspects of tuition (their role normally excludes the granting of awards).
- *Accrediting type providers*: These operate mainly in the further education sector and are institutions which provide programmes and courses. They offer qualifications, accreditation

---

<sup>2</sup> Although there are specific examples in particular countries of non-state NGO and community programmes by NGOs which are potentially serving the needs of the poor, these are often small scale and not replicable. The paper, therefore, focuses on the implications of more general trends in non-state sector involvement in education.

and certification that have ‘international’ recognition and currency (e.g. City and Guilds Certificates) (Sayed with Rose 2001).

In practice, national and international statistics only include private institutions which are registered and, therefore, officially recognised, although these often might only be a small part of the total non-state sector. In many cases, ministries of education do not see themselves as responsible for private institutions; and private institutions consider that they have the right to operate independently of the government and do not want to be fettered by government regulations, or possibly be expected to pay taxes if they do register. As Kitaev (1999: 20) indicates:

‘Being outside of the public education system, private education in developing countries does not regularly provide data and statistics for official surveys and analysis. Information available on private education in Africa may be fragmented, contradictory and controversial, subject to sources, sampling design and expected outcomes. Although in many African countries ministries of education have special divisions or units in charge of private education, these are normally limited to regulations regarding subventions and private teachers’ management.’

Government bodies are, therefore, often limited to regulatory issues. It is a moot point, however, whether regulation can be effective if the government does not have information on how many private institutions exist, or where they are located.

The main, and most widely cited, source of internationally-available data on private education indicates those enrolled in private pre-primary, primary and secondary schools as a proportion of total enrolment (UNESCO 2000).<sup>3</sup> These data only include officially registered private enrolment, and do not differentiate between the different types of private schooling, which can often range from those catering for the elite (‘first choice’) to those serving those left out of the public system (‘last chance’). This disaggregation is important in understanding whether education provided by the non-state sector is meeting the needs of the poor, as discussed below. Furthermore, important aspects of the non-state sector, including non-formal education, are generally excluded, and community schools may be classified as either private or public.

It is noticeable from the UNESCO source that a number of countries do not report any data on private enrolment (see Appendix 1). The data which are available indicate considerable variations within regions, with some countries, such as Mozambique and Tanzania, registering no enrolment in private primary schools to those, such as Lesotho, registering 100 percent enrolment in these schools.<sup>4</sup> These differences are partly attributed to the fact that private schooling was officially banned in Mozambique and Tanzania until recently, while in Lesotho, as mentioned, all schools are officially owned by the church. Similarly, at the secondary level Botswana and Zimbabwe show high proportions of private enrolment, while those in Mozambique and South Africa are extremely low. On average, private enrolment is most prevalent at the pre-primary level where there has been a strong tradition of private sector involvement in many countries (Table 1).

---

<sup>3</sup> The Statistical Profile of Education in SSA (SPESSA) database set up by ADEA ([www.adea.org](http://www.adea.org)) also includes data on the percentage of private teachers in private schools, and of private schools at the primary and secondary levels. On the whole, these show similar patterns to the enrolment data shown here. The World Bank EdStats database ([www.worldbank.org/edstats](http://www.worldbank.org/edstats)) includes information on private expenditure on education, although this does not differentiate between expenditure in private and public institutions. The UNESCO Institute of Statistics database ([www.uis.unesco.org](http://www.uis.unesco.org)) does not provide any data on private education.

<sup>4</sup> In Tanzania, the EFA Assessment shows that enrolment in private primary schools was less than one percent in all regions (including Dar es Salaam) in 1998, with only 33 private primary schools in the country in total (EFA; Chedié et al 1999). However, it notes difficulties in obtaining data from private institutions which, it suggests, indicates a need to build capacity of education officials from government and private schools to develop and sustain a database. There are also discrepancies between the international data and national reports. In Swaziland, for example, the UNESCO data suggests a high proportion of private schools. However, according to the country’s Dossier, most primary and secondary schools in Swaziland are designated as ‘government’ or ‘aided’. While a few private schools exist, these are mainly rural primary schools established by communities and awaiting government support.

The data indicate that over the 1990s the relative size of the private education sector has remained more-or-less unchanged (Table 1). At the primary level, this could be partly due to the massive increase in enrolments in some countries as a result of the EFA agenda, with large numbers of children joining government primary schools where fees were no longer being paid. In Malawi, for example, the official data suggest that, by 1996, there was no longer any private enrolment at the primary level. This is because previous community schools coming under the management of the government following the introduction of Free Primary Education (FPE). In practice, however, it is known that private schools have mushroomed during this time although these are not officially recognised as they are not registered and, therefore, not regulated by the Ministry (Kadzamira and Chibwana 2000; Malawi EFA Assessment 2000). The apparent slight decline in the proportion enrolled in private schools in Tanzania in the 1990s is attributed to the expansion of government schools, and 90 non-government schools waiting for registration (Chediell et al 1999). In West Africa, LaRocque (1999) similarly reports large increases in private involvement in schooling with the number of students in private schools growing by 50 percent in the Gambia between 1993 to 1996, and by 75 percent in Senegal over the decade 1987/88 to 1997/98. The proportion enrolled in private schools increased to 21 percent and 15 percent, respectively.

Table 1: Private enrolment as percentage of total enrolment

	Pre-primary		Primary		Secondary general	
	1990	1996	1990	1996	1990	1996
<b>Developing countries</b>						
mean	40	43	14	14	21	18
median	30	35	7	8	15	11
no. of countries	29	27	45	43	37	31
<b>Sub-Saharan Africa</b>						
mean	46	52	15	14	19	18
median	44	49	6	8	11	11
no. of countries	18	15	32	30	27	24
<b>South America</b>						
mean	46	52	15	14	19	18
median	26	27	14	17	22	16
no. of countries	9	10	9	10	7	5

*Source: UNESCO World Education Report 2000 (see Appendix)*

*Notes: Unweighted regional averages South Asia is not included as a separate category due to insufficient data. Government-aided schools are considered private if they are privately managed. For secondary education, data refer to general education only.*

Dieltiens (2002) highlights growth of independent (private) secondary schooling in South Africa, rising from one percent of schools in 1985, to two percent in 1995 to seven percent by 2000. The increase is a result of a large increase in the number of independent secondary schools, with an estimated four-fold increase between 1994 and 2000. It is reported that up to 3000 schools (three times the official number) are unregistered, particularly those referred to as 'fly by night' schools set up in urban centres and informal settlements. These target black over-age pupils in particular, with schools closed as soon as fees have been received in advance of any learning. A large proportion (38 percent) of independent schools are situated in Gauteng province, which caters for 50 percent of those enrolled in these schools. The proportion of African students enrolled in independent schools in the province has also increased dramatically – from 47 percent in 1996 to 69 percent in 1998. Thus, although it is true that the private sector has played an increased role in schooling in South Africa, it still caters for

only a small proportion of the total schooling system overall, and growth is heavily skewed towards poor quality education in one province.

Overall, international data are perhaps more misleading than they are helpful. It is, however, curious that according to the international data, despite the recent attention to private schooling, the proportion of those in these schools appears to have remained stagnant, or even declined on average over the 1990s. This warrants further investigation, requiring a more in-depth look at changes that have been occurring within countries both in the size and type of private education provided.

Data on private higher education can be even more difficult to obtain, given the diversity of types of courses and modes of delivery. It is evident that, overall, enrolment in tertiary education has expanded considerably in developing regions since the 1970s, although its size remains extremely small in sub-Saharan Africa, where the gross enrolment ratio was only four percent by 1997, compared with 20 percent in Latin America, and 11 percent in East Asia and Oceania (UNESCO 1999). In the latter regions, universal primary education has already been achieved, and two-thirds of children attend secondary education. In sub-Saharan Africa, however, only three-quarters of children attend primary school, and one-quarter has access to secondary school. Lack of schooling opportunities is, therefore, an important explanation for the low enrolment in tertiary institutions in the region.

It is suggested that the large enrolment at the tertiary level in Latin American and East Asian countries is the result of the involvement of the private sector. In Brazil, Colombia and Indonesia, for example, two-thirds of enrolments are in the private sector, while over three-quarters of those enrolled in Korea and the Philippines are in private higher education institutions (World Bank 1994). The oldest higher education institutions in Latin America tend to be private institutions founded by the Catholic church, although the public sector has become increasingly important over the last century (Altbach 1999). However, private universities are reported to have expanded dramatically over the past 30 years in the region, partly as a result of declining resources available for the public sector along side the development of mass higher education (Banya 2001). The private sector dominates higher education in East Asian countries, with 80 percent of students enrolled in these institutions (Altbach 1999).

By contrast, public universities were a symbol of self-reliance in many post-independent African states. Where private institutions were in existence, these were also often associated with religious organisations. It is only more recently that the private sector has begun playing an increasingly important role in the provision of higher education in the region (Varghese 2001). This is partly a result of increasing demand following the rising number of secondary school graduates due to both population growth as well as expansion in the schooling system since independence. According to Banya (2001), proliferation of private institutions in recent years is particularly evident in East and Southern Africa. He reports that, by 1991, there were approximately 10,000 students enrolled in 35 private colleges and universities in seven sub-Saharan African countries. Of these, a large number were concentrated in Kenya where, by 1998, there were three accredited private universities and another nine registered with the Government's Commission of Higher Education, compared with five state-owned universities. However, state universities enrol a considerably higher number of students (43,000, compared with 4,500 in private universities in 1994). In Tanzania four private higher education institutions have been registered, and 19 are in development or in the process of accreditation. Similarly, in Uganda four private higher education institutions are already registered, with eight in process (LaRocque 2000; Patrinos 2000a; Thaver 2000). Furthermore, in Cote d'Ivoire, private enrolment in tertiary institutions is reported to have grown by 66 percent per annum, on average, between 1991/92 and 1995/96 (Patrinos 2000b).

In South Africa, the 1990s saw a rapid expansion in enrolment in tertiary institutions as a whole, increasing by 40 percent between 1990 and 1994 (from 439,007 to 617,897 students) (UNESCO 1999). It is apparent that this growth continued in the latter part of the 1990s, as headcount enrolments in universities and technikons increased by 20 percent between 1993 and 1999. The growth is particularly evident for African students, for whom enrolment increased by 75 percent over this period

(DoE 1999). Enrolment of white students in state-sponsored institutions declined by 40,000, suggesting that these students would be more likely to be choosing to study abroad or attend private institutions (Cloete and Singh 2000, cited in Eckel 2001). Simultaneous with this growth in enrolment has been the formalisation and expansion of private higher education institutions in the country. According to a recent report of the National Commission for Higher Education (NCHE), a sizeable and rapidly growing private higher education sector exists in South Africa, and this is generally regarded as a major future growth industry (NCHE 1996a).

### **Reasons for recent expansion of the non-state education sector**

Although internationally-reported figures are ambiguous about change in the private sector's role in education, country reports suggest both encouragement and expansion of the sector at all levels. Several propositions are often advanced for the expansion of private education (see, for example, James 1993; Sayed and Rose 2002). The main reasons explored here in relation to the recent trends in private education are in relation to EFA and excess demand, differentiated demand and, particularly in the context of the global education industry, demand for international qualifications.

#### *EFA and excess demand – non-state sector serving the needs of the poor?*

In instances where public educational provision is insufficient to meet demand, the private sector may grow to fill the gap. Reasons for excess demand which cannot be met by the public education system include growth of the school-aged population which is high in many sub-Saharan African countries (even in the context of HIV/AIDS), and growth in enrolment at the primary level particularly since the 1990s as a result of the EFA agenda, simultaneous with cutbacks in public expenditure, affecting post-basic levels in particular.

A number of countries, particularly in sub-Saharan Africa, have responded to the challenge to achieve EFA by abolishing primary school fees in the 1990s (including Malawi in 1994; Lesotho in 2000; Tanzania in 2000; Uganda in 1997; with changes currently underway in Kenya). In each case, this has had a significant effect on primary enrolment (for example increasing by 50 percent in Malawi and almost doubling in Uganda within a year). This expansion has implications for both the state and non-state sector at different levels of the education system. In both countries, it is reported that private schools have mushroomed due to the poor quality government primary schools which has arisen, although data are not available to provide a clear picture of the changes which have occurred (Kadzamira and Chibwana 2000; Fiedrich 1999 – Box 1).

#### **Box 1: The effect of EFA on private primary schooling in Uganda**

In a remote sub-county in Uganda it is estimated that 40 percent of pupils are in private primary schools (including community owned and commercially run). This is often not a choice between government or private schooling based on criteria of quality or other considerations, but rather due to inaccessibility of government schools. In some cases, parents choose private schools for better quality education expressed in terms of lower pupil/teacher ratios. It is apparent, however, that teachers are often less qualified, and more poorly paid in these schools (although it is possible that some teachers in private schools are still on the government payroll so are receiving two salaries), than their government-employed counterparts. Although 15 new primary schools opened up in the area in 1999, only 9-10 remained by the end of the year. Closure was attributed to parents' failure to pay fees. In the nearby town, it was also apparent that the number of private schools was increasing following UPE, although the situation regarding quality was somewhat different. Private schools were better equipped in terms of teachers and materials than the grant-aided schools in the area, although they had more limited space both in and outside classrooms than their government counterparts. The explanation given for the better quality of private schools was related to parents playing a more active role in monitoring the schools, partly due to their visits to the schools to pay fees which are due in instalments. It could, no doubt, also be due to the higher level of resources available in these schools given that they were sometimes receiving UPE funds from the government in addition to the fees charged. As a result, in the town at least, private schooling is serving the demand for quality primary

schooling for those who can afford it, while in remote areas it is providing the opportunity for schooling to those who otherwise would not have access, although the quality of education received is debatable.

*Source: Summarised from Fiedrich 1999*

A question arises whether the non-state sector is meeting excess demand as often claimed, or is in fact the only option for some, often the less well-off who are unable to get access to the limited public school system. An extreme example is highlighted by Salmi (1997), who points out that, in the case of Haiti where the public sector caters for just 10 percent of the primary school-aged population, some families only have the choice of private schooling where 75 percent of primary school children are enrolled. Thus, the growth of private schools has been a substitution for public investment, not an addition. Conventional arguments that allowing those who can afford to pay the opportunity of private schooling frees state resources for those who cannot afford the costs is not valid in such circumstances where there is no alternative.

The expansion of primary schooling as a result of the EFA agenda also has implications for other aspects of the education system, as the primary cohort places demands on higher levels, and the need for teachers increases, as the example from Malawi illustrates.

#### Box 2: Implications of EFA on secondary education in Malawi

Although expansion at higher levels of the education system could partly be anticipated to occur at higher levels once the EFA cohort has completed the primary cycle, evidence from Malawi suggests that large increases in secondary enrolment have occurred simultaneously, much of which has taken place in 'second-chance' community day secondary schools (CDSSs). Although the pressure of the 1994 FPE bulge cohort had not reached secondary school, by 1997 the secondary GER had increased to 18 percent, from 10 percent in 1990/91. Increasing resources available to primary schooling to meet the dual challenge of the reduction in resources as a result of the abolition of fees at the same time as the massive increase in enrolment meant that the share of education resources to secondary schooling fell from 17 percent to just 10 percent over the 1990s. As a result, secondary school unit costs for government schools, which had already deteriorated during the 1970s and 1980s, continued to suffer with expenditure per pupil falling by over one-third in real terms since the introduction of FPE. The situation has changed from the early 1990s when a similar number of children were enrolled in the government and CDSSs, to the late 1990s when enrolment was 50 percent higher in CDSSs (as a result of enrolment doubling in government schools, and increasing by five and a half times in CDSSs). CDSSs are, however, of dubious quality with average pupil/class ratios of 84:1 compared with 48:1 in conventional government secondary schools in 1997. Furthermore, the vast majority of teachers in the CDSSs are only trained to teach at the primary level and, therefore, do not have training in secondary school subjects, and classes take place in converted primary school classrooms which lack the necessary facilities. This increase in enrolment might partly be because secondary education is now a necessary condition for obtaining formal sector jobs, since a larger proportion of children now have access to primary schooling. However, given that, in 1997, 87 percent of those who sat the Malawi School Leaving Certificate failed, the benefits of the education received are debatable.

*Source: summarised from Rose 2002*

In Kenya a recent study has shown that public secondary unit costs have declined by 10 percent in real terms (Karmokolias and van Lutsenburg Maas 1997). Similar circumstances in Tanzania have resulted in the growth of the non-government secondary sector in the 1980s occurred as a result of the lack of places in government schools as a result of which the government relaxed its policy towards non-government schools.<sup>5</sup> These schools arose to fill the gap in demand where the policy choice in these countries has been to prioritise primary schooling and limit places available in government secondary schools. As in Malawi, these are often low quality second-chance schools. By consequence, a three-tier pyramid of education is becoming increasingly evident in these countries, with a small group of

<sup>5</sup> Private schools were nationalised in the early 1960s, although the policy was not strictly maintained (Lassibille, Tan and Sumra 2000).

elite private schools continuing to occupy the peak, public schools in the middle, and a broadening base comprising low quality private schools. Similar to the secondary level, pressure on limited places in public universities has been an important reason for the recent growth of private institutions. For example, according to Banya (2001), in Kenya and Uganda two-thirds of students who qualify each year for admission are unable to obtain a place in one of the country's public universities due to their limited capacity. In Nigeria, it is estimated that as few as 15 percent of qualified candidates gain access in Nigeria (Maxwell et al 2000).

Karmokolias and van Lutsenburg Maas (1997) suggest that there is considerable unmet demand for private secondary schools in Kenya, as evident by long waiting lists of students who have met admission criteria but for whom there was no room in the school. They note that, in rural areas, a larger proportion of those in the poorest quintile in secondary school are enrolled in private schools (36 percent, compared with 26 percent from the most well-off quintile).<sup>6</sup> The authors conclude, perhaps controversially, that:

'It is sometimes argued that many of the lowest-cost private schools provide a very low-quality education and, consequently, poor parents are defrauded by such disreputable schools...Nonetheless, a strong case can be made that a wide quality-price range is efficient and responsive to the variety of felt needs...*Attendance in low cost, low quality private schools is a result of free choice.* Consequently, there is no a priori reason to believe that consumers are not making a rational benefit/cost/risk calculation when they decide to enroll and re-enroll their children or themselves in such schools, given that they have the public school option available to them. *It makes little sense to deny lower income groups such choices, simply because educational standards in some inexpensive schools have lower quality standards than more expensive schools patronized by higher-income groups.*' (Karmokolias and van Lutsenburg Maas (1997): 1 and 12).

The study does not provide any evidence of the outcomes from the private and public education sectors, in order to establish whether those paying for private education are getting 'value for money' (the focus of the report is on choice and profitability rather than outcomes). It is, however, evident from the authors' own analysis that in fact the least well-off do not have a choice between public and private schooling, since children from better-off households are more successful in gaining access to the limited places available in the selective and prestigious public schools. For the poor, the choice is whether to go to a low-quality private school or not to go to school at all – not a choice between different types of school. The expansion of low-quality private schools also raises questions of motivation of private providers in providing schools for the poor. While Tooley (2001) claims that headteachers of private schools interviewed in Andhra Pradesh, India which were run on commercial business principles, claimed to be motivated by 'a concern for the poor communities in which they worked', it is not evident why this would be the case. Even if it were, it is apparent that motivations of commercial gain and concern for the poor are potentially in conflict.

An important reason often given for the encouragement of the non-state sector in educational provision is related to arguments of quality and cost-effectiveness. However, given problems in delineating the non-state education sector, and in obtaining accurate information on its financing, very few studies are available to examine adequately the validity of this claim. It is often difficult to calculate the precise amounts spent on private institutions since some of the resources are provided through tax breaks, government funding of teacher training and curriculum design etc. Religious institutions often receive substantial funding from their affiliated organisations, not all of which may be accounted for.

---

<sup>6</sup> Overall, the lowest quintile comprises only a small proportion of those enrolled in secondary schools (less than eight percent of total enrolment in rural areas). Therefore, although a larger proportion of these are in private schools, they are only a small proportion of total enrolment in private schools (with one person from a poor rural household enrolled for every three from the most well-off rural household).

Even in the study on profitability of private education in Kenya, it was not possible to determine profitability of private schooling in practice (Karmokolias and van Lutsenburg Maas 1997). Their study showed that costs borne by parents in public and private secondary schools have become very similar, with parents paying approximately two-thirds of the cost of public secondary schools. Thus, unit costs in public secondary schools are, on average, nearly double those of private secondary schools. However, unit costs in private secondary schools vary considerably – according to the survey of private schools mainly in and around Nairobi, these ranged between \$120 and \$3,250, with teacher and administrative salaries constituting the largest single cost item for all schools surveyed. Some of the most expensive schools are classified as not-for-profit (because they are affiliated with religious or ethnic community organisations, even though they accept students of all races and religions) and do not, therefore, pay tax. By contrast, some of the lowest cost schools are tax paying even though they cater for lower income groups (Karmokolias and van Lutsenburg Maas 1997).

In countries such as Haiti, adverse equity and quality effects are reported to result from the state being almost totally absent from the education system, which could have lessons for other countries which are becoming increasingly reliant on the private sector by default, or even despair (Salmi 1997). Even if such schools appeared to be more cost-effective, in terms of having lower unit costs, questions arise about whether it is indeed cost-effective to educate children in low quality institutions – whereby it is likely to take more years for them to attain basic literacy and numeracy. Conversely, it is argued that lower costs per student in private schools can be apparent alongside higher quality and efficiency. Tooley (2001) notes that, on average, teachers in private schools visited in India earned significantly less (between \$9.50 to \$119) than their counterparts in state schools (varying from \$95 to \$200) although both sets of teachers are generally qualified. He proposes that this is an important reason for lower costs in these schools, while quality is maintained as a result of low pupil-teacher ratios in private schools (22:1 to 35:1), below that in government schools. It is not obvious why qualified teachers would choose to teach in private schools where they are receiving lower salaries. One explanation might be that they are also employed by the government, a situation which is found elsewhere. High levels of absenteeism observed in government schools could, therefore, actually be caused by the existence of private schools, with teachers choosing to teach in private schools since the income provides a supplement to their government salary rather than an alternative. The unfettered expansion of the private sector could, therefore, be a cause of the apparent difference in quality between private and public sectors, and it is not obvious that this situation is in the interests of the poor. Tooley (2001) also highlights evidence from the Public Report on Basic Education in India (PROBE) that the quality of education is higher because of the accountability of private schools to parents. While it is undeniable that accountability is important, whether this can only be attained through the private sector, or why it would be more apparent in a situation where a properly functioning market is not evident, is debatable. Even where alternative providers are available, information is needed to enable students and parents to make informed decisions about which service they require. In South Africa where a choice of colleges is available, in practice consumers lack sufficient standardised information to judge the quality-for-price between competing choices (Crouch 1998, cited in Dieltiens 2002).

Often studies examining the relative efficiency and cost-effectiveness of private and public schooling do not differentiate between different types of private schools, while also admitting significant problems with the data (see, for example, Lockheed and Jimenez 1994). In Tanzania, it is reported that examination performance in secondary schools overall is poor, with students only answering a third of questions correctly, on average. Public secondary schools do, however, perform better on average than their private sector counterparts (Lassibille, Tan and Sumra 2000; Al-Samarrai 2001). An important reason for higher performance in public schools is due to the selection process. Students do not, therefore, have a choice between different types of service providers, but rather their only option will be to go to private school if they do not get a place in a better quality government school (although quotas exist by region and gender). Al-Samarrai (2001) presents evidence from Tanzania which suggests an inverse relationship between level of fees and student performance – with the lowest fees and highest performance in government secondary schools, and highest fees and lowest performance

in Trust schools, with parent association (Wazazi) schools in-between, implying that households are not getting value for money.

A study by Lassibille and Tan (1999) is a rare example of an attempt to differentiate between different types of private schools. Recognising that the growth of the private sector has resulted in a noticeable decrease in equity of access, and high instability of staffing of schools, they attempt to examine differences between government and community schools in the public sector, and Christian and Wazazi schools (particularly ones established in the 1990s) in the private sector. They find that both types of private schools perform less well than government schools and that performance deficits persist even controlling for school inputs, suggesting that the private schools are less efficient than government schools. They recognise that this contradicts earlier evidence from Tanzania which suggested that private schools were more cost-efficient and effective than public schools, implying that the new generation of private schools which are emerging to fill the gap in the market has been at the expense of equity, quality and achievement. Furthermore, where total (government and household) costs per student are lower in private institutions, it is important to investigate the reasons to assess whether this is related to better efficiency or poorer quality. In Tanzania, while teachers in private schools are reported to be paid marginally more than public school teachers, on average, they have a heavier workload (one and a half times that of their public school counterparts) which is an important explanation for lower unit costs in these schools. However, as mentioned, the lower cost seems to be translating into poorer achievement (Lassibille, Tan and Sumra 2000).

Another trend evident in the context of EFA is the changing role of NGOs in education. While NGOs have traditionally played an important role in the provision of education in many developing countries, this role has adapted in recent years partly as a result of changes in the ways in which international agencies channel their funds. It is becoming increasingly common for NGOs to be involved in the implementation of donor education projects (Kadzamira and Kunje 2002; Miller-Grandvaux 2002). In addition, while communities have traditionally played an important role in terms of providing resources for school construction in many countries, their involvement in other aspects of schooling is generally limited, despite efforts to encourage more active participation. Recent attention has been given to the role that communities could play given the pressures on public financing of education as a result of economic crises which have adversely affected education systems in sub-Saharan African countries since the 1980s, together with rapid expansion of school systems in the context of the drive for achieving universal primary education, necessitating the search for alternative sources of resources. Advocacy for community participation is, therefore, often linked with the ability to mobilise, and make more efficient use of, resources (see, for example, Jimenez and Paqueo, 1996; Wolf et al 1997). As a result, community participation is becoming formalised through inclusion in national education plans, together with international agencies setting up community schools (often in conjunction with NGOs). This has intensified debates in education as elsewhere about the type of 'participation' that is encouraged (pseudo-genuine) and problems of defining a 'community' (see, for example, Bray 2000). Recent studies on the education sector suggest that the promotion of community participation through national policy has been top-down, including limited consultation with communities about the ways in which they may (or may not) wish to participate. In addition, since unfulfilled education needs are amongst the poorest, the outcome of the policy focus has been to shift state responsibility to the weakest communities, and the least powerful within communities, implying that encouragement of non-state, community sector involvement is not pro-poor (Rose 2003; Bray 2000).

### *Differentiated demand*

Differentiated demand has conventionally been met by the non-profit making, non-state sector, and this continues to be evident in the 1990s. Even if the state provides sufficient places in public schools and universities, there remains a need to meet the particular demands of specific groups, for example, religious groups. State education operates based on uniform and consistent provision, and thus does not necessarily target education for those with different needs or specific interests. Where there is such differentiated demand, private schools and universities can fulfil such a need (Sayed and Rose 2002). Religious groups, particularly Christian ones, have traditionally played an important role in the

development of formal education in sub-Saharan Africa. For example, Kenya's four oldest private institutions are all Christian affiliated, and all private universities, except the United States International University, are sponsored by religious organisations (Banya 2001). Similarly, in Zimbabwe all three private universities are related to different churches, although they cater for just eight percent of total enrolment in universities (Latham and Blair 1999). Demands by Muslims has resulted in the development of Islamic universities in East Africa in particular including, for example, the establishment of an Islamic university in Uganda by a Saudi Arabian based organisation 11 years ago (Banya 2001). In Zanzibar, the newly opened University of Zanzibar is financed primarily by an Islamic charity.

In addition, vocational institutions run by NGOs can offer an education in areas not covered by the formal system, which might be directed at those who have dropped out, or who prefer a different form of education to that provided by the formal system. In Kenya, vocational schools in the Nairobi area offer courses in catering, hairdressing, dressmaking, air travel services, carpentry etc. These schools cater mainly to low and middle income families (Karmokolias and van Lutsenburg Maas 1997).

At the higher education level, of the institutions that applied for registration in South Africa by 2001, only 74 private higher education institutions had fulfilled all requirements and have been given conditional registration (DoE 2001). Of these, the majority (32) offer qualifications in business-related subjects (including in public management administration, information technology, accounting etc.). The second largest group are those institutions offering qualifications in vocational subjects (21 institutions fall under this category), many of which single-purpose institutions offering courses in beauty and alternative health therapies. The remainder of the institutions recognised for registration offer courses related to education or theology. Only 10 of the institutions are registered to provide Bachelors or Masters degrees, with the majority providing certificates and diplomas. Thus, while it appears that the private higher education is growing, it is, on the whole, catering for a specialised market which might not necessarily reflect an alternative to courses provided by the state sector (Sayed and Rose 2002).

#### *Global education industry and demand for international qualifications*

In the context of globalisation there is increasing demand for qualifications that have currency internationally to give employment opportunities and other forms of mobility for graduates. The growth of this sector is also a response by overseas institutions to capture the higher education market in the context of financial austerity and stringency in the North (Sayed and Rose 2002). Altbach (1999) proposes that there has been considerable convergence of higher education institutions globally in recent years in terms of institutional models and structure of studies, and common curricular elements with English the primary language of science and scholarship. The involvement of the private sector in this context is most clearly motivated by profit.

Presentations by World Bank staff point out that the global education market place is equal to \$2 trillion, with 15 percent of the global education market in developing countries (LaRocque 2000; Patrinos 2000a. See also Tooley 1999). While this mainly relates to movement of students between countries at higher levels of education, the global education industry is influential at all levels. In some circumstances, education is increasingly seen as big business. In South Africa, for example, two education 'companies' have been listed on the Johannesburg stock exchange (Education Investment Corporation Ltd – Educor, and Advtech Education Holdings – Adved) (Dieltiens 2002).

The World Trade Organisation (through the General Agreement on Trade in Services – GATS) and World Bank are influential in promoting private sector involvement in education. The WTO's memorandum on Education Services (1998) indicates the intention to create the conditions for greater liberalisation of the trade in education and to create a market system of educational provision. It is notable, however, that member countries have so far made fewer commitments for education services than any other services except for energy. While raising some controversy, the implications of the WTO agreement are still uncertain and require further analysis. The World Bank's support for the

private sector in education has been more direct. A recent report provides evidence from 11 countries of its involvement in the development of private education at all levels of the education system. The support includes, for example, providing fellowships for private sector teacher development in the Maldives (1995); modifying legal frameworks to facilitate private sector expansion in Mauritania (1995); and promoting competitive principles to encourage private-public higher education institutions in Indonesia (1996) (Sosale 1999).

A significant development occurring in the 1990s is the involvement of the International Finance Corporation (IFC, one of the constituent organisations of the World Bank group) in private schooling. Since 1994, the IFC has made loans to private schools, the first being to the expansion of an elite primary/secondary academy school in Uganda targeting middle and upper income families, and another being to the expansion of a primary school to a secondary school in Kenya in 1997 (Karmokolias and van Lutsenburg Maas 1997; IFC nd). IFC activities in education increased in 1998 'in response to rapid growth in client demand, especially in Africa' (IFC nd). In total, the number of IFC approvals is still relatively small, with only 11 by mid-1999, seven of which were in SSA.<sup>7</sup> Given the lack of expertise of the IFC in this area, a number of market surveys and case studies of private education in different countries were commissioned (www.ifc.edinvest.org; Tooley 1999). The motivation of IFC in education is clear:

*'Profitability is as important in education as in any other industry in the private sector. After all, profits are the very basis of sustainability. Without them, private schools would slide into bankruptcy and be of no value to their clients... It may be argued, however, that given the importance of education and the weakness of the private education sector in countries like Kenya, IFC should assume a pro-active stance in helping establish the conditions which will help edupreneurs minimize risks and increase the probability of being profitable. (Karmokolias and van Lutsenburg Maas 1997: 15 and 20. Emphasis added).*

Private technical schools in some countries are established to provide qualifications in areas such as business studies, secretarial skills, computer classes, legal studies etc. In Kenya, for example, students in technical schools surveyed in Nairobi take examinations administered by examining bodies in the UK or elsewhere. These schools charge high fees, particularly when the examination fee required to receive certification from international bodies is included, meaning that those enrolled are mostly from middle-and high-income families (for example, UK accounting exam fees cost \$600-\$800 per examination (Karmokolias and van Lutsenburg Maas 1997). The study also notes that some private academic institutions are responding to parental demand for alternative curricula and examinations, including ones set and marked abroad, despite the requirement that they adhere to a standard national curriculum. In Zimbabwe it is reported that there has been an explosive growth in private sector training provision following economic liberalisation, an important reason for which is the demand for foreign (particularly British and South African) qualifications once foreign exchange became readily available. The courses are generally very profitable, and cater mainly for the better-off who are predominantly employed in white-collar jobs. A large proportion of those involved in these courses are female, particularly on secretarial and clothing technology courses, although 45 percent of those enrolled on computer software short courses were also female (Bennell 2000). Given the high costs involved, access to international qualifications is limited to those who can afford them, so this aspect of growth of the non-state sector cannot be expected to serve the needs of the poor directly.

The influence of the global education industry is also evident at lower levels of the system. In countries where there have been recent moves in government primary schools towards the use of local languages, parents preferring their children to learn in English may choose to send them to private schools. This has been reported in KwaZulu Natal, for example (Hofmeyr et al 2001, cited in Dieltiens 2002). Similarly, in Tanzania teaching in English rather than Kiswahili in private primary and

---

<sup>7</sup> Other IFC loans to education services in SSA countries include to the Gambia, Senegal, Guinea, Guinea Bissau and South Africa, all of which were approved in 1998. By far the largest loans have, however been to two private universities in Argentina – accounting for three quarters of the total loans made to education.

secondary schools, as well as the opportunity to taking an equivalent of the Cambridge, rather than national, examinations, is also considered to be advantageous (Chedié et al 2000).

### **National policy towards non-state sector involvement in education**

In many countries, the growth of the non-state sector has preceded consideration for its regulation which the analysis above would suggest has resulted in low quality private provision in some cases. Even where increased liberalisation in the education sector is advised (for example in the WTO GATS), this does not imply deregulation, but rather often raises issues of the need to reconsider and improve existing regulation. Questions arise, for example, about the role of regulation - what is being regulated; who should regulate either at the national level (private or public regulators) or at the international level. At present, no international regulatory bodies exist, although this is increasingly becoming an issue in the light of the growing prominence of cross-border distance education programmes using information and communication technology (ICT). However, it is not yet clear who would be most appropriate to serve as an independent, international regulator, or how this would be achieved.

Sayed with Rose (2001) indicate three possible responses to the regulation of the private education. One option is to allow the market to regulate its own activities. In other words, the quality and success of private education providers will be determined by the extent to which they can effectively compete in a market context. An example of unregulated growth of the private sector is Nigeria where the higher education sector was opened up to the private sector in 1979 without regulation resulting in 26 'universities' in six months. However, this freedom was removed as it was realised that it encouraged the growth of low quality providers (Maxwell et al 2000). Similar concerns in South Africa led to the National Department of Education announcing a moratorium on the registration of private higher education institutions in 2000 pending a full review. While the moratorium was in place, the Department put forward a Higher Education Amendment Bill/Act to regulate and restrict the unfettered operation of the private higher education sector (Sayed and Rose 2002). Many would not consider this to be an acceptable approach for many reasons, including the fact that the operations of private providers within a country have a direct impact on public institutions and leave students unprotected. As such, this is an abdication of responsibility by government. In most countries there is no 'free market' for education in reality as most governments regulate the activities of private providers in some way and with good reason.

A second approach is not to allow any institution to operate as a private provider, as was the case previously in countries such as Tanzania and Mozambique. This rejectionist discourse only works if the state has the capacity to act against private providers and that they would not find other means (e.g. by using ICTs) to offer programmes.

The third way, referred to as a 'governance approach', is where the state recognises and acknowledges the existence of this sector but seeks optimal ways of regulating its activities. This approach steers between the 'laissez-faire' orientation of the first approach and the 'rejectionist' logic of the second. In some cases, regulation is undertaken by a buffer body. For example, in Kenya and Tanzania accreditation is the responsibility of a higher education council which undertakes initial evaluations and makes recommendations to the Minister of Education (Maxwell et al 2000).

In practice, some countries in East and Southern Africa which restricted private education after independence have more recently reviewed these policies. For example, the 1973 nationalisation decree of private primary schools in Tanzania was revoked in 1990, within two years of which 32 private institutions were operating some of which were private institutions owned by the Catholic church prior to the nationalisation decree (Bray 1996, cited in Kitaev 1999). Private secondary schools, which were initially discouraged but tolerated, began to be encouraged after 1986 due to

pressures of students completing the primary cycle, although formal regulations continued to prohibit profit-making and individually run private schools.<sup>8</sup>

Given that recent developments in private education has occurred by default rather than by design, legislation and regulation is occurring post hoc in many cases and is relatively recent and still poorly developed. In Malawi, the Ministry of Education admits that the number of private schools is not known as it has no strong policy to ensure registration of these schools before they open. It notes that the Education Act which is supposed to regulate the establishment and operation of the institutions is 'too out-dated to serve the purpose to any national benefit' so most operate without following the required legal procedures. In addition, it suggests that given that private schools are business entities they 'tend to give cosmetic pictures on their financial flows for fear of government interventions' (Malawi EFA Assessment 2000).

There is also often variation in the aspects of non-government providers which are regulated – regulation can include, amongst others, fees charged, adequacy of financial provision, facilities available, curriculum, qualification of teachers, class size. Such criteria are stipulated in Tanzania where applications should first be submitted and approved, before the school is built (Chediell et al 2000). NGOs, communities and individuals are now allowed to establish, own and manage educational institutions of all levels. However, they must abide by laws and regulations issued by the Ministry of Education or any other ministry responsible for the type of education and/or training concerned (Tanzania EFA Assessment 2000). As a result, private providers are expected to operate in almost identical ways to public providers (although in practice this is not the case, as highlighted above).

South Africa is perhaps a country where legislation has developed significantly since the end of apartheid.<sup>9</sup> According to the constitution, independent or private institutions are those educational institutions that are not operated by a public authority, whether or not they receive financial support from such authorities. Section 29: 3 of the Constitution in force since 1997 stipulates that everyone has the right to establish and maintain independent educational institutions that: (i) do not discriminate on the basis of race; (ii) are registered with the State; and (iii) maintain standards that are not inferior to standards at comparable public educational institutions. Sub-section 4 notes however, that this does not preclude state subsidies for independent educational institutions. In addition, the Higher Education Act No. 101 of 1997 provides for the establishment of a single national co-ordinated higher education system, one of the five key features of which is establishment of a regulatory framework for the registration of private providers of higher education programmes. Moreover, the Further Education and Training Act No. 98 of 1998 aims to establish a national co-ordinated FET system and includes registration of private FET institutions. South Africa is also making efforts to regulate the commercial activities of South African providers outside the country, and of foreign providers in the country, which include Monash University, Bond University, De Montfort University, and the Business School of the Netherlands (Maxwell et al 2000). In South Africa, tight regulation is apparent, with an attempt to ensure that private institutions replicate what is happening in the state sector. However, even here, the development has occurred in response to the expansion in private sector involvement in education (Sayed and Rose 2002).

Private education is also influenced by legislation beyond ministries of education, for example of departments of trade and industry. As Dieltiens (2002) points out, independent schools in South Africa are not only governed by legislation within the education sector, but also in relation to taxation and labour. For example, independent schools employing more than 50 members of staff have to submit employment equity plans according to the Employment Equity Act (Dieltiens 2002). The complexity of the variety of legislation, rather than a single policy statement, can result in considerable time spent ensuring that regulations are complied with, and may also curb the autonomy of independent schools.

---

<sup>8</sup> Following the nationalisation of private institutions, school fees were introduced in primary and secondary schools in Tanzania, implying a contradiction in the policy since private financing continued to be encouraged.

<sup>9</sup> A detailed examination of legislation governing independent schools in South Africa is included in Dieltiens (2002).

Furthermore, this means that independent schools are subject to greater legislation than government schools. In addition, government regulations discourage competition between public and independent schools, refusing subsidisation of new independent schools near existing public schools which are not full. The government considers the legislation desirable in order to protect consumers and ensure quality of education (implying that the market would not achieve these objectives, although this could be considered to be antithetical to the ethos of privatisation).

Where regulation of the private sector is evident, this is often most apparent in determining what schools can teach, in particular to keep them in line with publicly-run schools. Thus, private schools in many countries are required to follow the standard national curriculum with students expected to take national examinations. Legislation related to private education in South Africa includes, for example, stipulation that independent schools follow the core national curriculum, set minimum standards for subsidies to independent schools based on criteria such as in relation to, amongst others, redressing previous inequalities, and achieving minimum standards in national examinations. Schools can, however, supplement the core curriculum, for example with religious education for those affiliated with religious organisations.

Although schools in Malawi are under no obligation to follow the structure set up by the government, most private primary and secondary schools follow the national curricula as students are expected to sit for national examinations prepared by the Malawi National Examinations Board, while designated private schools for international students follow international curricula. (Malawi EFA Assessment 2000). Similarly, in Mozambique, in accordance with the law, most private schools follow the national curriculum although they may also teach additional subjects. Pupils in private schools also sit for national examinations, and teachers are trained in government teacher training institutions (Mozambique EFA Assessment 2000). Also, in Namibia and Zimbabwe, private schools are required, as a condition of registration, to incorporate the national curriculum as a minimum requirement (Namibia EFA Assessment 2000; Latham and Blair 1999). Private schools in Tanzania at all levels follow the same curricula as public schools. In Zanzibar, private institutions can have their own curriculum but it must be approved by the MOE. In practice, most private schools follow the national curriculum, although no standard curriculum has yet been developed in Koranic schools (Zanzibar EFA Assessment 2000).

In practice, a tension is evident between *lighter* regulation to enable the private sector to operate unfettered; and *tighter* regulation to avoid the continued explosion of low quality private education. While the former runs the risk of allowing last chance schools to proliferate, the latter has been resulting in expectations for the private sector to replicate the state sector (for example by following the same curriculum and examinations), with implications for meeting differentiated demand and providing choice to consumers.

### **The future of the non-state education sector in serving the needs of the poor**

This paper has highlighted that potential for the non-state sector to serve the needs of the poor in education needs to be treated with caution. Claims that the private sector can provide better quality education at lower cost is not substantiated by recent experience. In many cases the expanded role of the non-state sector has in many cases been by default (or despair) rather than by design. As a result, a three-tier pyramid which has evolved, with a base of low quality private schools becoming increasingly prevalent to fill the gap in the market. In situations where it might be desirable to consider ways to extend the role of the non-state sector, there are limitations to its expansion (see Appendix 2). Even in Tanzania, where the secondary sector relies heavily on private provision, it is unclear how far the private sector can be relied upon to sustain expansion of the system. Although only five percent of children attend secondary school, there are signs of a slowdown in the expansion of the private sector suggesting possible market saturation at current prices and perceived quality of service (Lassibille, Tan and Sumra 2000).

In considering increased reliance on the non-state sector in order to increase choice, a number of questions arise. Firstly, choice of what - paying fees from scarce household resources to profit-making individuals or institutions for low quality education?; and for whom - for those unable to pay fees for these last chance schools, is there any choice other than not attending school at all where the private sector is taking over the state's responsibility for education? Secondly, what are the motives of private providers – profit or serving the needs of the poor?; and how do their motives influence the type of education offered? Thirdly, if children were previously out of school in countries such as Malawi and Uganda because of inability to pay fees and enrolment increased dramatically following their abolition, how is it possible that these same poor families can now afford to pay fees in private schools instead? It could be argued that the expansion of the private sector means that those who do have the resources are paying for their education, freeing resources for the government to pay for the poorest – but, why would these families be choosing to pay for poor quality education, when they could be getting fee-free schooling in the state sector (if the choice exists)?

The provision of low quality private education for the poor is not serving their needs, but rather using up their scarce resources with limited benefits. The recent evidence implies that there is a need for tightening of regulation of the private sector, whose motives are not always obvious, to ensure that education provided is of an acceptable standard. Furthermore, the promotion of community involvement is often placing an increased burden on the poorest areas, and on the most disadvantaged within those areas. Although community involvement might be desirable, this should not be used to abdicate the responsibility of the state of its role in providing education for the poor. While it is undeniable that the non-state sector has played and will continue to play a role in education, this should not be seen as an alternative to the state's role in providing for social needs. There is a need to strengthen the role of the state in financing, provision as well as regulation if the poor are to have access to schooling of acceptable quality at different levels, and be protected from the poor quality private provision which is becoming increasingly prevalent.

## References

- Al-Samarrai, S. (2001) Educational Inequality in Tanzania. Unpublished PhD thesis: University of Sussex.
- Altbach, P. G. (1999) 'Private higher education: themes and variations in comparative perspective'. *Prospects*, XXIX (III), 311-323.
- Banya, K. (2001) Are private universities the solution to the higher education crisis in sub-Saharan Africa. *Higher Education Policy* 14: 161-174.
- Bennell, P. (2000) The impact of economic liberalisation on private sector training provision in Zimbabwe. *Assessment in Education* 7 (3): 439-454.
- Bray, M. (2000) Community partnerships in education: Dimensions, variations and implications. Dakar: EFA Thematic Study
- Bray, M. (1996) *Counting the Full Cost. Parental and Community Financing of Education in East Asia*, Washington DC: World Bank
- Chedié, R., N. Sekwao, et al. (2000) *Private and Community Schools in Tanzania (Mainland)*. Paris: International Institute of Educational Planning, UNESCO.
- Colclough, C., 1996, Education and the market: which parts of the neo liberal solution are correct?, *World Development*, 24 (4): 589-610
- Department of Education (1999) *Higher Education Planning Statistics – Report 1: Students in Universities and Technikons 1993-1999* Pretoria: Department of Education.
- Department of Education (2001) 'Registration of private higher education institutions.'  
[http://education.pwv.za/DoE\\_Sites/](http://education.pwv.za/DoE_Sites/)
- Dieltiens, V. (2002) Private education in South Africa: A literature review. Johannesburg: Education Policy Unit, University of the Witwatersrand
- Eckel, P. (2001). A world apart? Higher education transformation in the US and South Africa. *Higher Education Policy* 14(2): 103-115
- Fiedrich, M. (1999) Education for all, success for the rich? Questions about the development of the private primary education sector in Uganda. London: ActionAid.
- International Finance Corporation (nd) Investing in private education in developing countries.  
[www.ifc.org](http://www.ifc.org), International Finance Corporation. [accessed 9/2002]
- James, E. (1993) 'Why do different countries choose a different public-private mix of educational services?' *Journal of Human Resources* 28 (3): 571-92
- Jimenez, E. and V. Paqueo (1996) Do local contributions affect the efficiency of public primary schools?, *Economics of Education Review*, 15 (4): 377-386
- Kadzamira E.C., and M. Chibwana (2000) 'Gender and Primary Schooling in Malawi', *IDS Research Report* No 40, Brighton: IDS
- Kadzamira E. and D. Kunje (2002) The changing roles of non-governmental organisations in education in Malawi. Zomba: Centre for Educational Research and Training, University of Malawi.
- Kadzamira, E. and P. Rose, 2001, 'Educational policy choice and policy practice in Malawi: Dilemmas and disjunctures', *IDS Working Paper* No 124, Brighton: IDS
- Karmokoias, Y. and J. van Lutsenburg Maas (1997) The business of education: A look at Kenya's private education sector. Washington DC: World Bank.
- Kitaev, I. (1999) *Private Education in Sub-Saharan Africa: A Re-examination of theories and concepts related to its development and finance*. Paris, International Institute of Educational Planning, UNESCO.

- LaRocque, N. (1999) Regulatory framework issues in education. Abidjan: Investment Opportunities in Private Education in Africa.
- LaRocque, N (2000) 'Private higher education in developing countries: Private interest...Public good,' Presentation to NZAPEP Cooperative Change in Tertiary Education Conference, 13 September 2000. <http://www.worldbank.org/edinvest>
- Latham, M. and R. Blair (1999) Zimbabwe: The current role of private provision within the education sector. Washington DC: World Bank.
- Maxwell, J., D. Provan, et al. (2000) State controlled or market driven? The regulation of private universities in the Commonwealth. London: Commonwealth Higher Education Management Service.
- Miller-Grandvaux, Y., M Welmond and J. Wolf (2002) Evolving partnerships: The role of NGOs in basic education in Africa. Washington DC: USAID
- National Commission for Higher Education (1996) *Higher Education: A Framework for Transformation*. Department of Education: Pretoria.
- Patrinos, H. (2000a) 'The global market for education.' AUCC International Conference, Montreal, Canada 31 October – 2 November 2000. <http://www.worldbank.org/edinvest>
- Patrinos, H. (2000b) 'Global education market' <http://www.worldbank.org/edinvest/>
- Rose (2002) From the Washington to the post-Washington consensus: Cost-sharing in Malawian primary schooling. Unpublished PhD thesis: University of Sussex
- Rose (2003) Community participation in school policy and practice in Malawi: Balancing local knowledge, national policies and international agency priorities, *Compare* 33: 1
- Salmi, J. (1997) Equity and quality in private education: The Haitian paradox. Oxford Conference on Education and Geopolitical Change, Oxford
- Sayed, Y. with P. Rose (2001) 'Private education in South Africa: Forging New Partnerships?', Paper presented at the conference on 'Siyafunda: Partners in Learning', London: Institute of Education
- Sayed and Rose (2002) The growth of the private higher education sector in South Africa: Governance and regulation challenges, Brighton: Centre for International Education
- Sosale, S. (1999) Trends in private sector development in World Bank education projects. Washington DC: World Bank
- Thaver, B. (2000) 'Private education in Africa.' Mimeo
- Tooley, J (1999) *The Global Education Industry: Lessons from Private Education in Developing Countries*. London: Institute of Economic Affairs.
- Tooley, J. (2001) Serving the needs of the poor: The private education sector in developing countries. *Can the Market Save our Schools?* C. Hepburn. Vancouver: The Fraser Institute.
- UNESCO (1999) *Statistical Yearbook* Paris: UNESCO
- UNESCO (2000) *World Education Report* Paris: UNESCO
- UNESCO Country EFA Assessments (2000) <http://www2.unesco.org/wef/countryreports/home.html>
- Varghese, N (2001) 'Private higher education – sharing the responsibility' *IIEP Newsletter* Vol XIX No 1: 9-10.
- Wolf, J., E. Kane, et al. (1997) *Planning for Community Participation in Education*, Washington DC: Office of Sustainable Development. USAID
- World Bank (1999) *Education Sector Strategy*, Washington DC: World Bank

World Trade Organisation (1998) 'Education Services. Background note by the Secretariat' S/C/W/49.

## Appendix 1: Private enrolment as a proportion of total enrolment, 1996

	Pre-primary		Primary		Secondary general	
	1990	1996	1990	1996	1990	1996
<b>Sub-Saharan Africa</b>						
Angola	0	0	0	0	0	0
Benin	8	9	3	6	...	8
Botswana	...	...	5	4	75	78
Burkina Faso	29	35	9	8	39	...
Burundi	...	...	1	1	9	11
Cameroon	36	48	25	25	39	36
Cape Verde	...	...	0	0	0	0
Central African Republic	...	...	0	...	4	...
Chad	...	...	6	8	5	12
Congo	...	...	0	2	0	1
Côte d'Ivoire	67	49	10	11	24	35
Dem. Rep. of the Congo	...	...	...	13	...	...
Djibouti	100	100	9	8	17	14
Equatorial Guinea	...	...	...	...	...	...
Eritrea	98	94	31	12	...	10
Ethiopia	100	100	13	7	7	7
Gabon	52	...	31	29	19	42
Gambia	...	...	...	...	...	...
Ghana	...	...	7	...	...	...
Guinea	95	92	2	9	1	6
Guinea-Bissau	0	0	0	0	0	0
Kenya	...	...	...	...	11	...
Lesotho	...	...	100	100	...	...
Malawi	...	...	7	0	...	...
Mali	...	...	16	19	...	...
Mozambique	0	...	0	0	0	0
Namibia	...	...	...	4	...	4
Niger	22	23	3	4	7	13
Nigeria	...	...	...	...	...	...
Rwanda	...	...	1	...	34	...
Senegal	58	65	9	10	22	23
Sierra Leone	100	100	...	...	...	...
Somalia	0	...	0	...	0	...
South Africa	3	8	1	1	1	2
Sudan	...	...	1	1	22	4
Swaziland	...	...	81	...	43	...
Togo	51	52	25	29	15	11
Uganda	...	...	...	9	...	...
United Rep. of Tanzania	...	...	0	0	55	51
Zambia	...	...	...	...	...	...
Zimbabwe	...	...	88	88	71	71

	Pre-primary		Primary		Secondary general	
<b>South America</b>						
Argentina	...	29	...	20	...	...
Bolivia	10	...	10	...	...	...
Brazil	26	22	14	11	...	...
Chile	48	51	39	42	42	45
Colombia	52	51	15	19	39	...
Ecuador	...	38	...	18	...	...
Guyana	0	0	0	0	0	0
Paraguay	55	28	15	14	22	27
Peru	18	22	13	12	15	16
Suriname	...	...	...	...	...	...
Uruguay	30	26	16	16	17	16
Venezuela	15	19	14	18	29	...
<b>South Asia</b>						
Afghanistan	0	0	0	0	0	0
Bangladesh	...	...	15	...	90	...
India	...	...	...	...	...	...
Nepal	...	...	5	6	...	...
Pakistan	...	...	...	...	...	...
Sri Lanka	100	100	1	2	2	2

Source: UNESCO 2000

## Appendix 2: Constraints Facing the expansion of private schooling in Kenya

Although there are forces underpinning the evident growth of privately owned and operated schools and universities in Kenya, there are also several factors constraining even greater growth.

- *Poverty is a constraint for many families.* Low incomes limit the overall availability of domestic resources for private as well as public education.
- *Limited Financial Management Skills.* Although some of the school owners who participated in the study showed keen financial management skills, many others are having to learn these skills on the job, since most private school owners were trained as educators. The lack of these skills becomes a more acute constraint when relatively small schools wish to expand or try to reposition themselves into a different market niche and need to raise financing outside the organization, as well as manage a larger operation in a more competitive environment.
- *Limited Access to Commercial Investment Funds.* Kenya's domestic credit markets and institutions have suffered in recent years from considerable uncertainty, brought about by macroeconomic mismanagement and political interference. Commercial interest rates have been 25 to 30 percent. For the most part, only short-term credit is available, making it difficult for schools to undertake long-term investments. Furthermore, domestic financial institutions which do make loans have institutional restrictions on lending to schools.
- *Limited Access to Foreign Exchange.* Most private school revenues are in local currency. In unstable economic conditions, as often prevail in Kenya, borrowing in foreign exchange entails considerable risk. In the case of the IFC-project in Pakistan the foreign exchange risk was mitigated through a swap mechanism which, in essence, allowed the borrower to deposit the dollar amount of the IFC-loan with the Central Bank and receive an equivalent loan in local currency. The borrower would repay the IFC loan by converting rupees to dollars at a fixed exchange rate, guaranteed by the Central Bank, for which the borrower pays a fee. Swaps and other hedging mechanisms are becoming increasingly common and could provide an answer to education investments faced with foreign exchange or interest rate risks.
- *Physical Constraints.* While physical accommodations can be modest, the bulk of instruction requires physical premises reasonably hospitable to educational pursuits. The recent prolonged recession in Kenya has left a dearth of vacant properties. New construction is needed either for direct ownership or leasing by schools and colleges. At the same time, real estate in and near Nairobi has become expensive, particularly for sites which would be appropriate for locating educational facilities. For example, Oshwal College was established recently and rents all its facilities near the center of Nairobi. Rent accounts for about 20 percent of its total operating expenses. Like many other schools, Oshwal is looking to build its own facilities outside the city but is constrained by the lack of affordable finance. Most technical schools surveyed also indicated that they wish to expand but cannot because of the scarcity of proper facilities for rent, the associated high cost of renting and the unavailability of finance to construct their own facilities.
- *Lack of Access to the Leasing Industry.* Firms which lack capital or debt capacity could benefit from leasing but the leasing industry in Kenya has, thus far, not played a significant role in developing Kenya's private education sector.
- *Lack of Student Loan Schemes.* Private banks, working with the owners of private education institutions, have not yet found a way to manage student credit risk to acceptable levels and government-financed student loans are not available to students attending private institutions.
- *Cumbersome Legal and Institutional Framework.* Although the government is not against private schools, many schools reported that obtaining the necessary licenses or permits is an arduous and expensive process, especially in expanding or establishing a new institution.
- *Security.* Crime in Nairobi has increased over the years and private schools have not been spared. Theft of equipment and robberies of students on and near school premises have necessitated additional expenses to hire security services, replace equipment and in many instances curtail school hours to ensure that students leave before dark.

Source: Karmokolias and van Lutsenburg Maas 1997: 17-18