

Public Private Partnerships in Education

New Actors and Modes of Governance
in a Globalizing World

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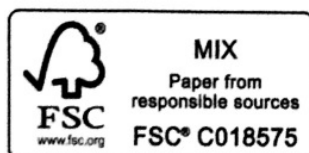
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12. Is low-fee private primary schooling affordable for the poor?

Evidence from rural India

Joanna Härmä and Pauline Rose

INTRODUCTION

Basic education is often regarded in international agreements and national constitutions as being a state responsibility. Since the 1990s, an international consensus has formed around the need for primary schooling to be fee-free. This consensus was deeply rooted in the World Forum for Education for All held in Dakar in 2000. At the same time, concern for achieving Millennium Development Goals (MDGs) and Education for All (EFA) by 2015 has led to a focus on the role that non-state providers can play in extending education access and improving its quality, including at the primary level. Even though much of this provision has grown by default, a more explicit international policy focus towards non-state provision has become apparent in recent years as a response to the limited resources available for education. The policy focus has been further reinforced by the recent global economic crisis (Rose 2010). As such, there has been a shift in international attention from advocating private financing of public provision that predominated during the economic crisis of the 1970s and 1980s, towards public financing of private provision in recent years.

Along with the increased international policy interest in non-state provision, there is some evidence of growth in commercially oriented private schools charging relatively modest fees in many developing countries, or *low-fee private* (LFP) schools (Srivastava 2006). This has given rise to a lively debate about the quality of such provision, its cost, and the implications that this has for choices for the poor (see Rose 2009). On the one hand, growth in LFP provision is proposed by some to extend choice to the poor, who previously only had recourse to government provision (Tooley and Dixon 2006). Through increased competition, it is also seen as a means to improve the quality, accountability and cost-effectiveness of education across the board: LFPs must compete with government in order to win the 'market share', while government schools must improve their quality to retain students. Some commentators advocate building

'partnerships', with the state playing a greater financial role in supporting the development of such private provision (Patrinos et al. 2009). Other commentators argue that the prominence of LFPs primarily highlights problems with government schooling, and that public financing needs to focus on strengthening government schools, which remain the only form of provision for the poor-est who have no choice (see UNESCO 2009).

Reviewing evidence from developing countries, along with a more in-depth case study in a part of rural India that highlights many of the issues debated internationally, the chapter considers the extent to which LFPs are affordable for the poorest households. The evidence presented in the chapter shows that a policy approach that promotes LFPs for the poor is likely to reinforce inequalities as the poorest households are unable to pay even relatively modest fees and the other direct costs of attending these schools, or can only do so by making great sacrifices affecting resources available for their other basic needs. At the same time, the chapter recognizes the unacceptable state of government education in many developing countries. Rather than providing public financial support to LFPs, the chapter argues that governments and international aid donors need to focus attention towards improving the quality of public provision and strengthening its accountability given that it remains the only source of education for the vast majority of vulnerable households in developing countries.

IS LOW-FEE PRIVATE SCHOOLING AFFORDABLE FOR THE POOR? A REVIEW OF EVIDENCE FROM DEVELOPING COUNTRIES

The growth in LFPs in parts of some countries has led certain commentators to argue that these schools are accessible to the poor, and should therefore be encouraged (Tooley and Dixon 2006). Research by Tooley and his collaborators has primarily looked at the provision of LFPs in areas that are considered to be inhabited by poor people, such as urban slums in India and Kenya, and peri-urban areas in Ghana, and finds a large number of children attending these schools. The extent of LFP provision that this research identifies is promising both in terms of the possibility of achieving Education for All, as it suggests that more children could be attending school than acknowledged through conventional data that tend to include only enrolment in government schools and government-recognized private schools; and also because LFPs could promote competition to improve standards in government schools.

However, much of the literature on LFPs does not sufficiently differentiate between households living in poor urban areas, nor does it extend to rural areas where many of the most vulnerable households are located. This restricts

an assessment of the extent to which LFPs are reaching the poorest. Some commentators suggest that the least affluent are most likely to be in government schools or not in school at all. To take one example, in Ghana's capital, Accra, around 40 per cent of total enrolment in basic education is in the private sector. But households in the rural north and other areas where enrolment is already low are far less likely to opt for LFPs, since school costs are already the major reason their children are out of school. While LFPs are spreading in rural Ghana, it is mainly where fishing and trading are the main occupations, not in areas dependent on subsistence farming (Akyeampong 2009). Similarly, a survey in Hyderabad, India, found that 'it is the relatively wealthier of the poor parents who in general send their children to private unaided schools' (Tooley et al. 2010, p. 121). Of those in government schools, the vast majority (87 per cent) were from the lowest income group (3000 Rupees or less), while 58 per cent of households who were sending their children to private schools were in this income group (*ibid.*).

Evidence from urban slums in Nairobi, Kenya further highlights equity concerns in LFP provision from a different perspective (Oketch and Ngware 2010). In this case, inadequate public spending on education in the slums has meant that there are insufficient government school places in these locations. Government schools that are available are also of significantly lower quality than government schools outside of slums. As such, the survey of slum and non-slum areas finds that a large proportion (over 40 per cent) of the poorest households living in slums were forced to pay fees to attend LFPs given it was the only choice available to them, while wealthier households outside of slums had a choice between government schools or private schools. For those with a choice outside of slums, only around 5 per cent of the poorest households made the choice in favour of private schooling, opting instead for fee-free government schooling that their counterparts in the slums were unable to access.

Even where the poor are 'choosing' to pay for LFPs, questions arise concerning the potential impact on the welfare of these households more broadly. The 2009 Education for All Global Monitoring Report (UNESCO 2009) raises the concern that when poor households pay for education they are forced to divert income from other areas, including nutrition, health, shelter and savings for emergencies. Evidence from a variety of contexts illustrates the real trade-offs facing poor households. In Hyderabad, India, it is estimated that a family living on the minimum wage would have to spend roughly one-quarter of its income for three children in a household to attend an LFP (Watkins 2004). In urban Malawi, even the relatively modest fees cited by owners of LFPs (around US\$3 per term in 2004) would be beyond the reach of poor households, even before taking the other direct costs of education into account. For the two-thirds of the population living below the poverty line, fees at this level would translate into over one-third of available resources per person per household

(Kadzamira et al. 2004). In the economic heart of Nigeria, Lagos, which has recently been found to have 12,098 private schools accounting for 57 per cent of all school enrolments, there has been a recent drastic minimum wage revision from \$48 per month to \$121. The cost of sending one child to an LFP school charging average fees for a year represented 48 per cent of the old minimum wage, and even now one child will cost 18 per cent (and this is assuming all wages have suddenly risen to meet the new regulation, which is extremely unlikely) (Härmä and Adefisayo, forthcoming). In each case, the extent of the costs of LFPs seriously constrains resources available for other basic needs.

Concern over the cost burden of LFPs for the poor is not to deny that the quality of government schools is often unacceptable. LFPs are clearly filling a gap. It is also not to deny that there are circumstances under which the private sector can play a role – evidence from Sweden (see UNESCO 2009) and the Netherlands (see World Bank 2009) highlights this. However, these are contexts with high levels of taxation, strong government provision, supervision and a broadly egalitarian society, and so the intention of competition between private and public sectors can more easily be realized. But even in these contexts, research raises concerns about increasing segregation as a consequence of school choice (Ladd et al. 2009).

Given the failures of government systems in many developing country contexts, and concerns over the potential reinforcement of inequality through promoting private schooling, voucher schemes have become an increasingly popular policy option proposed to address the unaffordability of LFPs for the poorest. The intention is that vouchers will enable poor households to exercise choice. Research on the impact of voucher schemes is, however, far from conclusive. Most of the evidence available comes from countries with a relatively well-developed institutional structure, and even then with mixed results (Thapa 2009). Much of the research has found that such schemes are unlikely to be effective in addressing equity and may even widen segregation, including in Chile which has one of the world's most developed voucher schemes (McEwan et al. 2007).

Fischel considers voucher schemes in the United States, and argues that vouchers as part of the school choice argument may apply well within urban areas, but that in rural areas certain conditions, such as population density to support a range of different providers, do not apply (2002). Levin (1999) has commented on the serious administrative and regulatory requirements of an effective voucher scheme which include record-keeping, school accreditation, transportation, information and adjudication of disputes. Costs would inevitably rise because a government body would need to keep track of student attendance, voucher eligibility and redemption of vouchers on a statewide/countrywide basis.

More broadly, Lewin (2007) argues that support for voucher schemes are 'coloured by ideology transposed from well developed, professionalised, regulated, and partly marketised education systems in rich countries to partly developed, poorly professionalized, largely unregulated, systems' (Lewin 2007, p.19). Many LFPs in developing countries do not meet government recognition requirements and tend to pay teachers significantly less than government schools, sometimes less than the minimum wage. As a result, any decision to buy places in LFPs for the underprivileged is likely to lead to an overall increase in government spending to enable the LFPs to gain government recognition and pay teachers an acceptable wage.

Efforts to register and regulate LFPs to facilitate a voucher scheme require additional work for governments already struggling to administer the existing public school system. Indeed, Muralidharan (2006), writing on the Indian context, argues that this demands a much-expanded role for government in continuing to fund its existing school system while also overseeing and providing quality-assurance to LFPs.

With the support of aid donors, Pakistan is one of the few poor countries that have implemented a voucher scheme. The country has witnessed an expansion in private schooling in recent years, with studies identifying that as many as one in three primary school students attend a private school (Andrabi et al. 2007). There is some evidence of a positive influence on enrolment and learning outcomes of the voucher scheme that has been in operation since 2006 (Salman 2010). Yet the scope of the scheme remains limited, and focused on the relatively prosperous Punjab province where overall primary school enrolment is already high compared to other parts of the country. By 2012, the voucher scheme had expanded to cover 80,000 students in 267 schools (personal communication with Education Voucher Scheme Director, 23rd March 2012) from its original scope of 1000 students in 13 schools (Salman 2010). While the programme has expanded considerably, this is just a drop in the ocean in a country where the number of out-of-school children is around 5.1 million. This raises key questions about whether it is possible to expand the programme on a sufficient scale to reach those out of school, including the poorest households living in remote areas, and whether LFP providers have sufficient incentive to open in parts of the country where conditions are harshest (UNESCO 2009).

Where poor households are paying for education at LFPs due to the low quality of government schooling available, this can either be viewed as a market preference freely expressed, or as an act imposed by policy failures that leave poor households with two stark options: paying for education through severe sacrifices in other areas, or accepting that their children have no opportunity for an education meeting minimum quality standards. Voucher schemes are one policy response. An alternative would be for support to be directed at improvements in the quality and accountability of government provision,

ensuring it reaches populations in underserved areas such as urban slums and remote rural areas. These issues are explored through a more detailed assessment of the schooling preferences of poor rural households, and the costs of different types of provision in the India case that follows.

PUBLIC EDUCATION POLICY FOR THE POOR IN INDIA

India has been at the forefront of many of the debates on LFPs, where the scale of their provision has been recognized since at least the early 1990s (Kingdon 1996). At the same time, the country also has a long-standing tradition of fee-free primary schooling, recently enshrined in legislation as a right. Despite such commitments, the state is still failing to deliver adequate education to large portions of the population. As the evidence below shows, parents are 'choosing' LFPs where they can afford to do so due to lack of alternatives in the face of failing government provision. However, the poorest households do not have this option, reinforcing a two-tier system.

India's Policy Environment Towards LFPs

International trends towards support for private schooling through 'public private partnerships' (PPPs) in education are clearly visible in India's national policy documents. Based on a review of India's approach towards PPPs since 2000, Srivastava (2010) finds that recent government plans adopt the rhetoric of partnership, even though they have failed to specify what this means (particularly in the 11th Five Year Plan for Education). As a result, the plans appear to present a contradiction between the government promoting itself as playing a central role in service provision (including through emphasis on the abolition of fees), while also putting forward strategies for privatized delivery with implications for a diminished role for the state in financing, management and regulation. Thus, government plans are doing little to provide clear guidance on its response to the mushrooming of private providers, which is commonly seen to be occurring due to public dissatisfaction with the quality of public provision.

On 1 April 2010 the Right to Education Act was brought into force which can be seen as a break with these past, vague efforts to address the private schooling phenomenon. Section 12 of the new law makes it mandatory for all private schools to reserve 25 per cent of seats for the poor and underprivileged, for whom the government will pay the applicable tuition fees: a kind of 'student scholarship'. However, as discussed below, the tuition fee is only part of the cost of attending an LFP, and families are left to pick up the rest of the bill, meaning that payment of fees will help some families, but not the poorest.

In addition, early and admittedly anecdotal evidence suggests that more affluent private schools are providing this provision to 'the poor' through separate, after-hours 'shifts'. This means keeping the children of 'the poor' separate from their usual clientele, and sometimes using a separate, cheaper teaching cadre (personal communication with families using private schools in Delhi, 2010). Section 19 outlines harsh penalties for schools that do not gain recognition from the government within three years of the Act coming into force, and it has been stressed that these schools will not be closed down in large numbers but rather encouraged to register (R. Govinda speaking at the School Choice National Conference in New Delhi, December 2009). As such, the Act has been criticized as being a piecemeal response to the issues of government school failure and encouragement of LFPs.

Low-fee Private Schools in India: Access Determined by Preference or Poverty?

This section of the chapter looks in more detail at whether poor households in a rural part of India can afford to choose LFPs. As the majority of India's population lives in rural areas, it is important to investigate the question in this setting. The study was carried out over the winter of 2005–06 in rural western Uttar Pradesh (UP). The survey included a random sample of 250 households across 13 villages in one administrative block of District J.P. Nagar. Methods for data collection involved a structured interview with a parent or guardian of selected school-aged children, together with focus group discussions to deepen the understanding gained from the survey work. All available schools in the survey areas were visited, observations of facilities were recorded, and teachers and head teachers were interviewed (see Härmä 2008, for further details on the methodology).

The study area is remote, served only by earth roads and no public transport. The people of the area are dependent on agriculture and very few associated industries for survival. Half of the sampled families were landless labourers, dependent on employment on the land of others, while half own at least some small plot of land. A very small number of breadwinners were found to be skilled labourers.

The setting was of particular interest because in almost all villages both government schools (a school owned, funded and managed by the state government) and LFPs (owned and managed by individual proprietors and privately funded through parental fee payments) exist.¹ There was a government school in all of the 13 villages where households were interviewed, and in ten of these villages there were also LFP schools. There were several villages where there was more than one LFP, with one village having three such schools, meaning that there was competition in some villages both between government and

LFPs, and also between LFPs themselves. In total, 16 private schools were found, half of which were government-recognized, while ten government schools were identified. This meant that parents must *make choices*.

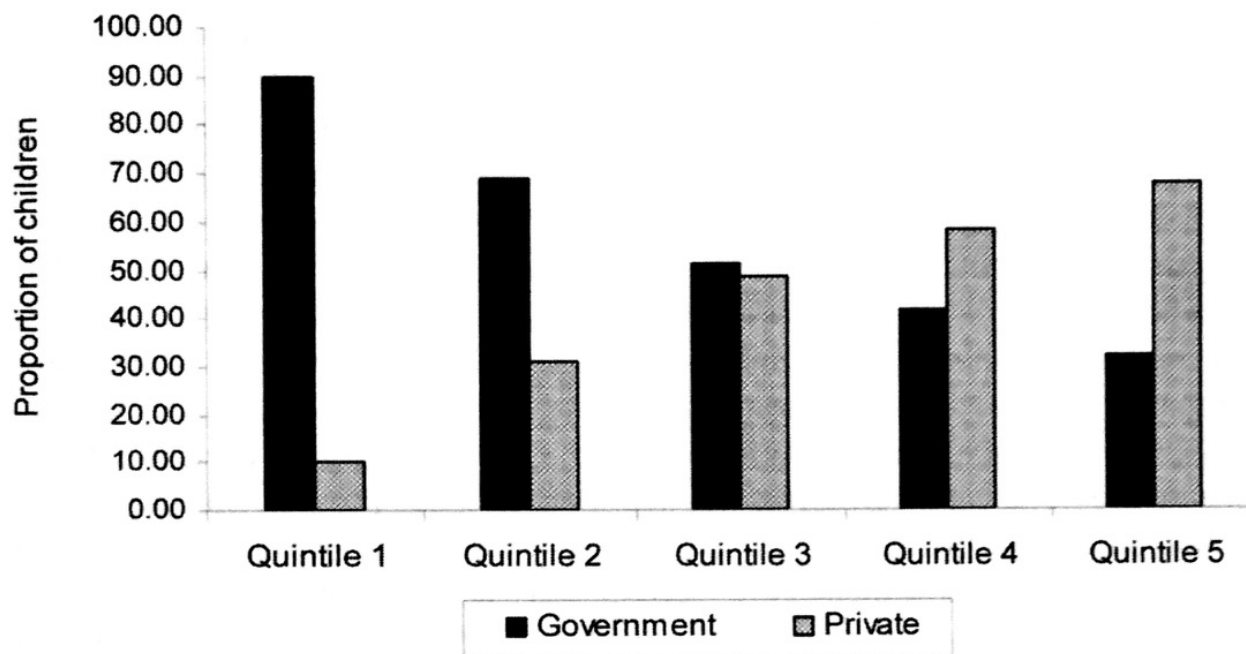
These choices are not made in isolation: they are made based on the personal experiences of the parents, on what parents observe to be happening in their village schools and with their neighbours' children. While parents engage in 'chatter' on the various schooling options available (Srivastava 2007), they do not, undereducated though they may be, simply follow the crowd, and the ultimate choices that they make are often impinged on by certain factors, such as poverty. In the survey area, the study identified that 58 per cent of sampled children were attending government schools and 41 per cent were in LFPs (and only just under 1 per cent out of school). This provided a good basis for assessing whether the split was due to preference or poverty.

When parents were asked their views about the schooling options available to them, over 94 per cent of parents stated that, under current conditions, LFPs were their preferred school type, with no parents showing any awareness of whether LFPs were government-recognized or not. The remaining 6 per cent appeared to 'prefer' government schools mainly because they felt they would never be able to afford LFPs, and so felt that LFPs were not even an option to consider. Further investigation identified that the preference for LFPs was not as clear-cut. Parents expressed a strong preference for a well-functioning government sector, such that LFPs should only exist in the current conditions of government sector failure.

An important reason for the preference for better-quality government schooling was that this was seen to be more sustainable. As one mother commented during a focus group discussion: 'you can't really trust private schools; as they are under the control of just one person, they can do just whatever they want. You can't trust them.' Another parent, when questioned whether it might not be best just to close the government schools in favour of private schools, replied: 'no they should not be shut down. They should just improve the quality of the schools... The quality of the education should be like the private school.' This view suggests that widespread reporting of parents' preferences for LFPs (Muralidharan 2006; Tooley and Dixon 2006) may only be telling part of the story. The fear of the unilateral control of one individual is reflected in reality, where LFP schools open and close in short periods of time, as Tooley and Dixon acknowledge: 'especially unrecognised or unregistered ones [LFPs], may be opening and closing fairly quickly' (2007, p.20). Indeed, as many as one-quarter of the sample LFPs had closed their doors within 18 months of the end of the field work for this study, eliminating competition between LFPs within villages.²

Despite the apparent overwhelming preference for LFPs among parents surveyed in this study, only 41 per cent of children were actually attending

LFPs when they are available. This raised a question why over half of children were in government schools, which were viewed by parents as inferior. One hypothesis was that poverty overrode preferences. This was supported by the evidence that those in the poorest households were significantly more likely to attend government schools (Figure 12.1).



Note: Quintile 1 = poorest.

Figure 12.1 School choice per child by asset index quintiles

A logit analysis was used to identify factors associated with attendance in government schools and LFPs. Along with wealth,³ the model controlled for important socio-cultural aspects of the family and the child (described in detail in Härmä 2011). Briefly, this analysis found that those in the poorest two quintiles had little chance of attending LFPs, while those in the wealthiest quintiles were highly likely to do so – indeed, children in the top quintile of wealth were 11 times more likely to attend LFPs than those in the poorest quintile. In summary, the study found that in this context of near universal desire to access LFPs under current conditions, poverty was actually the main determining factor in school choice.

This picture shows that there is a limit to the outreach of LFPs to the poorest. When looking through the lens of social disadvantage, a similar, nearly as stark image emerges. In India, members of ‘scheduled castes’ and ‘scheduled tribes’ are found to be less advantaged than other groups, as are Muslims (see, for example, Jeffery et al. 2001; Lieten 2003). The study found that over three-quarters of scheduled caste children, and nearly 70 per cent of Muslim children,

were attending government schools, while over two-thirds of medium or high caste Hindu children were attending LFPs. The family's occupation or livelihood also interplays with traditional patterns of socio-economic status, with the socially disadvantaged tending to own less or no land. In the study, 69 per cent of children from labouring families attended government schools, while only 45 per cent of children from farming families did so.

LFPs were also found to reinforce gender inequalities: 51 per cent of the boys in the sample attended LFPs, compared with only 34 per cent for girls. Another important factor was the number of children in the household – where there were many children, the already limited income of the family was stretched, whereas smaller families may be able to focus more of their resources on each particular child. As the number of children in a family increased, the use of government schools also increased. Given that poorest households tended to have larger families, this reinforced the likelihood of them sending children to government schools: families in the richest quintile had a mean of 3.8 children compared with 4.1 in the poorest quintile.

All of these factors interplay to result in a situation where multiple disadvantages overlap and reinforce one another. Indeed, those who are from a scheduled caste or tribe, or who are Muslim, are more likely to have a low income and own less land, and are likely to have more children than their more socially advantaged counterparts. However one looks at or defines poverty, the cost of LFPs has a major impact on the sector's ability to reach the poor and disadvantaged.

Comparing Household Costs of LFPs and Government Schools

To understand why poverty had such an effect, the study quantified the direct financial costs of schooling at both private and government schools. Government schools offered several incentive schemes such as a midday meal, free textbooks and a stipend of Rs300⁴ per year per child. At the time of the study, not all children had received their stipend money. For the purposes of considering costs, this stipend was disregarded, meaning that household costs of government schools are, if anything, exaggerated.⁵ Government primary schooling in India is officially free of cost, although there are a few official but very small fees (Table 12.1). Families reported that government schools were also charging illegal fees for registration, examinations and textbooks. Taking these into account, as well as the stationery that parents must provide, the average de facto cost per year at a government schools was reported as Rs148 (Table 12.1).

Despite the additional costs for attending government schools, the cost of accessing LFPs is considerably greater. These schools charge a monthly tuition fee which is the main cost most frequently cited in the literature (Srivastava

Table 12.1 Average annual household cost of sending a child to school

	Private schools			Government
	Recognized	Unrecognized	All	
Tuition fee	588	502	550	35
Registration fee	72	42	61	14
Examination fees	58	34	48	14
Books cost	216	206	210	8
Stationery cost	173	149	160	78
Uniforms cost	215	187	202	N/A
Total spend per year	1322	1121	1231	148

Note: The mean total expenditures equate to roughly US\$24.62 (all LFPs), \$26.42 (recognized), \$22.40 (unrecognized) and \$3.00 (government).

Source: Primary data collection UP 2005–06.

2006; Tooley and Dixon 2006). In addition, registration fees, examination fees, and the costs of uniforms, books and stationery all had to be paid by the parents. LFPs which were recognized by the government tended to charge higher fees than those which were unrecognized. This breakdown illustrates that the cost of accessing an LFP is at least eight times greater than accessing a government school.

Tooley and Dixon (2006) report that LFPs reach out to the poor by offering free and concessionary places for the worst-off however, this was not found to be the case in the study area – indeed, during focus group discussions this suggestion met with angry denial or even laughter from parents who had themselves sought such concessions in a bid to access private schooling. All sampled LFPs were found only to offer one child's monthly tuition free (while all other costs still apply) where three children from the same family are enrolled, and this was often insufficient (or inapplicable) to enable families to afford LFPs.

The accessibility of LFPs to the poor is determined by what a given family can afford to spend on each child, and this must be considered in the light of the family's entire circumstances. As already noted, education is just one of several important areas of expenditure for families, which include health care, routine costs of maintaining a household and livelihood inputs. Table 12.2 illustrates the proportion of household income that must be dedicated to educating children at LFP and government schools.⁶ The evidence is striking. It indicates that between 25 and 30 per cent of total household income must be spent by the poorest two quintiles of households to access LFP schools. Lewin (2007) considered 10 per cent as a reasonable proportion of a poor household's expenditure to be dedicated to all education needs. Based on this calculation

and drawing on the evidence in Table 12.2, only government schools are comfortably within the reach of the poorest 60 per cent of households.

Overall, the study found that the total cost of educating an average family of four children in an LFP (taking into account all direct costs of schooling) was half the mean annual income for households in the poorest two quintiles. Unsurprisingly, most of these households sent their children to government schools, with choice limited to better-off households; it is clearly not possible to spend half of household income on food and to have the other half available to pay for education.

Even for those sending children to LFPs, poor families reported that these schools were really not affordable for them, and required serious sacrifices. As one parent put it, 'it is not easy, we have to cut our stomach to afford it', highlighting the difficulties caused by high food prices. As another parent stated: 'private schools are good, but they are really expensive, we can't afford to pay Rs35 per month, plus exam fees etc. When they take so much money then of course they teach because they have to show the parents the results of what they are paying for. With the government, there is no incentive.' This observation from a village parent sums up the schooling context well: the LFPs must keep standards high relative to the government alternative in order to justify taking fees, and therefore parents feel that they perform better while they observe government school teachers doing little.

This relates to a key argument advanced in favour of encouraging LFPs: competition between providers is meant to drive up quality standards – including those at government schools (for example, Muralidharan 2006), as mentioned at the start of the chapter. With one-quarter of schools closing within an 18-month period, the case study evidence suggests, however, that the rural 'market' in many villages cannot sustain more than one provider, indicating

Table 12.2 Percentage of average household income required to access each school type by income quintiles, and according to average family size and per child

	Government		Private			
			Unrecognized LFP		Recognized LFP	
	Per family	Per child	Per family	Per child	Per family	Per child
Quintile 1	3.9	2	30	15.9	25.6	13.6
Quintile 2	3.8	1.8	24.6	11.6	25.2	11.8
Quintile 3	2.5	1.2	16.1	8	19.6	9.7
Quintile 4	1.8	1	9.6	5.7	12	7.1
Quintile 5	0.5	0.3	4.2	2.4	6.3	3.5

that this model of provision is unstable and therefore unreliable. Additionally, competition between government and LFPs does not appear to have a positive effect on the quality of government school provision – if anything, flight from government schools by those who can afford it could condemn the poorest households to unreformed government schooling.

Can a Voucher Scheme Increase Accessibility of LFPs to the Poor in Rural India?

As noted in earlier sections, voucher schemes are often proposed as a means to promote choice, including for poor households. There has been limited experience of such voucher schemes for primary schooling in India. The country's first ever voucher pilot project was launched in Delhi in 2007 by a pro-school choice organization, the Centre for Civil Society. An initial assessment of the pilot scheme by the Centre found that, of the 371 government schoolchildren issued vouchers to attend the school of their choice, 63 per cent made the transition to the private sector. However, little is known about the cost of the scheme or possibilities for it to be scaled up.

In order to identify the possibilities of scaling up, there is a need to calculate the total unit cost of provision to estimate the cost to government of a school place. This can be estimated by teacher costs, since this is the main cost of primary schooling in both government schools and LFPs. According to reports by teachers in the survey area, salaries in LFPs were around 10–15 per cent of the level in government schools: Rs265 and Rs315 per child at recognized and unrecognized LFP schools respectively, compared with Rs2368 in government schools. However, while it is extremely difficult to quantify total unit costs in a government school compared with a private school, it is apparent that the costs of educating a student in a private school is not as low as might be expected on the basis of the difference in teacher salaries alone. This is in part because the average number of students in an LFP is lower than in a government school. Moreover, as noted, in addition to fees, some of the direct costs of attending a government school are paid for by government, including textbooks and food. Unlike LFPs, there is also more flexibility on the uniform that children wear to government schools, which can reduce the costs substantially.

Taking this into account, on a conservative estimate, the total unit cost of attending an LFP is estimated to be around one-half of the cost of a child in a government school in the survey area. However, once all the costs are taken into account, including those of administering a voucher system, government spending on buying places in an LFP is unlikely to be significantly different to its spending on a child in a government school. The added advantage of government schools is that they have the opportunity for sustainability unlike LFPs and, as noted above, are the real preference of parents for this reason.

If a voucher scheme were to be implemented in the case study area of rural India, the government would need to provide an additional cash transfer to parents in order to cover the direct costs that households must cover (books, stationery and uniforms), adding to the already onerous administrative burden that voucher schemes entail. In addition, there would be additional costs in registering and regulating the large numbers of small-scale LFPs which are prone to closing down at short notice. It is assumed also that provision of vouchers, which would boost the spending power of potential clients, would enable more LFPs to be sustainable and compete in the market; however, with 60 per cent of sample government schools having fewer than 80 pupils, essentially this would mean that government schools would have to close down entirely in many locations. This again raises the question of whether government resources would be better spent on improving the quality and accountability of government schools.

CONCLUSION

The chapter has highlighted the adverse effects on equity of unplanned growth in LFPs. In contexts of limited household resources, due to high and increasing levels of poverty, the reliance on LFPs charging school fees is likely to be prohibitive for poor households. Emerging evidence from voucher schemes suggest that, while they have had positive effects on enrolment and learning, they have not operated on a sufficient scale to reach the vast numbers of children out of school. Given the administrative and financial resources required for the schemes to be successful and the limits to the market in areas where children are most likely to be out of school, it is unclear if it would be possible to expand voucher programmes to reach those currently marginalized in education.

In the light of the poor quality of government schooling that has given rise to the proliferation of LFPs in countries such as India, there are some alternatives to the conclusion that the private sector needs the support of government funding. A more appropriate resolution would be to use national and international resources to support the quality and accountability of government provision so this can become the gold standard of provision that parents demand and expect. Since it is the poor quality of government provision that is driving children to LFPs, the solution is to address the root of the problem – not the symptom.

NOTES

- 1 There is a third type of school in India, the private-aided schools (privately owned and managed but with little autonomy due to the grant-in-aid given by government), which exist mostly at the upper-primary and secondary levels in Uttar Pradesh. As there are none in the study area, this chapter does not include a discussion of these schools.

- 2 Only the wealthier parents tend to consider sending their children outside of their own village to access schooling.
- 3 The analysis used a wealth index of household assets. This has been found by other studies to offer a more temporally stable and reliable measure of wealth than income in such a rural setting (Hulme 2003).
- 4 At the time of the fieldwork, winter 2005–06, the exchange rate was approximately Rs80 to £1 or Rs50 to US\$1.
- 5 Of note is the fact that where parents choose to access government schools and where the stipend is delivered, they will actually be in profit – typically out of Rs300 only Rs250–Rs275 would reach the parent, meaning a profit of at least Rs100.
- 6 The average number of primary aged children per family by income quintile has been utilized in the calculations for each income level. Also the average spending reported at each income level on each of the three school management types has been used as the basis of the calculation, taking into account that the poor access cheaper schools where available.

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