

Private Schooling for the Public Good

On a recent visit to a small town in Latin America, several young children eagerly approached me in the street, and I readied myself for a familiar exchange. To my surprise, they asked if I could help pay their school tuition. “Which school is that?” I asked, aware of their country’s recent abolition of public school fees. “That one,” they said, pointing next door to a concrete-walled private school.

This struck me for a number of reasons, not least of all because it seemed to bespeak a common and troubling theme across many countries of the Latin America and Caribbean (LAC) region: how much genuine demand there is for access to quality education and how little supply there is to match it.

Today, most LAC countries are richer, freer, and more stable than ever before—better poised, many believe, to make a lasting leap forward. To this end, many have also come to believe that no sector will be more transformative than education. It is one of the most powerful motors for pulling poor families out of poverty and for producing the missing links for needed labor and industry

booms,¹ as a number of Asian countries have demonstrated. LAC public education systems strive to improve, but it may be the power of private schools and services for the poor—particularly at the critical primary and pre-primary levels—that proves to be one of the most compelling developments. Tapping the capacity of the private sector will require a challenging reassessment of the mechanisms by which educational opportunity is ensured and a deeper understanding of the ways that incentives, finances, and frameworks impact the outcomes we all care about in the sector.

A Sector Constrained

The constraints to educational progress in LAC are significant and diverse. Looming large among them is the socioeconomic inequality that persists across the region, particularly in the poorest

¹ Eric Hanushek and Ludger Wößman, “The Role of Education Quality in Economic Growth” (World Bank Policy Research Working Paper 4122, February 2007), available at www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2007/01/29/000016406_20070129113447/Rendered/PDF/wps4122.pdf.



A Pakistani child reads the Koran during a recitation class in Islamabad on November 1, 2010.

AFP Photo: Farooq Naeem

Central American countries. In the United States, of course, we see a similar dynamic, but as the measures in the Gini index for socioeconomic inequality in LAC indicate, no region in the world has a larger gap between the “haves” and “have-nots.”² This disparity is plainly evident in the education sector, where there are yawning gaps between rich and poor, between urban and rural communities, and between indigenous and non-indigenous populations.³

² Jeffrey Puryear and Mariellen Malloy Jewers, “Fiscal Policy and the Poor in Latin America,” *Inter-American Dialogue*, 2009, www.corporacionescenarios.org/zav_admin/spaw/uploads/files/FiscalPolicyandthePoorinLatinAmerica.pdf.

³ *A Lot to Do: A Report Card on Education in Central America and the Dominican Republic*, Task Force on Education Reform in Central America (Washington, D.C.: PREAL, 2007).

Since the 1990s, nearly all LAC countries have put more low-income children into primary schools faster than at any other moment in the region’s history, which represents a historic achievement. By law, most of the region’s countries now provide free and compulsory education through the equivalent of grade nine as they close in rapidly on the Millennium Development Goal of universal primary education.⁴ But efforts to improve equality and quality of public schooling in the region have proven much more difficult than getting kids enrolled. Roughly a third of the region’s third graders are still functionally illiterate, and nearly half

⁴ *Ibid.*

cannot comprehend the most basic aspects of grade-level arithmetic.⁵

Research shows that these early years are critical to establishing the basis for future learning and for staying at grade level—a crucial factor in deciding whether to stay in school, and in other key decisions made by the region’s underprivileged youth. The region’s governments and their civil society and development assistance partners now understand that the full task is getting kids to stay in school and learn more while they are there—key outcomes to both social progress and unlocking the region’s human capital potential.

A Sector Expanded: Private Primary Schools and Services for the Poor

Private schools in the region, as elsewhere, have traditionally served the better-off, and are generally not included in public-system reforms or international aid programs designed to improve education results. While the last several decades have witnessed private-sector growth in upper secondary and tertiary education, in many countries private enrollment rates for both have surged to between 25% and 40%. Meanwhile, private primary enrollment across the region stands at about 15%.⁶ These rates belie a widely accepted axiom in Latin America: Most everyone who can afford to send their own children to a private school does so, whatever the cost. Most, however, cannot afford that cost.

Private primary schools for the comparatively wealthy are generally of international caliber and price. It is, however, the potential growth

of lower-cost for-profit schools and services—and the support of non-profit or religious groups—that may represent an opportunity for the most meaningful demand-driven reforms and associated development aid innovations to address the fundamental inequality inherent in the current private/public divide. There is some regional evidence, for example, that private-school scholarships for the poor are associated with increased achievement.⁷ Additional international evidence indicates that low-cost private schools for the poor have systematically demonstrated better outcomes than their public counterparts,⁸ though rigorous evidence on these trends is still scarce and often controversial. Results from pioneering voucher programs in Colombia and Chile, for example, demonstrate lower cost per student, lower dropout rates, higher completion rates, and higher parental satisfaction.⁹

However, there has been little experimentation with these and related approaches in the poorest countries of the region where donor agencies like USAID focus their education aid. This is not so by accident. Across the region, there are few concepts that elicit as much controversy as “privatization.” In education, however, rising private primary and pre-primary school enrollment rates, increased regional interest in public-private partnerships, and the collective urgency to “do more with less” may motivate a change in understanding of the more nuanced possibilities.

5 Alejandro Ganimian, *How Much Are Latin American Children Learning? Highlights from the Second Regional Student Achievement Test (SERCE)* (Washington, D.C.: PREAL, 2009).

6 UNESCO, Institute for Statistics, custom statistical table from online Data Center, retrieved December 30, 2011.

7 Joshua Angrist, Eric Bettinger, Erik Bloom, Elizabeth King, and Michael Kremer, “Vouchers for Private Schooling in Colombia: Evidence from a Randomized Natural Experiment,” *The American Economic Review* (December 2002).

8 James Tooley and Pauline Dixon, “Private Education Is Good for the Poor: A Study of Private Schools Serving the Poor in Low-income Countries,” Cato Institute White Paper, 2005, www.cato.org/publications/white-paper/private-education-is-good-poor-study-private-schools-serving-poor-lowincome-countries.

9 Alberto Arenas, *Privatization and Vouchers in Colombia and Chile* (The Netherlands: Khwer Academic, 2004).

The Role for Development Assistance

Since the 1960s, many donors—USAID included—have funded public education programs, embracing the traditional approach of partnering with ministries of education to help fill gaps in both the public schools and the ministries that manage them. Today, however, as donor agencies are under increasing scrutiny to show results and “bang for their buck,” there is reason to believe that traditional approaches to education aid in LAC may have diminishing returns.

Armed with new mandates and visions, USAID and other donor agencies with similar aims are poised to help recipient countries in the region expand private educational offerings to benefit the neediest. While such a paradigm shift will be challenging, incorporating the concepts of accountability and choice in education for the poor can have profound enabling effects, benefiting the entire hemisphere. They can help to more effectively bridge the labor gap that dissuades local and international investors from setting up shop in the region, and can help provide more viable alternatives for children whose present choices lead them out of school and toward menial labor, immigration, or violence.

For donor agencies and governments, there are at least four particularly promising approaches to increase the educational options available for the poor and the market for competed education services in the LAC region:

Channel assistance to private providers of public education services. While LAC countries like Chile and Colombia have successfully experimented with privately operated schools funded by the state, it is also increasingly common for governments, through public-private partnerships, to fund the component parts of education, such as management, support, and operational services.

Both whole-school and service-based competition can help the state operate with more accountability and efficiency, and assistance might be given to help facilitate the growth of publicly funded charter, concession, or voucher networks, as well as the growth of sub-sectors in areas like competed school feeding programs, contract teachers, or in-service training.

No recipient country better represents the opportunity to implement promising non-public and supply-side education aid modalities than Haiti, where the private-school enrollment rate has surged to more than 75% in the past several decades.¹⁰ Home to USAID’s largest education program in the region, Haiti faces immense educational challenges, but it will be a place to watch for evidence of how recipients of private-education subsidies and services—funded through public and donor sources—fare in the years to come.

Help facilitate the reform of policies and regulatory frameworks. Even if no public or donor funds go to private-school options for the poor, growth in private enrollment in LAC paid for by out-of-pocket expenditure suggests a growing demand. Still, many countries of the region have complex, costly procedures for opening private schools, or have caps on the number of petitions available for private or for-profit schools. Assisting regulatory reforms could include helping to channel foreign direct investment into the system.¹¹

Engage the private sector in promoting private education services for the public good. Because private actors often have the most

10 Jeffrey Puryear and Michael Lisman, “Haiti’s Educational Moment,” *FOCALPoint*, March 2010, www.focal.ca/publications/focalpoint/227-march-2010-jeffrey-puryear-and-michael-lisman.

11 Harry Patrinos, Felipe Barrer-Osorio, and Juliana Guáqueta, *The Role and Impact of Public-Private Partnerships in Education* (Washington, D.C.: World Bank, 2009).

relevant and up-to-date knowledge about skills demanded in the labor market, their increased involvement in decisions around education reform is key for improving competitiveness in global markets. Corporate social responsibility in education is gaining traction in the region,¹² but more should be done to harness corporate knowledge and its policy influence. Business leaders in the region should be enticed, not just encouraged, to invest in—not donate to—primary education. Tax rebates for private-school scholarships (such as those pioneered in Florida) and more systematic integration of business interests in the crafting of educational policy and curricula might invite such investments.

Promote a more robust base of evidence on the outcomes of incentive-based and private-education services. Given the strong opinions associated with competed education services, nothing could do more for a potential paradigm shift in the region than increasing and improving data on the effects that different private schools, services, and facilities have on kids' learning. For USAID and both its new evaluation policy and education strategy, there is an opportunity to help discover and disseminate the impact of demand-driven modalities on learning—especially around early-grade reading, a LAC regional focus and USAID priority. A key issue therein is the critical question of teacher quality, a sub-topic also ripe for improvement via competitive incentive structures.

Market forces alone will not solve education's challenges. Drastically redistributing resources from public to private (or vice versa) is neither

viable nor advisable. Fortunately, the public versus private dichotomy, long viewed as zero-sum, need not be the one by which decision-makers view sector reform options.¹³ Competition and market forces at play in education must be based on solid evidence, not ideology or even theory. They must—and can—combine to address many of the gaps currently and powerfully preventing educational success for all, regardless of income. Moving forward, finding ways to optimize unequal and underachieving education systems in the LAC region will mean looking beyond traditional approaches to the public finance and provision of education—and leveraging the best of both sectors for the public good.

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12 Justin van Fleet, "A Global Education Challenge: Harnessing Corporate Philanthropy to Education the World's Poor," Center for Universal Education, Working Paper No. 4, April 2011, www.brookings.edu/-/media/Files/rc/reports/2011/04_corporate_philanthropy_fleet/04_corporate_philanthropy_fleet.pdf.

13 Laurence Wolff, Juan Carlos Navarro, and Pablo González, eds., *Private Education and Public Policy in Latin America* (Washington, D.C.: PREAL, 2005).