

Public–private partnerships



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Introduction

One third of the world's population lives in countries where the 'Education for All' goals of universal access, completion and learning cannot be reached by 2015 solely through the linear expansion of existing public school systems. Indeed, history clearly indicates that the growth of public schooling proceeds very slowly and inequitably. Data from 90 countries indicate that achieving and increase in enrolment from 50 to 90% takes on average 58 years and as yet, there are no recorded examples of countries climbing from 80% to 95% enrolment in 15 years (Bruns et al., 2003).

A dramatic reappraisal is clearly needed if education and training are to be provided, particularly for those populations in which the education systems are least able to serve. This appraisal cannot start with the assumption that merely providing additional resources for expanding and improving the public education system will, by itself, address the problems in the great majority of cases. Rather, the appraisal needs to commence from the alternative assumption that access to a quality education can only be attained through different approaches to governance, provision, finance and accountability.

Fortunately, there are examples of different systems. For example, in Asia there are the cases of Bangladesh with BRAC (Bangladesh Rural Advance Commission) and its graduation of over 2.5 million students and northern Pakistan where community-organised schools serve over 53,000 girls. In Latin America there are the cases of the *Escuela Nueva* and *Escuela Unitaria* programmes in Colombia and Guatemala respectively that provide considerable support in the rural schools.

In Africa we have many diverse examples of both community-organised schools and low fee for profit providers. We need a better understanding of these kinds of 'partnership' programmes in order to identify the policies that promote complementary and alternative approaches as well as demonstrate how combinations of different capacities – public and private, for profit and civil society, centralised and decentralised – can be mobilised, organised and supported to provide education for the public benefit.

This paper starts by reviewing briefly the main components and features of partnership before assessing some of the constraints to the development of complementary education models that need to display such common elements as:

- a means to the delivery of schooling that is different yet simultaneously equivalent to the formal public curriculum
- design and implementation by Non-state Actors (NSA) yet with involvement and support from all levels of the education system
- use of alternative approaches to staffing, management and accountability
- operation on a scale that is similar to a full-fledged education system

Defining partnership

Understanding is immediately complicated by the fact that the concept of partnership itself displays great diversity and it remains very difficult to provide a specific technical or programmatic definition. Perhaps partnership can best be advocated by the following:

- It is the formation of cooperative relationships between the state, profit-making firms and non-profit private organisations to fulfill the function of providing services where the states are unable to meet an increased demand.
- It is a means of institutionalising flexible and collaborative arrangements whereby private and public provision of goods and services are not viewed as merely competing alternatives locked in interminable conflict.
- It is not a means for turning responsibility entirely over to the private sector, but rather it is a mechanism for enabling critical objectives to be met in collaboration that could certainly not be met by either partner on their own.
- It involves a sharing of responsibility and financial risk for both partners.
- It is complex and each partnership involves different levels and types of conflict of interest and different ethical responsibilities.

Further, a partnership exhibits the following key characteristics:

- common objectives – the partnership is undertaken for the purpose of implementing objectives that have been agreed to by the groups involved. These objectives are developed through a process of communication that is acceptable to all actors involved and the partnership is understood to involve a joint investment for the production of a shared public benefit.



- an agreement to undertake the activities
- the activities undertaken build on each partner's strengths and overcome their weaknesses

Respective roles

Placement of decision-making authority is not solely a matter of centralisation or decentralisation. Nor is it solely a matter of state power, employer or employee power or consumer power. The critical issue is achieving the best balance among legitimate but competing interests. The best balance will vary from society to society and over time within a society as contexts, value definitions and priorities change. Negotiating the terms under which public and private sectors cooperate to provide the basic service is the *critical* issue.

Non-state actors (NSAs) – comprising both members of civil society and private sector organisations – have a particularly important role to play in various aspects of pro-poor policy change. Firstly they can ensure that the voices of different interest groups are brought into wider societal processes. Secondly, they can assist in demanding effective and inclusive government and hold the government to account for protecting and promoting the rights of its citizens. Finally, they can assist in the provision of basic services. Indeed, in certain difficult environments, the NSAs are the only channel for the delivery and monitoring of education services.

Key components of the partnership

Partnerships are not ends in themselves. It is what partnerships hope to actually achieve that matters most. Their value goes beyond market efficiency and community participation. Successful partnerships rely on sound judgement about firstly, with whom partnerships should be formed and, secondly, how best to integrate the partners' strengths.

What then is the strategy of the government or lending agencies vis-à-vis non-state provision of basic services? There are a number of options available:

- outlaw them and ensure closure;
- continue the common strategy which is to recognise their existence but be explicit about having little to do with them;
- expand the knowledge base with a view to considering greater public-private engagement;
- provide knowledge and financial resource support to the public and private sector in order to work toward a specific framework for greater participation.

The last two options listed support a pro-active policy of engagement, but this engagement requires a policy stance as to the degree and means of enhancing and monitoring the NSA's contribution in the areas of legislation, finance, standards and equity concerns. In addition, this engagement involves a possible reduction in the state's existing role of implementation to one more focussed on policy, standards and monitoring.

Three key features of a partnership

We now review the three partnership components: policy, governance and finance.

Policy

The key question behind the strategy for the public sector is to identify the role of the state – both what the state should do and how it should do it. The question should not be whether a particular activity should be carried on within the state or non-state sector, but how the two can best complement each other acting as partners in the development effort. A critical educational alternative whereby state funding explicitly supports the non-state sector would require intense debate on the precise nature of the changes that need to be made in statutes, regulations and enforcement.

Any proposal to change the laws or regulations must be measured against a set of core values or principles to ensure that the changes do not damage the basic intent of the reform - an improvement in outcomes. Consistent with this basic principle, three additional principles underpin the intent of any new legislation:

- increasing opportunities in resources for the underserved
- increasing opportunities in performance and achievement for the underserved, especially those correlated with poverty and gender
- targeting investments to improve performance.

Governance

Transition is not a uni-dimensional phenomenon, simplistically captured through a catchphrase like 'from state to non-state'. The major public issue is not for or against non-state provision but rather the form of this provision would take as well as what kind and how many potential beneficiaries there should be. Within the educational perspective, for example, the driving issue is raising the levels of student achievement, i.e., setting standards and teaching students to those standards. Reflecting this student achievement goal, the education policy and programme issues are what curriculum and mode of instruction or capacity development and strategies are required to produce the determined level of achievement.

But what about such issues as access, choice and diversity and their impact upon the governance and management of this new public-private mix? An emphasis on decentralised modes of delivery that focus closer to the community are a key objective but determining the appropriate modes of delivery again beg difficult questions.

Finance

There are two related finance issues: first, what level of funding is required for the programmatic strategies? And, second, what is the most appropriate means of linkage between this finance and the strategies that are needed to accomplish the required level of achievement? This complex task in turn has two main components:

- it is to determine the level of base spending that is needed to attain the national standards
- it is to identify those costs that must be incurred in order to meet the needs that are additional to the defined 'average' (such as the provision of additional programmes that support those with special needs or those from low income families).

From a policy perspective, it is clearly necessary for the state to determine both whether or not to apply subsidies and, if so, at what level? Application of these subsidies should, in turn, be based on criteria for successful investment. Do they target the poor? Do they provide an efficient form of investment in terms of the best use of funds for the achievement of agreed quality outcomes? Do they support the growth of the non-state sector in its mission to fill in the required gaps in provision? Also crucially, is there provision of information to the user so that the public may measure whether the respective sectors are performing according to their targets and adhering to their legitimate roles?

Constraints to partnership

Constraints against the partnership can be viewed from three perspectives:

- the public sector,
- the lending agencies,
- civil society and the private sector.

The public sector

The most insurmountable problem is not even necessarily a lack of political commitment but rather the wide range of actions needed and the intensely political nature of the reforms required to create effective service delivery systems under a partnership arrangement. Capacity of the government, both within its institutions and at the policy level, is a constraint, most particularly the lack of capacity to develop and implement the partnership in a holistic manner.

Lending agencies

Even if there was a political commitment from the public sector, led most probably by the Ministry of Finance, is the government likely to receive an adequate response from the lending agencies from which they will receive policy advice and an introduction to alternative funding modalities? Why is partnership in the social sectors not championed more strongly? A number of reasons are posited: lack of resources; lack of a sufficient knowledge base and possibly an ideological bias.

The non-state sector

There are a number of constraints: firstly a lack of access which is exacerbated in part by the undeveloped and unpredictable nature of the banking sector. Social areas such as education and health are not a focus for lenders. Secondly, as in the public sector, one of the major constraints to expansion in the NSA is the shortage of skilled and qualified professionals. Thirdly, there is difficulty in accessing infrastructure and land. Then there is the demand-side impediment of inability from the user to pay the fees and finally,

there are the bureaucratic hurdles. Procedures are often slow and arduous with the result that many providers see little alternative but to operate on an unregistered basis or on provisional certificates.

Partnership: hope or hype?

Even if sufficient data were currently available regarding the impact and cost effectiveness of proven alternative models that use a partnership approach, evaluations will probably continue to be made on the basis of values and political might rather than empirical evidence as to which is 'superior'. However, regarding public-private partnership (PPP) experiments and experiences in the context of cost and quality performance, equity, access and accountability, we can perhaps conclude with the following observations:

Theory vs. practice

Authentic partnering, in theory, involves close collaboration and the combination of the strengths of both partners. But anticipating success or failure in advance of implementing the partnership is difficult and monitoring partnerships for impact and performance over time is critical.

Cost and quality

Non-state provision is possibly more cost effective than state provision but arguably this cost advantage is lost once the externalities of monitoring and regulating of non-state provision are factored in.

Equity and access

Assessments of the performance of partnerships on equity are mixed, the only clear point perhaps is people's expectation and perception that the public sector is more equitable. This lack of clarity is further complicated by the question as to whether or not equity concerns are less of a problem when the partnerships involve public/not for profit providers rather than public/for profit providers.

The vulnerable population

There is currently insufficient evidence to support the case that the difficulties of vulnerable populations with regard to access and equity are ameliorated within the non-state environment. This is a case where societal values regarding policy should take precedence over a strict cost calculation. Further, there is consensus that there is a vulnerable population for which protective government measures are necessary.

Regulation

Evidence to date indicates that PPPs do not seem to reduce regulation since the role of the government has changed to become both a partner in the provision of services and the monitor of the marketplace. Yet will we ever be able to determine the degree of regulation that is required to assure fair competition between private and public service providers?



Accountability

The PPPs must be accountable if they are to fulfill their policy objectives successfully since the basic provision of education, health, water and sanitation is an essential service. Again, however, there is no specific solution to the accountability challenges, although there is a clear trend that indicates that the partnership must be structured, with partners receiving specific responsibilities, incentives and resources.

Conflicts of interest

The rationale for embarking upon a partnership is that the two complement one another and are strengthened through combination. But how can one best align the interests of the respective parties? Again, the trend shows that partnering for a policy goal is most likely to minimise the conflicts of interest, most particularly when the terms of the partnership are designed to fulfill public objectives, within the limits of available public resource constraints.

Diversity

Neither is there a 'one size fits all' public-private partnership approach, nor is there a universal prescription for success or for the process itself. Similarly, there is no inherent reason why public intervention correlates merely with public provision, nor that privatisation solely implies the outright sale of public assets to private entrepreneurs. Rather, there are different forms of non-state activity and partnership that offer a range of different types of intervention. Fiscal constraints, cost escalation and poor performance are propelling the force of these alternatives as governments realise that they alone cannot finance their current services, let alone afford the future demands while the customer exhibits growing dissatisfaction with the service that is presently being delivered.

References

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Biographical notes

Michael Latham, CfBT Principal International Consultant, has worked with CfBT since 1982. Over the past two decades he has worked in Asia, Africa, the USA and in the Caribbean in both an operational and business-development capacity. He has served on consultancies for bilateral and multilateral agencies in many countries. In Malaysia, he had responsibility for overseeing business programs at Henley Management College.

He is currently engaged on operational work in the area of Public-Private Partnerships in Education. He has recently presented papers and conducted training in this field on behalf of the United Nations Institute for Training and Research, the Institute for Development Studies, the World Bank Institute and Harvard University. As a member of the World Bank's Economics of Education Thematic Group, he worked with the EdInvest team in the development of a Handbook and Toolkit on Non Government Participation in Education. He started his working career as a teacher, first in Canada and then – for more than a decade – in Malaysia and Brunei Darussalam. Since 2004, he has been involved in providing support to Ministries of Education most particularly with regard to issues of access, quality and relevance in the post-primary education subsectors.