

# To privatise, purchase or partner

## Defining public-private partnership in education

Modupe Adefeso-Olateju

### Introduction

It is generally accepted that meaningful education is a critical foundation for national and global development. Education is not only important as a means to provide citizens with life chances to become productive members of society, it is also significant for its intrinsic value to the individual. Basic education is a human right, and ensuring that educational opportunities are provided has become a chief concern of states.

The governments of many developing countries are, however, faced with myriad challenges pertaining to the demand for school places and the maintenance of quality in education. It is generally agreed in the literature that education is both a public and a private service, yielding benefits to both sectors and therefore justifying a measure of involvement from both. In several countries, state provision is complemented by private sector provision of education (Patrinos and Sosales, 2007). Four major challenges of education policy that the private sector can help to address, identified by the Human Development Network (2001), are:

- Providing adequate places to meet current and future demand for education.
- Offering a meaningful, relevant and economically and developmentally significant learning experience in all schools.
- Improving learning resources, the learning environment and learning support systems so that students can have a learning experience that is valuable.
- Efficiently optimising the use of all resources available to the country in order to address these policy objectives.

### Public-private partnerships: definitions

A key challenge to grasping the notion of public-private partnership (PPP) is the vastness of contexts and spheres in which the term is used. A wide array of activities are carried out by public and private sector organisations under the auspices of partnership; some of these include provision and maintenance of telecommunications and transportation infrastructure, provision of social amenities such as roads and water, financial service delivery and, more recently, provision of merit services such as health and education. The literature is replete with definitions and descriptions of PPP, ranging from loose ad hoc collaboration involving the public and private sectors to highly regulated policy partnerships.

One proffered definition of PPP, for example, highlights operational flexibility and maintains that the state is the principal actor. In this context, PPPs are defined as 'working arrangements based on a mutual commitment (over and above that implied in any contract) between a public sector organization and any organization outside of the public sector' (Bovaird, 2004: 200).

Another definition emphasises collaboration in the context of resource and risk-sharing. In this regard, PPP is viewed as,

*... cooperation of some sort of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products (van Ham and Koppenjan, 2001: 598).*

From this perspective, the wide scope of parameters that could define partnerships suggests that almost all forms of collaboration between the public and private sector can be regarded as PPPs (Weihe, 2005).

The Canadian Council for Public Private Partnerships describes the term within a slightly narrower context as a mechanism to achieve public needs. In this vein, PPP is defined as,

*... a cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards (LaRocque, 2008: 7).*

As Weihe (2005) argues, the breadth of meaning implied in many definitions of PPP,

*... does not do much to enhance research, and certainly lessens the possibilities for cross-national learning from experience. If the concept is void of any specific meaning, then we might just as well abandon using the concept at all. If it means everything, then in fact it means nothing at all.*

Lonsdale (2007) raises the issue of 'benchmarking' as a fundamental error in PPP analyses. He posits that while there is nothing fundamentally wrong with investigating PPP, doing so via analysis of the arrangements already classified as PPP presents the risk of beginning from the wrong point. He suggests that,

*... the starting point for analysis should not be those arrangements out there in the real world that have been given the label PPP. It should be a focus on the specific situation or problem facing a particular organisation or organisations (p. 316).*

Weihe (2005) takes this argument further by suggesting that there are five distinct approaches to defining PPP and that it is useful to place any discourse on PPP within one or more of these as this will improve clarity of analysis and enable more appropriate generalisations about the advantages and disadvantages of PPP. According to Weihe, the approaches are:

1. **The policy approach**, in which PPP refers to public and private sector arrangements within sector-specific contexts.
2. **The local regeneration approach**, which views PPP from the standpoint of local economic development.
3. **The infrastructure approach** – the PPP framework most extensively covered in the literature – which involves the use of private capital to deliver infrastructure projects and may involve one or a mix of design, building, operation and maintenance.
4. **The governance approach**, which is similar to the policy approach in which PPPs are viewed from the broad context of governance, and includes a wide array of public-private arrangements where the private sector has a stake in high-level oversight of the goods or services provided.
5. **The development approach**, where PPP is viewed in relation to development and capacity-building in less-developed countries.

While this system of PPP classification is useful in conceptualising the term, it once again reveals the underlying benchmarking problem raised by Lonsdale and begs the question of whether a broad analysis of public-private collaborations that have been assigned a PPP label provides an adequate basis on which to define the concept. It would appear from the discussions above that it is more useful to proffer a tenable definition and then use this lens to determine whether such arrangements 'fit the mould' and, if so, how.

### Private sector participation in education

Bray (1996) suggests four models of increased private sector participation in education.

- The **first model** involves transferring the ownership of public schools to the private sector.

- In the **second model**, sectoral balance is shifted without re-designating existing institutions. This could involve deliberate policy instrumentation to freeze the number of government schools established and encourage the growth of private schools.
- In the **third model**, private schools are strengthened through government funding and support. For example, several countries have introduced education vouchers to enable pupils' access to private education via public funds.
- The **fourth model** is focused on increasing private financing or control of public schools. Such schools remain nominally under government control but non-government financing is increased. This could be as the result of limited financial capacity within the public sector or could be a strategy for encouraging school management to be more market responsive.

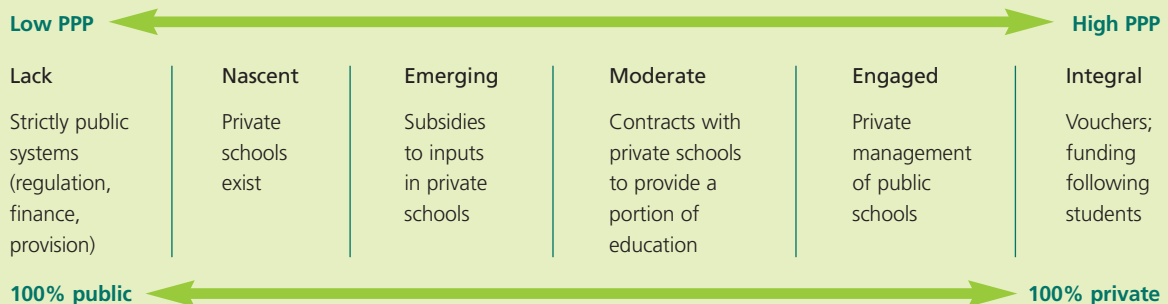
Aside from these deliberate policies to promote private sector participation in education, the failure of the public sector to provide adequate access and quality has resulted in unplanned de facto growth of private schools in several developing countries.

The PPP continuum as developed by Patrinos et al. (2009) also provides an indication of the broad spectrum of public-private arrangements in education (see Table 1). When combined with a framework of PPP coverage in individual countries, this continuum is a useful guide in understanding the extent of PPP utilisation in the international context. It implies, however, homogeneity in planning and implementation of PPP initiatives within individual countries. Yet, it is possible to have different types of partnerships and various measures of PPP coverage within the same country, especially when education is decentralised and regions or states, as opposed to national governments, have substantial jurisdiction over education policy.

Thynne (2000) has suggested that the management of public affairs (such as public education) involves five main roles – producer, owner, provider, regulator, facilitator – and that each of these roles can be performed by the state, the organised private sector (market) and civil society. He further argues that several state/ market/ civil society arrangements or combinations are possible. Thus a function-based typology of public-private arrangements could be constructed bearing in mind the legal,

Table 1

#### The public-private partnership continuum



Source: Patrinos et al., 2009.

financial and organisational arrangements involved. From this viewpoint, there appear to be certain features that characterise PPP, including: a measure of formality, long-term relationships between partners, a focus on outcomes and risk-sharing between partners (LaRocque, 2008: 8). One fundamental challenge then is how to distinguish between arrangements that are in essence privatisation, those that are focused on purchasing education goods and services, and those that are PPPs (Sullivan and Skelcher, 2002).

## Box 1

### Seven different forms of education contracting

- 1. Management services:** this is where governments, perceiving their lack of capacity to manage public schools, transfer the management of schools or whole education districts to private organisations. The key functions of the private managers are usually in the areas of finance, staff, strategic planning and leadership.
- 2. Support services:** this involves the outsourcing of activities that do not directly involve teaching and learning in order to increase cost-effectiveness and ensure that staff are not distracted from their core pedagogical functions.
- 3. Professional services:** this form of contracting occurs when education-focused professional services such as textbook provision and teacher training are supplied by the private sector under contracts. This mode of private sector involvement leverages the core competencies of the private sector and enables ease of monitoring and assessment. The key elements of values here are competition, cost reduction and economies of scale.
- 4. Operational services:** sometimes the state contracts private organisations to manage public schools and recruit staff. The rationale for this form of contracting is autonomy and freedom from the bureaucracy often associated with public control.
- 5. Education services:** rather than contract private organisations to manage schools, the state may fund students to attend existing private schools. This funding can be in the form of vouchers, scholarships or capitation subsidies and allows the state to expand enrolment without expending the capital costs associated with constructing new public schools.
- 6. Facility availability:** sometimes the state contracts the provision of education facilities to the private sector. This form of contracting frees up state capital when the payment for services is rendered over the duration of the contract rather than upfront.
- 7. Facility availability and education services:** in some cases, the private sector is contracted both to provide school facilities and to manage education-related services as well. The rationale for dual contracting with a single provider is supposedly to obtain capital investment while simultaneously incentivising the contractor to provide efficient service delivery.

Source: Patrinos et al., 2009: 60.

At the core of the debate is the determination of when a public-private sector arrangement actually becomes a partnership, and when a 'partnership' is actually another type of arrangement such as a buyer-supplier relationship (Lonsdale, 2007). One such issue in education is around the notion of contracting. That contracting is often used interchangeably with (or referred to as a form of) PPP (Patrinos et al., 2009: 59) creates a problem when one views a partnership as different from purchasing or buyer-supplier relationships. Of particular interest is the work of Patrinos et al. (op. cit.: 60), which highlights seven different forms of contracts (see Box 1).

These seven modes of contracting raise fundamental questions about the notion of partnership vis-à-vis that of purchasing and privatisation. To illustrate using the fourth of Bray's models (described above), it can be argued that transferring the management and funding of state schools to private organisations is in essence privatising such schools. Likewise, it can be argued that – with the exception of the first (management services), fifth (education service provision) and seventh (facility availability and education service provision) forms in Box 1 – all the other relationships are at best sophisticated purchasing. When the operational details of contractual buyer-supplier relationships are considered, what differentiates an arrangement as either a partnership or non-partnership becomes a question of quantity (that is, how much of a service is supplied) and not quality

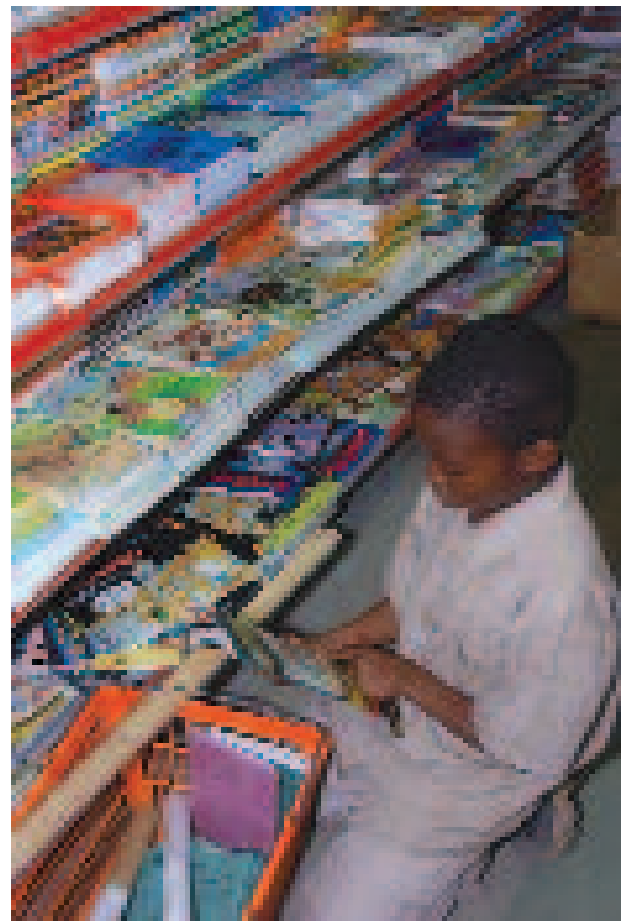


Photo: Commonwealth Secretariat

Globalised: education publishing

(Lonsdale 2007). The distinguishing factors or cut-off points inadvertently become arbitrary. It may therefore be more useful to consider contracts either as privatisation or as buyer-supplier (purchasing) relationships rather than to trying to distinguish which contract is a partnership and which is not.

## Conclusion

In synthesising the literature on PPP in education it would appear that the crucial factors in determining whether or not a public-private arrangement is indeed a PPP are the who (the actors), the what (the approach/subject of partnership), the how (the partnership modus operandi and framework), the why (rationale for partnerships) and the when (time frame). From this standpoint, the concept of PPP can be viewed as a documented agreement (the what) between two or more public and private sector actors (the who) for the purpose of enhancing a sphere of endeavour (the why), within a given time span (the when), leveraging the strengths and capacities of the partners according to predetermined and mutually binding guidelines and rules, rescinding on which is penalisable (the how). As with business partnerships and profit-loss arrangements, the success or failure of the partnership is shared between the partners on the basis of predetermined quotas, and the success of one party has a direct relationship with the participation or effort of the other.

## References

- Bovaird, T. (2004). 'Public-Private Partnerships: From contested concepts to prevalent practice'. *International Review of Administrative Sciences*, 70: 199–215.
- Bray, M. (1996). *Privatization of Secondary Education: Issues and policy implications*. Paris: United Nations Educational, Scientific and Cultural Organization (UNESCO).
- Human Development Network (2001). *Handbook on Public Private Partnerships in Education*. [Online]. Available at: <http://www.ifc.org/ifcext/edinvest.nsf/Content/PublicPrivatePartnerships> (accessed 10 January 2012).
- LaRocque, N. (2008). *Public-Private Partnerships in Basic Education: An international review*. Berkshire: CfBT Education Trust.
- Lonsdale, C. (2007). 'The Challenge of Public-Private Partnerships'. *Local Government Studies*, 33(2): 311–19.
- Patrinos, H. A., Barrera-Osorio, F. and Guáqueta, J. (2009). *The Role and Impact of Public-Private Partnerships in Education*. Washington DC: The World Bank.
- Patrinos, H. and Sosales, S. (eds.) (2007). *Mobilizing the Private Sector for Public Education: A view from the trenches*. Washington DC: The World Bank.
- Sullivan, H. and Skelcher, C. (2002). *Working Across Boundaries: Collaboration in public services*. Basingstoke: Palgrave Macmillan.
- Thynne, I. (2000). 'Notes on Understanding the Public-Private Mix'. Paper to Working Group on Public Enterprise Management and the Public-Private Mix, IASIA Annual Conference, Beijing, July.
- van Ham, H. and Koppenjan, J. (2001). 'Building Public-Private Partnerships'. *Public Management Review*, 4(1): 593–616.
- Weihe, G. (2005). 'Public-Private Partnerships: Addressing a nebulous concept'. *Working Paper 16*, International Centre for Business and Politics, Copenhagen Business School. Available at: [http://openarchive.cbs.dk/bitstream/handle/10398/7348/ppp\\_approaches\\_guri\\_16%20.pdf?sequence=1](http://openarchive.cbs.dk/bitstream/handle/10398/7348/ppp_approaches_guri_16%20.pdf?sequence=1)

**Modupe Adefeso-Olateju** has spent over a decade working in different spheres of education and youth development. As part of a DfID-funded programme, she currently supports six Nigerian states to establish effective monitoring and evaluation systems for the education sector. She is also a Centenary Doctoral Scholar at the Institute of Education, University of London, where her research is focused on public and private school effectiveness and PPP in Nigeria. She serves on the board of the Commonwealth Youth Exchange Council.