

# Development-Driven Public-Private Partnerships in Basic Education



## Emerging Priorities from Second Roundtable Discussion

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## Background

The UN-sponsored Financing for Development conference in Monterrey in 2002 identified development-driven partnerships between public and private actors as one of the important solutions to bridging the gap in development finance and in meeting the internationally agreed goals. As a follow-up to the Monterrey conference, the World Economic Forum's Financing for Development Initiative and the UN Department for Economic and Social Affairs organized a series of multistakeholder meetings to examine the effectiveness of public-private partnerships (PPPs) in three areas of development: water, health and education. These gatherings examined the question of what works and what does not in the formulation and management of development-driven PPPs.

*"Why is it that for poor people little is expected, little is given, little is done? Let's set the bar high."*

The first of two Roundtables on PPPs in Basic Education was held in Brasilia, Brazil, in November 2004. **It focused on the viability of business engagement in PPPs in basic education; lessons and challenges in developing and delivering PPPs in basic education; and PPPs that address low enrolment, access and quality.** Key obstacles for successful partnerships identified at that Roundtable were:

- difficulties in negotiating and reaching agreement between non-traditional parties;
- achieving political will and public support for the participation of the private sector and business community;
- agreeing on key performance targets; and
- transparency and accountability within the PPP.

Key success factors for successful partnerships identified in Brazil were:

- engagement of a senior champion for the PPP arrangement; and
- agreeing on shared objectives from the beginning of the partnership.

A summary document on this Roundtable is available separately.

The second Roundtable on PPPs in Basic Education was held in Paris, France on 29 and 30 April 2005. **It focused primarily on taking the findings of the first Roundtable further; concentrating on developing recommendations for improving capacity, access and quality in basic education; and examining the special role of the private sector in delivering basic education efficiently and effectively.**

The learning from these events was presented to the 2005 UN Financing for Development High-Level Dialogue. It will feed into the next High-Level Plenary Meeting of the 60th session of the General Assembly and the World Economic Forum's Annual Meeting 2006.

*"I was one of those children that people said it could not happen to. I now have 11 degrees, so school must have done something."*

This overview document summarizes the priority issues emerging from the Paris Roundtable and highlights some of the recommendations that will be further developed in the final report to be issued in September 2005 for the General Assembly.

## Emerging Priorities for PPPs in Basic Education

The meeting was attended by 50 participants from the private sector, academia, civil society and government, all active players in PPPs for basic education. They identified key obstacles to successful development-driven PPPs in basic education:

- lack of awareness and communication between public and private actors;
- lack of political will to accept the participation of the private sector in providing basic education; and
- lack of an "institutionalized voice" to represent the private sector.

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The success factors were identified as:

- bringing in private sector strengths like accountability and the managerial mindset to the management of public schools; and
- bringing in the notion of brokering, i.e. matching private sector interests with those of education systems.

**For practitioners in development-driven PPPs in basic education, the need for change was vital for the PPP process to move ahead and reach the poorest in society, specifically in relation to curriculum and management of public schools.**

However, *“changing the field of education management is as difficult as it is slow,”* as one participant summarized the discussion.

*“Changing old habits and most importantly the mentality of people is an onerous task, and politicians have neither the time nor the inclination to remedy this problem.”*

Existing curriculum also requires serious improvements. Often, state systems do not bring the necessary quality to poor children, even if they have access to education in the first place. Little

is expected from them and this attitude reflects largely in the quality of the curriculum provided. In Qatar, for example, the aim of education is to create quality citizens who can respond to the changing needs of society and, hence, the quality of the curriculum is reflecting this particular need.

The attitude of governments towards the participation of the private sector, and vice versa, in the delivery of basic education equally needs to change and adapt. Both parties must feel comfortable working with each other before a PPP can be initiated or even scaled up. The multinationals present at the Roundtable requested greater support from governments to engage further in the ‘pedagogical black box’, still considered an exclusive domain of national governments. While the private sector has the potential to contribute greatly in

bringing quality and innovation to pedagogy, work remains to be done in making the partners – public and private – feel comfortable in working together in this field. The private sector must be included in the development of partnerships early so the public sector can benefit from their expertise in curriculum development.

Regarding the management of schools, participants identified local accountability and ownership, as well as a structured system, as solutions to remedy ineffective school leadership, bringing out the notion of ‘education as a business’. This point was substantiated by an example from the Philippines where the existence of local school boards facilitated local accountability and, therefore, quality. Decentralization of educational systems and more communication between public and private actors were identified as the other necessary changes to improve PPPs in basic education.

In addition to these more general reflections, the following four topics were discussed in detail during the Roundtable:

- Integrating the private education sector into the management of public schools;
- Engaging other industry sectors in school infrastructure;
- Sustaining and scaling up strategic social investments in basic education; and
- Business coalitions to improve basic education.

## Practitioners’ Opinions and Recommendations from the Paris Roundtable

### 1. Integrating the Private Education Sector into the Management of Public Schools

The issue of integrating private sector expertise and services into the system of public sector schooling is an issue of debate and controversy. Public schools are not credited for high standards and are often associated with high dropout rates and poor quality of teaching. The example cited to substantiate this point was the slums in Hyderabad, India, where poor parents preferred to send their children to effective private schools for want of good quality public schools. Public schools in developing countries that cater to the economically backward strata of society often have better facilities; however, it is the private

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schools that perform better. In Kenya, for example, children went to public schools when education was made free; however, most returned to private schools as they offered better quality. In addition, this did not allow more children access to basic education; it simply allowed those already in an educational system to have it for free.

How then can the alliance between private and public actors be best achieved in this respect? To allow for a better partnership between the public and private sectors, participants recommended that ministers of education review existing regulatory environments with the aim to remove barriers to private education. Deregulation is seen as one of the solutions to facilitate the PPP process. However, to imagine that deregulation is a panacea for all problems would be an error according to the Roundtable discussions. Deregulation does not mean complete freedom and a system of checks is still necessary.

**The private sector can introduce some solutions to remedy ailing public school systems, especially in dealing with problems related largely to management and especially if the private sector schools are in tandem with local needs.** In Qatar, for example, families are part of school governing boards and engage actively in school management. Parents are seen as active partners and are encouraged to express what they think is the best strategy for the school and the future of their children. Private school systems can help public schools integrate this aspect into their management systems. Local businesses can also be engaged in educating public school leaders to become ‘good managers’.

Advocacy and awareness were identified as important factors in contributing to the success of PPPs for basic education and, in this context, it was recommended that a platform be created – for example, Private Schools International (PSI) for federations of private schools for low-income families to raise awareness of their successes and engage in policy dialogue.

In creating awareness and mobilizing resources, key players can be used as a platform to create road shows promoting dialogue with multilateral and bilateral donors on the role of PPPs and the provision of private education in meeting the Education For All (EFA) goals and the Millennium Development Goals (MDGs). Here, the mediation of a key player can bring together different actors, much like in a matchmaking process. Country-level

dialogue involving all stakeholders is necessary to give clear direction to the partnership process.

The use of recent trends in international development aid, like sector-wide approaches (SWAPs), is a further tool to promote PPPs while respecting the diversity of educational providers. Business coalitions will play a role here and are further examined in point 4 below.

*“The educational system is so bad that PPPs can only make it better.”*

Recommendations pertaining to resource mobilization for private sector schools targeting low-income families are as follows:

- Strengthening the capital base of in-country microfinance institutions to provide loans for low income families to cover basic education needs;
- Further developing and strengthening guarantees, given for example by institutions like USAID or the IFC (specific examples cited were in South Africa and Vietnam). Cases like these could be tied to local resource mobilization at the country level.
- Mobilizing new finance in the form of grants or aid to fill the most pressing financing gaps. Governments in partnership with international supporters are the key players in this case.
- Funding schools for low-income families by non-residents of the countries in question. The example of community clinics funded by money coming in from non-resident Filipinos is a model to raise funds for private schools for low-income families.

## 2. Engaging Other Industry Sectors in School Infrastructure

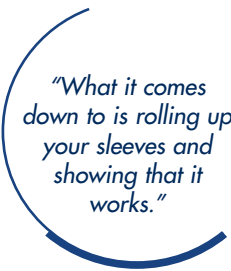
The private sector has been very active in providing direct educational and administrative expertise. To facilitate further involvement of the private sector in school infrastructure, participants recommended the following:

- **International aid agencies:** Agencies to include in contracts for educational inputs and material, the requirement to enable

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suppliers, both local and international, to contribute at a sufficiently early stage to the design of the donors' educational programmes. Participants said this would help private sector suppliers to better innovate and meet educational needs and, hence, bring in the value added of the private sector to strengthen the PPPs in basic education.

- **Governments:** Officially endorsed accreditation/certification schemes that recognize the quality of training provided by the not-for-profit sector could signify the concordance of the PPP in enhancing the economic and academic opportunities of students. In India, for example, the government still relies on outdated testing standards in determining an individual's 'literacy'. To change this, current information technology skills, for example, can be incorporated in evaluation systems and be recognized and certified by the government.



*"What it comes down to is rolling up your sleeves and showing that it works."*

- **Country offices of UNESCO or UNDP:** They could convene a series of 'match-making fairs' with the aim to build strategic alliances between corporate and not-for-profit sectors to enhance economic and academic opportunities for students. Many such initiatives exist; however, there are no brokers on the ground who can make the perfect match between the 'supply' and 'demand' parties. Budgets at national and sub-national levels should be earmarked for the promotion of private sector engagement to further balance the supply and demand sides of PPPs.
- **Local communities and children:** Recommendations for more learner-centric education models were made wherein

involvement of local communities should be given importance in determining the vision and direction of education PPP initiatives. Equally, involving children in shaping the course of their own training programmes and learning needs might improve basic education quality. The role that local operating companies often play in sponsoring local partnership broker skills training programmes focusing on change management skills and procedures as well as good governance in partnerships to achieve accountability, affordability and adaptability should not be forgotten. Communities should also be involved in supply selection to prevent corrupt practices and reduce bureaucracy.

- **A partnership tracking unit:** Educational outcomes, and most important the "value added" of innovative PPPs for basic education, must be tracked and monitored. A partnership tracking unit is the solution. Participants recommended that tracking studies be resourced either through a trust fund or through a permanent Education PPP Tracking Unit embedded within the World Bank activities in conjunction with UNESCO. The establishment of this tracking unit will further contribute to establishing trust between the different actors and avoid corruption. In this context, the '**AAA model**' – **accountability, affordability, adaptability** – was suggested. This model could be adapted and used to benchmark the governance of the PPPs to facilitate official recognition and comparison.

### 3. Sustaining and Scaling Up Strategic Social Investments in Basic Education

**Company-driven PPPs in basic education offer a wide range of benefits and are highly innovative.** To sustain and scale up these successful innovations, clear agreements and commitments between national and international businesses is recommended. Governments also need to make upfront commitments to local resources for capacity building and the eventual handover, as demonstrated by the example of the

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Jordan Education Initiative (JEI). This initiative fused diverse sources of funding from both national and international businesses and was also supported in good measure by government policy. This model can be used as a benchmark for replication and scale up in other regions. It will soon be replicated in the state of Rajasthan in India.

*"It is really not about doing the minimum; it is about raising the bar."*

Participants also recommended that cases be collected to support advocacy on capacity building. The need for

scaling up should be well advocated for, and information ranging from practical solutions to financial aspects must be made available. At a minimum, this information should consist of best practices, interactive communication, information on government policy and strategies for success with respect to capacity building in the framework of PPPs for basic education. To help potential funders, gaps in funding in particular areas need to be identified and streamlined with available funding.

In the same vein, establishing a Global Forum for scaling up PPPs in basic education is a step closer to getting global leaders to recognize their importance. Further, a series of global summits to advocate and communicate the importance of PPPs in basic education will raise the importance of the subject and facilitate their impact.

## 4. Business Coalitions to Improve Basic Education

Business coalitions can be used to improve national education. In this context, it was recommended that business coalitions advocate the contracting out of the education provision that is funded and controlled by the state. Business coalitions can coalesce and make proposals to governments for outsourcing education services to the private sector, while allowing government control and determination of the "rules of the game". The advantage of outsourcing will also result in overall savings for governments and enhance the performance and quality of education delivery.

**Business coalitions also have a role to play in providing finances in the form of discretionary funds to be used for training and performance incentives and capacity building of administrators and officials.** These measures will help bring business metrics to the challenge of reaching the EFA goals as well as the MDGs pertaining to education. Governments can act as facilitators in this partnership. Further roles for business coalitions in education PPPs are developing indicators to measure performance and outcomes and creating preventive measures to combat corruption.

*"PPP's are a means to an end, not an end in themselves."*

There are many other areas of impact that business coalitions can have; for example, they can contribute to mapping areas of greatest need and encourage private sector involvement, either in-kind or through other types of resources. The whole area of child labour and improving practices and education of employed youth is an example.

## Looking Ahead

The second Roundtable developed many of the priority issues further and discussed some solutions to improve the role of PPPs in basic education, with a special mention of the effective use of private resources. The different aspects of PPPs in basic education were discussed. These recommendations need to be further examined and will be published in the final report for the UN General Assembly in September 2005.

At a minimum the Forum Roundtables suggest a need for improved dialogue among all parties around policy options and regulatory reform. There is also significant interest in greater multistakeholder collaboration in detailed project design, infrastructure development, service delivery, institutional strengthening and performance oversight.

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This overview has been compiled from information gathered during the Roundtable in Paris with the help of Shivali Lawale. Prepared for the event facilitators, its purpose is to provide both a summary of the main topics covered in the Roundtables and insight into new directions and outstanding issues. The final report will follow.

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