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## **The Potential of Public & Private Partnerships for ICT in Education**

*Optimizing ICT for Education Conference*

Asian Development Bank

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Norman LaRocque

*“It doesn’t matter if a cat is black or white, as long as it catches mice.”*

- Deng Xiaoping

## I. Role of Government in Education

- Rationale for government involvement in education:
  - Externalities
  - Capital market imperfections
  - Agency concerns
  - Equity
  - Information asymmetries
- Government has a variety of policy instruments at its disposal in order to meet its policy objectives:
  - Ownership/Delivery
  - Funding
  - Regulation/Information
- PPPs recognise that governments can meet their policy objectives using different service delivery models – not just ‘traditional’ public finance/public delivery model.

## II. Financing and Provision

Financing	Provision	
	Private	Public
Private	<ul style="list-style-type: none"> <li>• Private schools</li> <li>• Private universities</li> <li>• Home schooling</li> <li>• Tutoring</li> </ul>	<ul style="list-style-type: none"> <li>• User fees</li> <li>• Student loans</li> </ul>
Public	<ul style="list-style-type: none"> <li>• Vouchers</li> <li>• Contract schools</li> <li>• Charter schools</li> <li>• Contracting out</li> </ul>	<ul style="list-style-type: none"> <li>• Public schools</li> <li>• Public universities</li> </ul>

## Public Private Partnerships

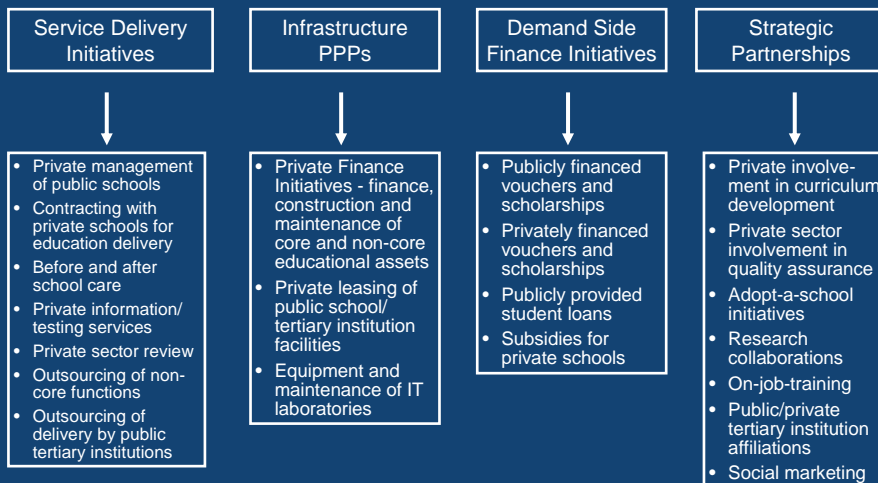
### III. Public-Private Partnerships: Defined

- No fixed definition of PPPs
- Definitions differ in terms of scope and formality of arrangements
- Various definitions:
  - “risk sharing relationship based upon an agreed aspiration between the public and private sectors to bring about a desired public policy outcome.”  
– *Commission on UK PPPs*
  - “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.”  
– *Canadian Council for PPPs*

## IV. Public-Private Partnerships: Common Elements

- Formal arrangement with contractual basis
- Involve public and private sectors
- Outcome focus
- Sharing of risks/rewards between public and private sectors
- Recognise complementary role of public and private sectors.

## V. Public-Private Partnerships in Education



## VI. Examples of Education PPPs

Type of PPP	Examples
Contracting for the Delivery of Education Services	<ul style="list-style-type: none"> <li>■ Government Sponsorship of Private School Students, Cote d'Ivoire</li> <li>■ Educational Services Contracting, Philippines</li> <li>■ Punjab Education Foundation, Pakistan</li> <li>■ Fe y Alegria, South America and Spain</li> </ul>
Private Management of Public Schools	<ul style="list-style-type: none"> <li>■ Concession Schools (Bogota), Colombia</li> <li>■ Railways Schools, Pakistan</li> <li>■ Independent Schools, Qatar</li> <li>■ Quality Education for All (Punjab), Pakistan</li> <li>■ Management of Government Schools (Lahore), Pakistan</li> <li>■ Developments in Literacy, Pakistan</li> <li>■ Contract schools and Charter schools, USA</li> <li>■ Transformed Schools, China</li> </ul>
Infrastructure PPPs	<ul style="list-style-type: none"> <li>■ Private Finance Initiative, UK</li> <li>■ Proyecto Prestacion de Servicios, Mexico</li> <li>■ New Schools Private Finance Project, Australia</li> <li>■ PPP for Educational Infrastructure, Canada</li> <li>■ Offenbach Schools and Cologne Schools Projects, Germany</li> <li>■ Montaigne Lyceum (The Hague), Netherlands</li> </ul>

## VI. Examples of PPPs (Cont'd)

Type of PPP	Examples
ICT	<ul style="list-style-type: none"> <li>■ Private Finance Initiatives, Various countries</li> <li>■ Teach to the Future (Intel), India, Pakistan, Philippines, Malaysia, etc</li> <li>■ Networking Academies Developed Countries Programme (Cisco), 27 Least Developed Countries</li> <li>■ Phumelela Networks Learning Labs (Nortel), South Africa</li> <li>■ Private sector certification (Cisco, Microsoft, etc), Global</li> <li>■ Rajasthan Education Initiative (WEF), India</li> </ul>
Vouchers/Subsidies	<ul style="list-style-type: none"> <li>■ PACES, Colombia</li> <li>■ Targeted Individual Entitlement, New Zealand</li> <li>■ Private school subsidies, Cote d'Ivoire</li> <li>■ Netherlands, Denmark, Sweden programmes</li> <li>■ Milwaukee Parental Choice Programme, USA</li> <li>■ Punjab Education Foundation, Pakistan</li> </ul>

## a. Contracting for the Delivery of Education Services

- Involves the government contracting with private schools to provide education to students at public expense – usually where there are no public schools or no public school places available
- Similar to vouchers in that the government purchases education services that are delivered in private schools with private infrastructure, but differs from vouchers in that contract is for a number of students
- Differs from private sector management of public schools – in the latter, the education is delivered in privately managed public schools
- Several examples – Government sponsorship of students in private schools (Cote d'Ivoire), Educational Service Contracting (Philippines), Universal Post-primary Education Policy (Uganda) and Punjab Education Foundation (Pakistan).

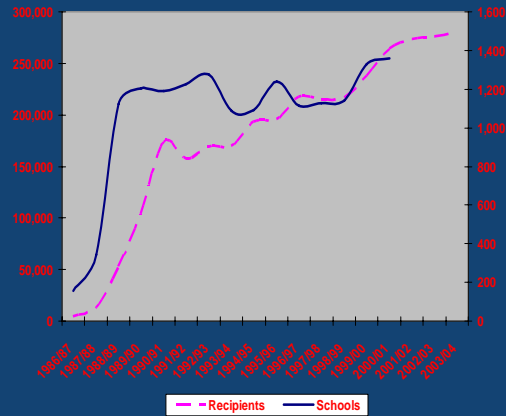
## Punjab Education Foundation – Assisted Schools Program, Pakistan

- Punjab Education Foundation (PEF) pays private schools Rs300/month for each student they enroll (up to set maximum)
- Schools are located in poor urban and rural areas
- Schools cannot charge tuition or other fees
- Schools must meet regular quality assurance tests in order to remain in FAS program
- PEF Budget = Rs70 million (2005/06)
- Program introduced in November 2005 (5 districts, 54 schools and 22,000 students)
- Now operates in 203 schools in 10 districts with 77,000 students. Further expansion planned.



## Educational Service Contracting (Philippines)

- Government contracts with private schools to enrol students in areas where there is a shortage of places in public high schools
- Administered by the Fund for Assistance to Private Education, a private not-for-profit organisation
- Nearly 400,000 students in 1,500 schools – and rising
- Certification program for schools participating in ESC
- Other contracting schemes exist at tertiary, school and ECE level.

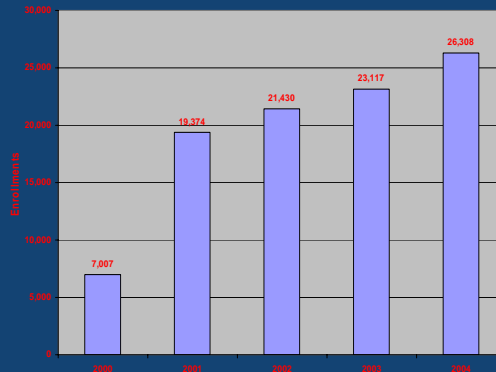


## b. Private Management of Public Schools

- Relatively recent phenomenon in education – used in low-income/disadvantaged areas
- Public authorities contract directly with private providers to manage a public school – schools remain ‘free’ to students (no fees)
- Schools responsible for all aspects of school operation
- Examples include:
  - Concession Schools, Bogota
  - Education Management Organisations, USA
  - City District Government of Lahore/CARE and others, Pakistan
  - Fe y Alegria, South America.

## Concession Schools, Bogota (Colombia)

- Private schools contracted to manage poorly performing public schools
- 25 schools serving over 26,000 students – disadvantaged students
- Autonomous
- 15 year contract
- Designed to overcome problems faced by public schools – inability of schools to hire own staff, lack of labour flexibility, bureaucracy
- Schools paid \$US500 per student per year – below public school unit cost



## School Contracting Initiatives, Pakistan

- Quality Education for All (Punjab):
  - 2,400 schools managed by National Rural Support Network, governed by management contract
  - Began as pilot in 48 schools in 2002
- Railways Schools:
  - Beaconhouse Schools managed 19 Railways Schools from 2003-2005
  - Contract was for 33 years but it ended early – poor contract design
- City District Government of Lahore (CDGL)/CARE:
  - CARE, a local NGO, manages 172 public schools in Lahore on behalf of the CDGL (97,000 students)
- Developments in Learning
  - DIL, an NGO, contracts with providers to operate 150 public schools
  - DIL provides funding and local NGOs manage schools on their behalf.



### c. Vouchers/Subsidies

- Many countries are making use of vouchers/subsidies in education
- More than 30 countries using demand-side financing mechanisms to finance education - vary from small/targeted to full/national programmes:
  - *Iskolar* programmes in the Philippines
  - Swedish school choice programme
  - Denmark, Ireland, Netherlands, Australia, New Zealand, Ontario, Sweden – public funding of private schools
  - Chile – national programme
  - USA – Florida, Milwaukee and Cleveland voucher schemes
  - Pakistan – Punjab Education Foundation
  - Senegal and Cameroon - subsidies for private schools.

### Plan de Ampliación de Cobertura de la Educación Secundaria, Colombia

- Introduced in Colombia in early 1990s. Programme provided 125,000 vouchers from 1992-1997
- Offered vouchers to students entering sixth grade, the start of Colombian secondary school
- Key elements of the programme included:
  - vouchers available to children from low-income families who had attended a public primary school and had been accepted at a private school
  - vouchers were renewable subject to satisfactory academic performance
  - Voucher value = \$US190 – half the cost of private secondary school
  - school received voucher funds directly from the bank
  - schools were allowed to charge top-up fees; and
  - there was minimal regulation of private schools.

## Netherlands

- Nationwide school choice scheme - free choice of public or independent school
- No zoning - students can attend any school
- Liberal supply side. Non profits and parents can set up schools if minimum requirements are met
- Diverse supply of schools
- 70% of primary and secondary students attend independent schools receiving government funds
- Topping up of fees not allowed
- Schools with students from lower income areas receive more government money.



## d. Infrastructure PPPs

- Increasingly used form of procurement for education infrastructure
- Used to construct schools, classroom blocks, hostels, laboratories, etc at both school and higher education levels
- Private sector builds infrastructure and leases it to the government for a set period, then turns asset over to the government at the end of that period
- Key characteristics:
  - private sector partners finance, design, build and operate education infrastructure
  - government remains responsible for the delivery of core services such as teaching
  - governed by long-term contracts – usually 25-30 years
  - contracts specify services the private sector must deliver and standards to be met
  - contractor employs non-teaching staff
  - payments are contingent upon the private operator delivering services to an agreed performance standard.

## d. Infrastructure PPPs (Cont'd)

- Bulk of PPPs in education are at the school level – UK, Ireland, Australia, Canada, Germany, Netherlands, Hungary, Finland, Denmark, Japan and Korea
- Private Finance Initiative in UK is largest PPP programme – 144 signed projects for Department of Education and Skills – £4.1 billion and 30+ deals in the Higher/Further Education sector, with a capital value of £630 Million
- Australia making increasing use of education PPPs: New Schools Initiative in NSW, New Schools Project in South Australia, Schools Partnerships in Victoria, Southbank Education and Training Precinct, University of Queensland/Southern Queensland and Swinburne University of Technology
- Proyecto Prestacion de Servicios in Mexico - similar to UK PFIs – 8 universities constructed
- Other countries looking at education PPPs: Botswana, Alberta (Canada), Colombia, Belgium, Austria and the Czech Republic.

## Private Finance Initiative (PFI), Britain

- PFI part of broader policy of public service modernisation in Britain – began early 1990s, renewed emphasis in 1997
- Context – big backlog in school repairs (£7 Billion)
- 144 signed projects for Department of Education and Skills – £4.1 billion (13% of total)
- 30+ PFI deals in progress in the Higher/Further Education sector, with a capital value of £630 Million
- Typically – 30% of costs are for caretaking, maintenance and other services
- Decision to use PFI based on Value for Money, not accounting treatment
- Building Schools for the Future programme:
  - 15-year investment programme – £2.2 billion capital investment per year
  - focus on secondary schools
  - Local Education Partnerships (LEPs) work with Local Authority and Partnerships for Schools to develop infrastructure strategy
  - LEP contracts to deliver the investment through PFI and conventional procurement.

## PPP for New Schools, Egypt

- PPP to build 2,210 new primary and secondary schools in Egypt, in an attempt to meet President's target of 3,500 new schools by 2011
- Initial project started in late 2006 – 300 schools in 23 governorates
- Response by private sector led to expansion in early 2007 to include a further 1,910 schools around the country
- Government provides land, while private sector designs, constructs, finances and furnishes schools and provides non-educational services under 15-20 year agreements
- Value estimated at LE11 Billion (approximately \$US2 Billion)



## Public Private Partnerships in ICT in Education

## VII. Disparities in ICT, Education and Innovation Indicators Across Developing and Developed Countries

Region/Country Grouping	World Bank Normalized Knowledge Index Score (/10)		
	Innovation	Education	ICT
South Asia	3.31	1.95	1.76
East Asia and the Pacific	8.42	5.34	6.97
Europe and Central Asia	6.93	6.81	6.28
G7	9.15	8.46	8.73

Source: World Bank

## VIII. Disparities in Asia and ECA

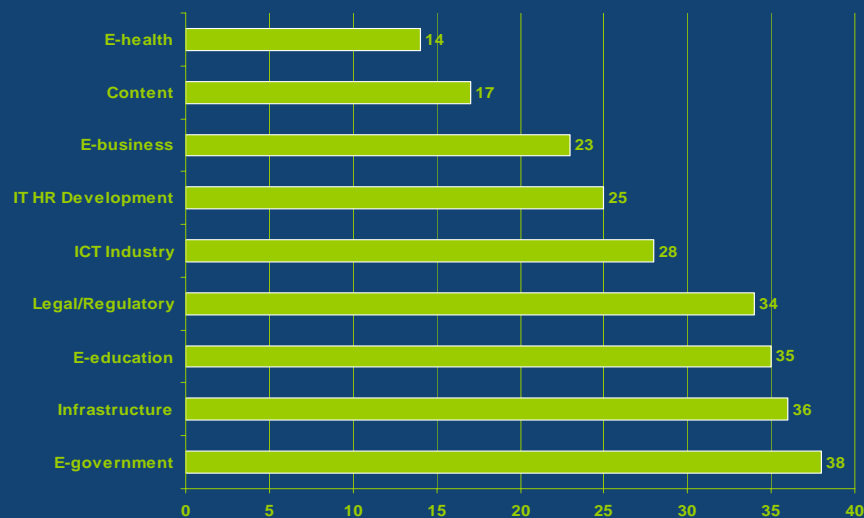
Selected ICT and Education Indicators	Normalized ICT Index Score (/10)		
	South Asia	East Asia/Pacific	ECA
Internet Access in Schools	2.94	6.93	5.55
Mobile Phones per 1,000 People	1.61	5.81	5.83
Computers per 1,000 People	1.70	7.54	6.48
International Internet Bandwidth	2.85	7.99	7.08
Internet Users per 1,000 People	1.95	7.32	6.39
Price Basket for Internet	1.89	3.96	3.75
ICT Expenditure as % of GDP	3.51	7.27	3.56
Extent of Business Internet Use	4.41	7.03	4.52
Prof/Tech Workers as % of Labour Force	.21	4.86	5.86

Source: World Bank

## IX. ICT Key Component in Knowledge Economy

- MDG commitments in education and significant disparities in ICT across developed and developing countries - ICT one tool governments using to address development challenges
- Education features significantly in government e-strategies – over 85% of governments with such strategies aim to expand ICT in education (World Bank)
- Focus is on building e-literacy (eg using spreadsheets, surfing the web) in formal/informal education systems
- Focus of e-strategies spread across primary, secondary and tertiary education sectors and adult/community education
- Interventions in e-strategies include teacher training, school and centre connectivity, capacity development, distance learning, curriculum development and quality assurance.

## E-education: A Key Strategic Focus for Government



## X. Potential Benefits of ICT in Education

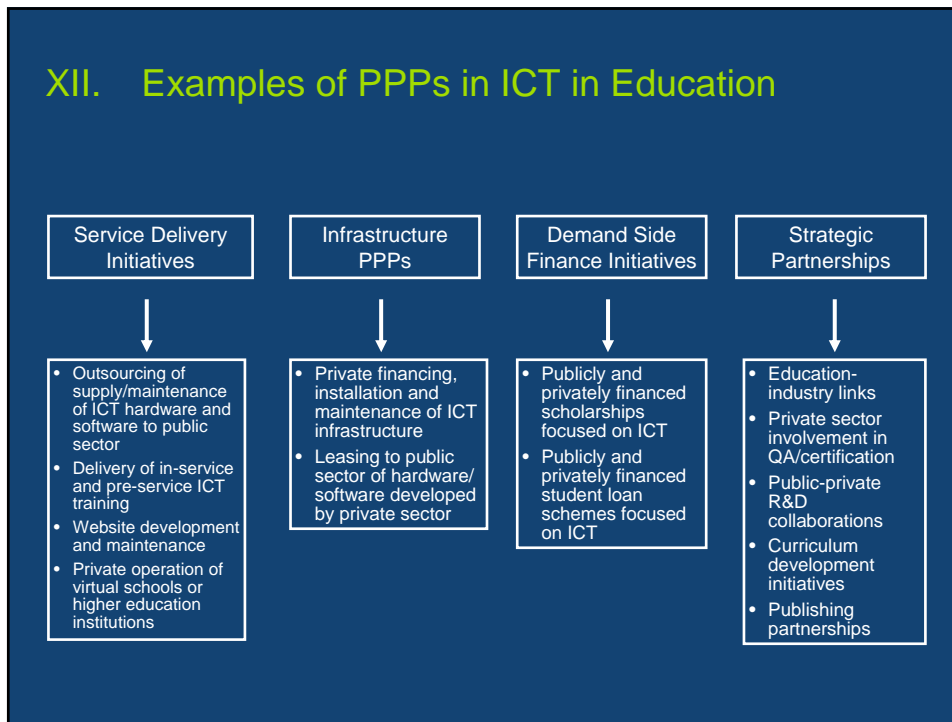
- Assist students' ICT skill development
- Increase students' interest, knowledge, motivation and learning skills
- Supplement teachers' instructional practices in the classroom
- Expand educational programmes
- Extend the learning environment beyond classroom walls
- Provide efficient administration and cost savings

*Source: ADB*

## XI. PPPs in ICT in Education

- Wide range of possible PPPs in education – 'infrastructure' development, management of ICT facilities, service contracts, scholarships, skills training, curriculum development, quality assurance/certification, etc
- ICT PPPs can be defined broadly or narrowly – eg. ranging from private sector donations to significant infrastructure developments
- Limited use of 'true' PPPs in ICT in education, based on narrow definition of what constitutes a PPP (eg. infrastructure), but more using broader definition (infrastructure, training, certification, curriculum development, etc).

## XII. Examples of PPPs in ICT in Education



## XIII. Example of PPP in ICT in Education: Rajasthan Education Initiative

- State of Rajasthan, India
- Partners include Government of Rajasthan, World Economic Forum, Confederation of Indian Industry and Global e-Schools and Community Initiative
- Launched November 2005
- Focus on improving education delivery, promoting equitable access, enrolment and retention of children in schools, reducing gender disparities, promoting skill development and enhancing learning levels
- Similar initiatives in Jordan and Egypt.

## XIV. Potential Benefits of PPPs in ICT

- Provide access to finance where capital markets are weak
- Improved timeliness and efficiency in delivery of educational ICT 'infrastructure' and improved delivery of ICT services
- Secure specialised skills that may not exist in the education sector
- Widen access to education/new technologies for disadvantaged groups
- Overcome public service operating restrictions – obsolete salary scales, restrictive civil service work rules
- Government agencies can focus on functions where they have a comparative advantage
- Increased relevance of ICT-related curriculum and skills, including quicker response to changing demands and adoption of service delivery innovations
- Permit more rapid scaling up of ICT innovations
- Make the cost of services more visible.

## XV. ICT PPPs and Education

- Less use of PPPs in education, though increasing
- In some respects, education is well suited to PPPs (eg. infrastructure) given it is a stable/slow changing sector and has long planning horizons (demographics)
- Special challenges in the education sector, particularly in developing countries:
  - weak PPP implementation capacity in education sector in many countries
  - school outcomes affected by a range of factors
  - decentralised nature of education and comparatively small project size
  - varying state of ICT and knowledge readiness across countries
  - education seen as 'public' or non-commercial in nature
  - policy risk can reduce interest in PPP delivery
- Fast changing technologies are harder to contract for in PPPs.

## XVI. ICT in the Education Sector: Success Factors

- Successful ICT initiatives, including PPPs, require:
  - good **policy framework** (eg. ICT regulation, investment/tax/trade policy, IP/cultural protection) – reduce risk and promote investment
  - well developed **ICT infrastructure** and reliable **power supply**
  - good **education and skills base**
  - contracting and implementation **capacity** – capability varies across countries and regions (9/19 ICT projects had ‘scope for PPPs’ – ADB)
  - **advocacy/promotion**
  - **scaleable and sustainable** – economic, social, political, technological
  - clear **goals/objectives** and clear **delineation of responsibilities** – public and private sectors
  - **monitoring** – targets, indicators, outcomes, evaluation
  - change in **role of government** and **‘mindset change’** – move from inputs to outputs/outcomes, delivery to facilitation
- Pilot projects if policy framework not in place.

*“An enabling environment is arguably the single most important issue to ensure the success of PPPs, especially in the ICT sector... [a] coherent reform environment needs to be created to enable PPP...”*

- ESCWA Workshop Report, 2007

## XVII. Scaling Up ICT PPPs: Lessons of Recent Experience

- Project sustainability and scalability need to be built into PPPs from the beginning
- Scalability of PPP projects occurs successfully when the interests of all parties – public and private – are built into project design, with a goal of creating a viable business model, not engaging in charity
- Public sector funding helps increase the private sector's tolerance of risk in a project
- Each party must be realistic about what strengths it brings to the partnership and what it needs from others
- Leveraging local expertise and innovation is crucial to success
- PPPs can help exert leverage for positive change in the enabling environment.

*Source: World Bank*

## VXIII. Conclusion

- Growing number of examples of PPPs in education, though fewer examples of 'formal' PPPs in ICT for education
- Combination of ICT and PPPs bring special challenges in education
- PPPs not a panacea, but can play a role in helping to meet MDGs - consistent with MDG8 and ADB Education Policy (2002)
- Not a question of public or private – is a question of differing roles and relative strengths – what each brings to the partnership
- Many potential roles for private sector – financier, technology developer, service provider, training provider, curriculum adviser, etc
- Think comprehensively about ICT – hardware/software, policy frameworks, infrastructure, training, accreditation/certification, curriculum, teaching resources, etc – private sector can play a role in all of these
- ICT is about transforming learning.

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