Public-Private Partnerships in the Social Sector

Issues and Country Experiences in Asia and the Pacific

Edited by

Yidan Wang
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IN THE SOCIAL SECTOR

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in Asia and the Pacific

Edited by
YIDAN WANG

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Health and education are two fundamental sectors that every country needs to develop. But governments in developing countries have limited resources for them. They face difficulties in providing quality health and education services that take into account individual and community diversity. This has resulted in a greater involvement of the private sector, including non-government organizations (NGOs), business corporations, communities, and parents and families, in the finance and management of services. In many developing countries in Asia and the Pacific, the role of the private sector in health and education has become critical.

Indeed, over the years some private organizations and groups have proved to be very effective in supplementing the roles played by the public sector. NGOs and community groups have in many instances demonstrated their capacities in reaching the poor and disadvantaged with a variety of services, ranging from motivational to educational and health-related activities. Even private businesses and corporations have established reputations in providing quality services that respond to market needs in health and education. In some cases, they have cooperated with governments in providing effective and efficient management of government-financed or subsidized services. In other cases, the private sector (both for-profit and non-profit) has addressed market needs by providing services that supplement government services. Under appropriate circumstances, forming partnerships between the public and private sectors can open up opportunities for additional resources, improved service coverage, and enhanced quality in services.

† Training and Learning Methods Specialist, Asian Development Bank Institute. Many people have contributed to the completion of this publication. I would first of all like to thank Glen Paoletto for his valuable advice and organizational support for the Public-Private Partnerships in the Social Sector Workshop. Appreciation goes to all contributors for sharing their views and preparing the papers. Special thanks go to Masaru Yoshitomi, Dean and S. B. Chua, Director of Capacity Building at the ADB Institute for their support. Charisse Gulosino provided needed assistance in collecting all the materials for publication. Particularly, I want to thank Roger Smith and Grant Stillman at ADBI Publishing for their editorial advice.
To maximize the respective strengths of public and private sectors and minimize their weaknesses, policymakers need to fully understand the possibilities and conditions for partnerships, including legal and regulatory framework, and benefits and costs that forming partnerships may involve. Though various forms of partnerships exist in many countries in the region, there is a lack of common analytical framework for understanding partnerships. How public and private sectors interact and how such interactions impact on access to health and education and on the quality and relevance of such services are still poorly understood.

To facilitate understanding of these issues, we assembled a distinguished group of scholars, policymakers, and practitioners from the health and education sectors to reflect on their current thinking and experiences related to public-private partnerships. This book stems from their papers presented at the “Public-Private Partnerships in the Social Sector” capacity building workshop held at ADB Institute in July 1999,¹ which was co-sponsored by the Institute for Global Environmental Strategies. These papers address four main questions:

• Why are partnerships desirable for health and education development?

• What legal, policy and regulatory frameworks are necessary to involve the private sector effectively?

• What do specific country experiences tell us about issues and problems that arise from such partnerships?

• What are the appropriate roles for the government in creating enabling environments for such partnerships?

In applying the concept of public-private partnerships, we look for public and private collaborations that can provide quality health and education more efficiently, effectively and equitably. Through appropriate arrangements, partnerships are expected to utilize and explore the combined strengths of the partners that are involved. This is not to diminish the respective role of either public or private sector. The role of the government is important, but the function of the private players that are also involved in financing and providing the services cannot be excluded in the overall development strategy to improve health and education.

¹ See summary of proceedings in Executive Summary series, Public-Private Partnerships in the Social Sector, 5-9 July 1999, Tokyo, ESS No. 07/99, (www.adbi.org/publications/).
Finally, the notion of public and private partnerships should not be limited to collaborations between the government and the private sector. Partnerships at the local level between family and the school, for instance, can be especially effective in relating what happens in the school to the home environment. Partnerships among university medical training, research facilities and local health services can improve the entire health system. Partnerships among school administrators, teacher training institutions, curriculum development and educational research institutions can provide a more effective focus to the education system. Thus, partnerships need to include private-private partnerships as well as public-public partnerships.

**Focusing on Health and Education**

The public sector plays a major role in the financing and provision of health and education services. The dominant role of the government arises from the characteristics and the definition of “public goods.” Health and education are generally considered as public goods, particularly at the basic level, since they benefit a nation’s social and economic growth as a whole. Much research confirms that levels of health and education have a positive correlation with a nation’s economic development. Healthy and better-educated people are more productive economically. Similarly, health and education are also linked to each other in many ways. Education, particularly of girls and women, has an impact on their health and that of their family. On the other hand, poor health can stop people from studying. Through the provision of health and education services, the government assumes a major responsibility for protecting the public good for the betterment of peoples’ lives and social and economic development.

Promoting health and education in most developing countries, however, proves to be difficult and complicated. As governments face increasing fiscal constraints, they have turned to contributions and provision of services from the private sector. In most Asia and Pacific countries, the contributions from the private sector in health and education are substantial. In some countries, the share from the private sector can even be larger than that of their public counterparts. At the same time, the private sector is involved in service delivery side-by-side with the government. This public-private mix in financing and provision of both health and education services in the region raises the issue of how to coordinate the roles played by these sectors and use resources more effectively.

Attempts to shift the roles between the public and private sectors to improve the efficiency and effectiveness in delivery and management of health and education have been controversial and not always successful. Decentralization has often been introduced to transfer functions that were previously undertaken by the central government to local levels of governments and communities, with
the hope that central funding could be diminished. Similarly, some governments have encouraged privatization through a range of policies designed to strengthen market forces. Often these reforms have led to conflicts with the policymaking functions of the government. The implementation of both decentralization and privatization policies so far has shown mixed results. Experience suggests that effective governance of health and education services is characterized by a degree of centralized policy and finance, with decentralized management and some local funding. In terms of the administration of the health and education services, both public and private approaches can contain costs and improve quality of services, but private approaches must always operate within the framework of public policy.

So, how do we explore the complementary advantages of both the public and private sectors? Unfortunately, there are no easy answers. But we can say that the roles of public and private sectors need to be reassessed in view of forming workable partnerships, and policymakers can then plan for effective collaborations.

Understanding Public and Private Sectors

It is nearly impossible to talk about workable partnerships without an understanding of the nature of the public and private sectors: who they are, what they can offer, how they work together, and what conditions are necessary for forming partnerships. Although these issues differ from nation to nation, and even within a country, some common concerns deserve elaboration and analysis.

Players from the “Public” and “Private” Sectors

The terms “public” and “private” can be confusing since there are many ways of defining these sectors. In this book, the “public sector” refers to government and public institutions and “private sector” to non-government institutions or groupings (see Table 1).

Various levels of government institutions have been involved in the financing and provision of health and education services. Government institutions may comprise agencies at the national, provincial or state, municipal, and local levels. As decentralization has become more pervasive in many developing countries, the central government specifies policies and local governments have more responsibilities for finance and management of health and education, thus exerting greater influence in social development. Public schools and universities, as well as hospitals and other services, are important elements of the public sector.
Multilateral and bilateral agencies increasingly play crucial roles in deciding the direction of social development through conditionalities attached to their lending and other activities.

The private sector is composed of many diverse players. They can be further categorized into private-for-profit institutions and private not-for-profit organizations. Commercial enterprises essentially belong to the category of profit-oriented organizations. There are also for-profit private hospitals, schools and universities belonging to this category. Under non-profit organizations, there are several groups: private institutions, including hospitals, schools and universities, NGOs and other non-government institutions. The term “NGO” includes various types of institutions or groupings, such as voluntary institutions, religious groups and community-based organizations. NGOs in developing countries vary enormously in terms of size, sophistication and expertise. There are international NGOs, government NGOs, and grassroots NGOs. Families and individuals are recipients of, as well as contributors to health and education services. ‘Community’ is a loosely defined term that includes individuals and also formally organized or informal groups within the community.

**Differences and Interactions Between Public and Private Sectors**

There is a need to understand what each sector can and cannot do in order to take advantage of partnerships. It is commonly understood that, as a prerequisite, partners should have some common features and share common objectives. But in reality partners are often more different than they are alike. Public and private sectors are different in operating strategies and philosophies. Generally, the pub-
lic sector or the government attempts to provide health and education services to all at a minimum cost or free. The government develops policies to try to provide equity of access to such services. Non-profit institutions and local communities in many cases have special concerns for reaching the poor and the disadvantaged that are often neglected by the government. These differences in service areas provide a basis for complementing the roles of each other. Business corporations, on the other hand, are concerned with making profit. Unlike the government, for-profit organizations are less concerned with issues such as equal access. They have a tendency to maximize profit in their activities.

Though different in many ways, the public and private sectors constantly interact in their activities. While the government needs private sector’s support in order to expand coverage and provide diversity of services, the private sector also has incentives to approach government for its support. The private sector wishes to influence the government in their policies in terms of tax-exempt status, accreditation, and fee setting etc. The interactions are not only limited to public and private sectors: even between the private sectors they have formed alliances and together influenced public policies.

Nature of Partnerships

Given these features, the public and private partnerships that we propose here have significant implications for improving the health and education sectors. In this book, ‘partnerships’ refer to any form of joint effort or undertaking of public and private players for achieving common objectives. Sometimes sharing common objectives may not be a core condition since partners may have different views and objectives. It is becoming evident that forming partnerships does not mean that the philosophies of partners have to change. The challenge of achieving objectives exists for each player, and partnerships are likely to be critical to meet the challenge.

But what partnerships hope to actually achieve matters most. Partnerships are not ends in themselves. The value of partnerships goes beyond market efficiency and community participation. The use of partnerships relies on the judgement of whom to form partnerships with and how they can best combine their strengths. This discussion, which is based on a wealth of analyses and practical experience, should facilitate greater understanding of the key issues and better planning of partnerships.

Structure of the Book

This book deals with general issues on public and private partnerships facing health and education sectors. The issues it covers range from conceptual, policy,
Introduction

legal and regulatory aspects to practical implementation and management implications. We, at ADBI, are particularly concerned to stimulate an ongoing dialogue among various players from both the public and private sectors. Thus the perspectives, views, and experiences presented here are from government officials, international agencies, business corporations, NGOs, and academics interested in the health and education sectors. Whenever necessary, they are analyzed within international contexts.

The book consists of three parts. The Overview sets the stage. It provides introductory remarks, concepts of and issues on partnerships by drawing attention to models of public and private involvement in health and education sectors, and the impact of the traditional values and information-technology on forming partnerships.

Part One deals with potential roles of the public and private sectors in terms of their contributions, strengths and weaknesses, as well as obstacles in forming partnerships. These are explained through experiences drawn from countries that have practices of involving the private sector in financing and delivery of services.

Part Two provides insights based on country experiences from Asia and the Pacific. These experiences are presented from the perspectives of the government, business, NGOs, and multilateral organizations. Successful examples as well as failures are openly discussed, and it ends with concluding remarks.

The Key Policy Messages

The overall policy message emerging from this book is that public-private partnerships, as a development strategy for developing countries, should be explored further to continue to promote health and education services. However, this book suggests that we still face many obstacles to form such partnerships. The following are of particular importance:

- The role of government in health and education development. The fact that health and education are generally classified as public goods means that the exclusive reliance on market and community initiatives will not result in social efficiency and equity. To protect the needs of all, governments have a unique role to play and they need to work closely with all committed players, profit-oriented organizations, NGOs, and international donors to assure that no one is left out of the development process. To this end, the government needs to create an enabling environment and establish an appropriate mechanism to control quality, and ensure transparency and accountability for the delivery of the required services.
• **Linking partnerships with challenges in health and education.** Current thinking and practice on partnerships is not clearly linked with resolving any of the challenges that face health and education sectors. As a result, some costs may be passed to local communities, but this may come at the expense of diminished access or quality. This book recommends that for successful partnerships to be established and sustained, they need to be clear about the objectives by using the respective strengths from partners involved. In the context of most developing countries in the region where access to quality, equity and financial support are still problematic, partnerships need to be transparent in terms of who is doing what with whom and with what effect. To ensure quality, for instance, governments need to encourage healthy competition among the public and private providers of services and to help provide training to personnel in both sectors. There will, however, be many constraints that players will have to face in their attempts to build workable and effective partnerships. Given the differences between the public and private sectors, forming partnerships means the sharing of benefits as well as responsibilities in joint efforts to solve problems.

• **The legal and regulatory framework.** A clear legislative framework specifying the roles of the public and private sectors, their relationships, and the areas for cooperation is essential for building partnerships. In many countries, however, there is a lack of a well-defined governance structure allowing for a proper distribution of responsibilities to all players. The role of the public sector at different levels (national, provincial, and local) has to be made clear as well as the responsibilities of private players, such as for-profit organizations, NGOs, and households if all of them are to serve the needs of society as a whole.

• **Trust.** Partnerships are built upon mutual trust and understanding. But for a variety of reasons, there often has been a failing in trust between the public and private sectors. Although the private sector may contribute substantially in health and education, in some instances the government may not recognize such contributions and may undermine and hinder the private sector’s activities. In many instances, governments act as if they are the only legitimate providers, and the contributions and roles played by other parties do not count. At other times, governments demonstrate a lack of trust and equitable treatment to private providers of social services by introducing inappropriate rules and regulations.

• **Accountability.** Accountability is an issue for both public and private sectors. Often, providers of public services seem to believe that they are not account-
able for their quality and equity. The same may be said of the private sector. NGOs are often accountable only to themselves and for-profit sectors often feel responsible primarily for meeting their organization’s own goals.

Knowledge Gaps in Partnerships

Many of the problems mentioned above can be avoided if policymakers are better informed in advance of the possibilities and consequences in forming collaborations. There are still considerable knowledge gaps on public and private partnerships related to health and education sectors:

- Partnerships are inadequately conceptualized. People mean different things when referring to partnerships. This can cause confusion and misunderstanding.

- Models of public and private partnerships are not well documented. There are few examples depicting the process of public and private collaborations targeting certain objectives in health and education. Thus, the process and pros-and-cons of partnerships are not well understood by policymakers.

- There is a lack of dialogue between the public and private sectors. As a result, policymakers are not well informed of how to collaborate with private actors.

- There is a lack of knowledge on forms of partnerships. Partnerships can take many forms and at various levels — policy, finance, and management of services that can impact on health and education.

The Role of ADB Institute

ADB Institute is committed to contribute to fill in these knowledge gaps in public and private partnerships in health and education. To begin with, this book aims to extend the dialogue and debates among players from both sectors, facilitating the exchange of views between the public and private players. This will be followed by other activities such as:

- Developing a conceptual framework on partnerships, including various types of collaboration in health and education;
• Preparing country case studies in the region on various models of partnerships depicting how public and private sectors collaborate to attain objectives in health and education; and

• Organizing capacity-building activities for policymakers and government officials to disseminate knowledge concerning partnerships in health and education, and to summarize experiences gained and lessons learned.
Overview
Mr. Akio Morishima, President of the Institute for Global Environmental Strategies, distinguished participants, ladies and gentlemen, a very good morning to you all.

On behalf of the ADB Institute, I would like to extend my warm welcome to all of you for this workshop on Public-Private Partnerships in the Social Sector. The ADB Institute is indeed pleased to have the opportunity to jointly organize this workshop with the Institute for Global Environmental Strategies.

Before I begin, I would like to acknowledge the welcome presence here today of very eminent persons who will act as resource speakers for this workshop. These include Mr. Hiromitsu Ishi, the President of Hitotsubashi University; Mr. Kai-ming Cheng, Pro-Vice-Chancellor, University of Hong Kong; Mr. Manzoor Ahmed, Director, UNICEF, Japan; Mr. Marc Mitchell and Ms. Patricia Craig from the Harvard Institute of International Development. Last but not least, I want to acknowledge the tremendous amount of work put in by Mr. Glen Paoletto, Senior Research Fellow of the Institute for Global Environmental Strategies and Ms. Yidan Wang, our Officer-in-Charge of this program, and our supporting staff who patiently put together all the pieces so that we can have this workshop today. We are also grateful to staff from ADB who provided us with many suggestions. Today we have Ms. Patricia Moser from ADB who will be a resource speaker. The workshop has been one of the very popular programs that the Institute is conducting this year. For this reason, ADB headquarters has decided to conduct the same program, in a modified form, for its own staff in Manila in November 1999.

We are gathered here this week to discuss an important issue; that is, how to make the social sector work better through partnerships between the public and the private sector.

A consensus is emerging among developing countries that governments alone cannot adequately fund and provide quality social services to the whole population. As a consequence, private institutions such as corporations, NGOs, and communities are being encouraged to play bigger roles in the provision of social services.

† Dean, Asian Development Bank Institute.
Establishment of workable public-private partnerships is key to solving part of the public sector deficit, to encourage better use of resources, and to delivering social services more efficiently. Therefore, this partnership will affect the quality of people’s lives and thus each country’s sustainable development.

In many countries, however, education and health systems remain far more public-sector dominant and centrally controlled than need be, resulting in poor efficiency and effectiveness in service delivery and depriving people of the much needed social services.

The issue we want to discuss this week is how to form effective partnerships between the public and private sectors in the delivery of social services, particularly education and health. In the recent Asian financial crisis, promoting partnerships for improving social services in the region is much needed and particularly challenging. The crisis has resulted not only in the significant reduction of government resources for financing education and health services, but has also adversely affected the capacity of households to spend on education and health because of lower real incomes.

I believe that development of education and health systems, notwithstanding the financial crisis, is critical to the future of the region. Appropriate strategies need to be developed to protect these sectors so that short-term difficulties will not adversely result in the reduced development of human capital in the long term.

Our mission at the ADB Institute is to explore post-crisis development paradigm for Asia. Paradigms can be defined as economic systems, which are composed of the combination of roles and functions of these economic entities: markets, institutions, and governments. Such combinations influence the effectiveness of market functions in the provision of respective services, namely those provided by the financial, foreign exchange, labor, and product markets. Such combination of roles and functions of markets, institutions, and governments also differ, depending on the development stage of economies. In this context, it is interesting to note that more effective and efficient public and social services, which used to be in the government domain, now require a new, appropriate concept of roles and functions of the three economic entities. It is even more interesting to observe that such new combinations in public and social services do not simply mean the more active introduction of market mechanisms into public services, but also mean the more active participation of citizens in the provision of such services. This may improve the quality of services in order to economize effective costs.

Thus, partnerships do not simply mean utilizing private funds for public use or privatizing public responsibilities. Partnerships mean that the public and private sectors share common goals and team up to mobilize their respective
strengths and resources to provide better services to the general population at large. This is particularly relevant to the fields of education and health.

The public sector, on the one hand, needs to recognize the skills and capacities of the private sector, and develop policies that provide the enabling environment for the private sector to increase its contribution. The private sector, on the other hand, needs to consider its social responsibilities beyond that of self interest.

Needless to say, the public sector has the responsibility of creating the appropriate legal and regulatory environment for promotion of private sector involvement. This is the first step toward the formation of effective partnerships. It has the obligation through a democratic and participatory process to define and defend the interest of the general public at large. The public sector would be the provider of last resort for essential social services.

In many countries, the potential for partnership is grossly underdeveloped. To tap this potential, we need to understand how partnerships work, to learn the lessons from experiences in and outside the region, and to know more about relevant techniques and tools to make public-private partnerships work effectively.

This workshop is designed to be a forum for the public and private sector to share visions, concerns, and perspectives on how to form effective partnerships. Effective partnerships start with dialogue, understanding, and communication.

To achieve this end, the workshop is designed to:

(i) examine conceptual, legal, policy, regulatory and practical frameworks in forming partnerships;
(ii) introduce models of service delivery in education and health;
(iii) understand the practices, problems, and constraints of the private sector; and
(iv) develop the strategy for the role of governments in forming effective partnerships.

I am very pleased to note that today we have policymakers and senior government officials representing 15 countries in the Asia and Pacific region attending this workshop. We have also invited private sector representatives from six countries to share their experiences, concerns, and lessons with us.

We are fortunate to have eminent resource speakers from around the world who have kindly agreed to present papers and lead discussions on various topics. I believe that this mix of policymakers, scholars and practitioners with their rich experiences can help us work together to develop a framework for the formation of effective partnerships, based on which individual countries can build their own strategies.
Our work will not end here. This workshop is a prelude to a series of programs on public-private partnerships in the future. We would like you to be the key consultants to provide us with contributions for future workshops. We need your active participation, your advice and your wisdom to develop an appropriate strategy for its development. I wish this one-week workshop will be a good start for improving the education and health sectors in your individual countries and the region at large.

I hope you enjoy your stay in Tokyo and wish you a successful workshop.
Public and Private Roles
in Providing and Financing Social Services:
Health and Education

David E. Bloom, Patricia Craig, and Marc Mitchell †

Introduction

Health care and education are necessary for achieving a high quality of life. Healthy, well-educated people tend to have higher incomes and to be more economically productive. They are likely to have healthier and better-educated children. Their families will therefore be stronger and this will, in turn, contribute to the strength of their communities. On a national level, a healthier, better-educated population will lead to economic growth and help produce an economy better able to compete in international markets.

Indeed, health, education, and economic growth seem to be mutually reinforcing in a number of ways. A better-educated workforce enhances the prospects for economic growth. If that growth is achieved, the society is able to afford more education and to educate its citizens in more sophisticated ways. A similar virtuous spiral is possible as health improvements lead to a more productive and long-lived workforce, which then spends more, either directly or through taxation, on health care, and on other health-enhancing goods and services such as nutritious food, safe water, and sanitation. Longevity also promotes savings, leading to greater capital accumulation, a major engine of economic growth. Health and education are also linked. Ill-health stops many children from benefiting from the education they are offered, while better education leads to better health, especially in the realm of reproductive health. The education of girls in particular, has an impact on their future health and on the health and well-being of their future families.

Changes in the world economy mean that countries must have high-quality workforces if they are to thrive. They need healthy, well-educated, and forward-thinking citizens, able to acquire new skills and lead consistently productive lives. The low-skill, replaceable worker is a poor foundation for long-term

† Harvard University, United States.
economic success. She offers little attraction to foreign capital and to the job opportunities and technical advances such capital can bring.

As a result, the provision and financing of health care and education are fundamental issues that every developing country must work hard to address. Questions of efficiency, equity, quality, and sustainability are of primary – and increasing — importance to policymakers across the world. The respective roles of the public and private sectors in the funding and provision of these social programs continues to lie at the heart of the debate. This paper will discuss this crucial issue and attempt to shed some new light on it.

Traditionally, of course, both education and health care have been predominantly funded and provided by governments. However, governments face many demands for their limited resources and have often found it easier to make policies than to implement them. In recent years, the private sector has played an increasingly important role, both in the financing and provision of social services.

This is seen most clearly in health care. Private provision reduces the government’s fiscal burden and may encourage better resource utilization. However, the private sector cannot be relied upon to deliver a comprehensive system on its own. It seems likely that a mix of public and private financing and provision will be found to form the best basis of accessible, good-quality health care. The relationship between public and private will be a dynamic and vital one. A stable system of health insurance, for instance, may be firmly rooted in the private sector, with the state maintaining an essential regulatory role, as well as acting to ensure breadth of access.

Education as a service differs fundamentally from health. It is fixed, standardized, and cumulative (i.e. you will need what you learn in grade 4 to benefit from grade 5). Individuals have similar needs and institutions deliver similar services. The costs are much more easily calculated in advance and tend not to rise in an uncontrolled manner. In addition, work carried out by economists has documented the benefits of education to a society, over and above the benefits that accrue privately to individuals. More controversially, this work has argued that basic education delivers more social returns than higher education – a contribution that has acted as a powerful rationale for state financing and provision of primary schooling.

In developing countries, the state’s preoccupation with primary education has left substantial gaps for the private sector to fill at the tertiary level. Education, at this level, is much less standardized and, as with health, has offered the private sector greater opportunities to innovate and provide new services. However, the trend towards private provision is now affecting primary and secondary levels as well. The developing knowledge culture is demanding higher educational standards and the drive to improve education — whether by introducing
more technology into classrooms, reducing class size, or addressing the needs of disadvantaged children — is also driving up costs. There is therefore debate as to whether public systems can meet contemporary challenges and an increased willingness to consider whether private structures may be more effective in some situations.

In both health and education, the old certainties are breaking down and more complex models are emerging. Public and private policymakers need to understand the new possibilities these open up, if they are to make prudent decisions when managing change in the real world.

**Separating Finance from Provision**

An important conceptual distinction is between the *financing* and *provision* of social services. In the past governments have tended to finance and deliver services, while most private spending has been directed toward the delivery of private services.

However, it is clear that the government can and does finance some private delivery of services, while the private sector can finance some publicly-provided services. For example, the government contracts with a mission hospital or school to deliver services that will be included in the overall public system. Governments, meanwhile, sometimes provide services that are financed privately — a nationally-owned airline is partly or wholly-financed through ticket sales, for instance.

Diagram 1 shows the range of possible public and private involvement in the provision and financing of services. Imaginative partnerships offer especially exciting potential, as they allow the strengths of each sector to be harnessed, with public financing and private provision offering the most extensive scope for development.

Partnerships recognize that quality health and education provision is in the interest of both the public and private sectors. They encourage the private sector to become more concerned with social goals, while helping public organizations to develop a more efficient approach to the economic bottom-line. While the government maintains an overall responsibility for regulation, taxation, and quality-control, all players must include the national interest as one of their key objectives. High-level visibility and commitment by both business and government is important to signal that health and education are national priorities.
Diagram 1

<table>
<thead>
<tr>
<th>Public Financing</th>
<th>Services Provided by Public Sector</th>
<th>Services Provided by Private Sector</th>
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<tbody>
<tr>
<td>Public education</td>
<td>Public health facilities</td>
<td>Contracts</td>
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<td>Public universities</td>
<td>Public hospitals</td>
<td>Vouchers</td>
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<tr>
<td>Private Financing</td>
<td>User fees</td>
<td>Scholarships</td>
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<td>Private Financing</td>
<td>Autonomous hospitals</td>
<td>Insurance programs</td>
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<td>Airlines</td>
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Understanding Health Objectives

Health care systems can be thought of as having the following main objectives, each of which may be interpreted differently by public and private sector providers:

*Delivering good quality health care services.* This is the touchstone of an effective health care system. Public and private providers may be motivated by different incentives and have different perceptions about what “good quality” is. This will affect the nature of health outcomes.

*Delivering health care services efficiently.* There are severe limits on overall health budgets, so using limited resources efficiently is of primary importance. Public and private providers often have quite different cultures, leading them to allocate resources differently and then to use them more or less effectively. Again, health outcomes are affected, as is the cost of different interventions.

*Ensuring equity in access to care.* All health systems are biased towards the already-advantaged. In the public sector, this is normally cultural, with certain groups more adept at “working the system.” In the private sector, income inequalities become increasingly pertinent.
Ensuring sustainable financing of health care. Short-term solutions often create long-term problems. Globally, business has yet to prove it can think for the “long-term,” while political realities often lead to policymakers making long-term commitments that they can only fund in the short-term.

Public and Private Contributions in the Health Sector

In many countries, health is regarded as a government concern. The private sector is not perceived as the front line deliverer of health services.

However, while government has a major role to play in the financing and regulating of health services, there is evidence that many government health services are inefficient, inequitable, and do not deliver better health for the population.\(^1\) Furthermore, the existing role of the private sector is usually underestimated. In almost all countries, it is already the largest provider of health care by some way.\(^2\)

Recent debate is therefore concentrated on the relative roles of the public and private sectors and what each can best contribute. A consensus has emerged that partnership between the sectors is necessary, and neither strictly public nor strictly private systems are appropriate. This is based on:

The past failure of government to deliver quality health care. The inefficiency of much government provision has already been noted. In theory, governments act in the public interest. In practice, however, many decisions are dictated by the biases of their bureaucratic culture.\(^3\) Government spending is often poorly controlled, allowing suppliers to increase prices, contributing to further inefficiency. Government systems are accountable only indirectly at election-time, rather than being immediately responsive to customer satisfaction. They therefore suffer from low-levels of innovation, especially where the infrastructure and supervisory systems are weak.\(^4\) Finally, despite assumptions that government is best-placed to ensure the broad provision of health care, in many countries government-operated health programs fail to reach significant segments of the population in any way. Inadequate training of medical personnel, insufficient supply of drugs,

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lack of equipment and supplies, and poor systems for monitoring and holding public health practitioners accountable for their actions also represent significant deficiencies.

*Increasing strains on government budgets, especially in developing countries.* This is especially true in Asia, where many governments have been forced to reduce their spending in response to the financial crisis. Donor funds have not kept pace with the demand for services in the social sector and it is extremely unlikely that public funds will, in the foreseeable future, be adequate to pay for essential health care needs.

*Limited impact from the private sector.* In some countries, the private sector has a long history of involvement in both the provision and financing of health care. The private sector has provided doctors, health facilities, and pharmaceuticals. It has also created and operated health insurance schemes. However, experience shows the inadequacies of private provision. The sector is poorly-placed to act to prevent and control infectious diseases, for instance. Neither does it give much priority to the poor or those living in remote areas.

*Government failure to adequately regulate the private sector.* The private sector needs regulation, if broad access to a high-quality system is to be maintained. However, most governments have regulations and legislation that are not enforced. Often regulations and laws are outdated or there is a lack of information or budgets necessary for enforcement. Corruption, too, is often a problem. Lack of knowledge by government officials is an especially pressing issue — and one that can only grow worse if governments further curtail their involvement in the health care system.

*Lack of information about the nature and quality of health services.* The effectiveness of a health system depends in large measure on the health-seeking behavior of the populations being served. Basic information about the health system — including the location of facilities, the services provided, and the efficacy, side effects, and cost of different procedures and treatments — are all crucial determinants of health system utilization and health outcomes. Unfortunately, both the quantity and quality of such information is in exceedingly short supply in many countries, or is not readily accessible to poor and illiterate people. The paucity of meaningful and widely accessible information about options for safeguarding or improving health is a fundamental weakness of most developing country health systems.
Understanding Education Objectives

A country’s system of education is also asked to perform many tasks, which include:

*Providing an education that prepares people for the labor market.* A key function of the education system is to train people so that the nation’s economy can become or remain competitive. This poses significant challenges. Currently, economies are transforming rapidly and demanding ever-changing sets of skills. In theory, the public sector is best-placed to form a strategic overview of what will be needed — and when. The private sector, meanwhile, may be able to adapt faster to new demands. In practice, however, there is evidence that all education systems are lagging behind contemporary demands.

*Helping develop citizens.* Historically, education systems were a key element in the formation of a unified, national culture. Countries that have been through the traumas of civil war, or those that must integrate different ethnic or linguistic groups, as well as those whose political and economic systems are in transition, see education as a crucial means to create a democratic and tolerant political culture. Education to encourage “citizenship” is open to abuse by governments, who can distort it for partisan ends. The private sector, meanwhile, remains to be convinced that business can help achieve the stable environment it needs through this kind of education.

*Providing access and equality of opportunity.* Education can be a means of social mobility and achievement. By ensuring access to quality education for all, the “playing field” is leveled and people are given equal chances to succeed. However, education is also essentially meritocratic. The challenge is to widen access, compensate for previous disadvantage where necessary, while, at all times, maintaining high standards at points of exit.

*Fostering human development.* Education helps people realize their human potential over and above the economic benefits it brings. In addition, it is linked to many other positive outcomes: better health and nutrition, greater social participation, and civic involvement. These outcomes can challenge governments — especially where there is a democratic deficit. For the private sector, they can seem a distraction from the narrow goal of producing economically-productive workers.
Public and Private Contributions in the Education Sector

Again, there are a number of reasons for believing that exclusively public or private systems cannot deliver against these objectives.

Limited government capacity to deliver a modern education. One of the great global achievements over the last generation has been the explosion of primary schooling in many developing countries. However, the issue of quality must now be addressed if countries are to take full advantage of an educated work force. This point is underlined by figures that show how dramatically educational quality varies from country to country. Latin America, for instance, spends roughly the same proportion of its gross domestic product on education as East Asia, but achieves far less impressive results.

The failure to develop the teaching profession. Teacher’s salaries are not competitive in many countries and this puts severe pressure on the educational system. Clearly, teachers need a range of incentives, beyond the purely vocational. It is unlikely that governments, on their own, will be able to provide them.

The need to increase connections between business and education. A better public/private dialogue is needed if education is to deliver the right skills. Government needs to understand the needs of business in order to design better education systems. Business, meanwhile, needs education about the value of education — so it can use its influence to champion the education reforms needed to promote competitiveness and economic growth.

The need to increase demand for education. The success of education is largely cultural and is rooted in the extent to which society values educational attainment. Many actors can help increase the respect that is accorded to educational achievement. Government, for instance, can direct information campaigns at the public. Or the public can pressurize government into increasing spending on education. Business has an especially important role. It can convince its present and future workforce that educational qualifications are valuable and likely to become more so, thus changing the cost-benefit ratio for investing time and money in full or part-time education.
The need for standardized systems of evaluation and accreditation. Education is based on achieving recognized standards. The private sector is ill-equipped to establish these, as can be seen by the history of its involvement at higher education level in many countries. With private sector provision of education, the need for information is critical if consumers are to make sound choices. The cost and quality of the education being provided, along with the value of the degree in the labor market, are all issues that students or their parents need to consider. Information will not emerge effectively where public or private players have a monopoly on its distribution. Again, a mixed system will be more effective.

The Role of Government

If public-private partnerships offer the best way forward for both health and education, it is important to explore which roles are best suited to each sector. The role of government can be described as consisting of the following:

*Overcoming market failures.* Where needs are likely to go unmet because of market failure, there is a role for the government to step in. When the social benefits of services exceed the private benefits, there is likely to be sub-optimal provision and this often calls for state provision. As one example, people typically contract sexually-transmitted diseases (STDs) unwittingly. By bearing some of the cost of detecting and treating STDs, governments confer benefits not just on the individuals treated, but also on those who may otherwise be at risk of infection. Another example of market failure in many countries is the education of girls. Many families fail to see any benefit from sending girls to school or are unwilling to forego the household labor or income they provide. However, as a social investment, girls’ education is crucial because it is associated with improved opportunities for them to lead longer, richer, and more fulfilling lives — and with better health and social outcomes for their children. Thus, by encouraging the education of girls, through educational scholarships or consciousness-raising campaigns, governments can benefit both girls themselves as well as their families and communities.

*Providing for the poor, the rural and under-served populations.* The public sector is best-placed to provide a safety net for citizens who cannot pay market prices for health or education. This can be achieved by providing services directly or by creating incentives for the private sector to undertake the task. Providing health care or education in rural areas tends to be

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particularly difficult — and generally unprofitable. Rural populations are often small or dispersed and private providers are often scarce or non-existent. Government clearly has a role providing services here, but it can also act in other ways. By bonding doctors or teachers to the public service in return for their training, it strengthens its ability to deliver quality services to disadvantaged populations. It can also place obligations on private providers to provide broader access when they occupy a monopoly position or consider subsidizing access to private systems for disadvantaged groups.

*Implementing appropriate regulations to ensure quality.* In education, quality is usually monitored by evaluation and accreditation, with private institutions expected to meet minimum standards. Consumers will also act as a force for quality, but only if they have sufficient information. Governments can act as important providers of this information. Voucher systems, which allow students and their families to choose among different private and public providers of education (or health services), can also induce beneficial, quality-enhancing competition among the providers, but this too requires the availability of meaningful information to guide the choices made.

*Controlling costs.* Quite frequently, governments act to cap fees private sector providers can charge. This is controversial, as it causes a market-distortion, and should be done with care. Caps may be necessary where there is little competition, no parallel public provision, or where consumers are relatively poorly informed about their needs and the quality of the provision. Pharmaceutical cost is one area where the potential for excess profits is high and control may be necessary.

**The Role of the Private Sector**

The private sector, by its very nature, has a less-easily defined role. Its strength is its variety, with players acting for different motives. In particular, there is an important distinction between profit and non-profit organizations. In recent years, non-profits have proved especially adept at improving provision to the grassroots, their size and flexibility allowing them to achieve notable successes where governments have failed.
In general, the private sector has the following strengths:

*Improving quality.* Private providers must develop their businesses and, in most situations, this involves retaining existing customers as well as attracting new ones. They tend to be highly innovative and also to learn from their competitors, thus aiding the transmission of best practice. The private sector can also act as a leader in demanding that information is made available to the public.

*Improving customer service.* Public services are infamous the world over for low-standards of customer care. In recent years, many business sectors have been revolutionized by a new customer-focus. Education and health stand to make similar gains. It is interesting to note that when poor people are seriously ill, they often borrow to see a doctor privately.

*Improving management standards.* Management standards are generally higher in the private sector, with staff usually better paid and motivated. Business can act as a partner for both the health and education sectors, transferring important skills.

*Investing in research and development.* The private sector is well suited to carry out research and to develop new techniques and treatments. The returns from investment in these areas have successfully mobilized private investment in pharmaceuticals, surgical instruments, and homeopathic, ayurvedic, and other non-Western medical practices. Nevertheless, the government must retain an important role in financing basic research that can produce important building blocks for subsequent applications that may improve well-being and for which short-run commercial gains are not apparent.

*Developing market-based systems of rationing.* It is inevitable that some costly procedures, perhaps of limited efficacy, cannot be funded universally. The government is able to set the context of what is considered an essential service available for all. The private sector can ration access to other services using the price mechanism.

*Developing new services.* The private sector has an essential role where demand is expanding or the patterns of demand are changing. It is an increasingly important provider of higher education, for example, and is also driving the trend towards life-long learning. Skills development and professional development, for instance, can be funded privately, either directly at the level of the firm or through reimbursement mechanisms.
Provision of Health Insurance

An area specific to health where issues of private and public provision and financing arise is insurance.

Most countries are undergoing an epidemiological transition from low-cost, easy to treat, communicable diseases to high-cost, chronic diseases such as hypertension, cancer, and coronary artery blockages. Coupled with rising incomes, the increased prevalence of non-communicable diseases leads many individuals to seek health insurance. However, private insurance markets are often not viable because of the problem of adverse selection. Individuals who know they have the greatest health risks will attempt to buy a disproportionate share of the insurance. If unchecked, this practice will ultimately bankrupt insurance companies.

Compulsory social health insurance addresses this problem by preventing self-selection in the insurance pool. Although social insurance schemes must be publicly established, they can be funded either privately (for example, on a pay-as-you-go or provident fund basis through payroll taxes) or publicly (via general revenues). Provision under such insurance programs can be either public or private. Social insurance programs can also subsidize the indigent, although charging patients less than the full cost of treatment tends to encourage overuse of the system. However, policymakers can employ a variety of instruments, such as deductibles, co-payments, and coverage limits, to address the problem of overuse. Social health insurance works best when most workers are in the formal sector and when administrative capacity is high.

Conclusion

Many governments simply cannot afford to improve essential social programs and must explore the full range of options for the financing and provision of these services. Public-private partnerships are currently underused and offer new ways to tackle what can seem intractable problems. There is sufficient evidence to suggest that they can work and that there may even be collateral benefits when public and private organizations start working together.

Technical considerations provide useful guidelines for addressing these issues. (Political considerations also matter, but these vary too widely across countries to support useful generalizations.)
For health provision, the public sector is most naturally suited to addressing issues involving communicable diseases, the availability and quality of information about health and health care, and the establishment of viable health insurance programs. Issues involving the establishment of a safety net for the poor and the improvement of equity in the distribution of health resources also fall within the purview of the public sector.

Additionally, in the absence of particular reasons to favor public provision or financing of health care, the private sector is generally believed to control costs and promote efficiency. For example, the private sector is especially well suited to detect and treat many high-cost non-communicable diseases and conditions.

Given the variety of health problems and of the social and economic circumstances in different countries, a mix of public and private provision and financing of health care is usually preferable. The appropriate mix will vary across countries. It may also vary for different categories of health services, although there is much value in having a common system for the full range of health services within a given province, country, etc.

In education, the public sector is bound to provide primary education as it impacts so deeply on all areas of the country’s well-being. There is room for partnership with the private sector to improve the delivery of basic education, but it should be overseen by the government. The problems caused by remote and rural populations need special consideration.

Tertiary education is more suitable for private partnerships, either in financing or provision or both, as education becomes more specialized. The public sector must work closely with private providers to ensure that quality and equity are maintained (as well as promote the generation and dissemination of good quality information about the services provided). Access to further education is something that governments must strive to ensure is equitable, as it is in the nation’s best interests that talented individuals are able to fulfil their educational potential.
Public-Private Sector Partnerships:  
An Overview of Cause and Effect

Glen Paoletto †

Introduction

“Partnership” has become one of the most widely used words in recent discussions on international development strategies. The word has become commonplace over the last 10 years or so, spurred by the staging of the Rio Earth Summit in 1992. We are by now all aware of partnerships — we have read about them in international journals, we have seen them referred to in political communiqués, and we know in some form what they represent.

Recently, however, the concept of “partnership” has begun to take on a new form. It is now being described as a tool for development itself. An example of this transformation can be seen in the objectives of this workshop: to explore a comprehensive approach to development through public-private partnerships. This is a major objective by any standard. Yet, before considering partnership as a vital methodology to enhance development strategy, we need to go back and consider the basics, and contemplate how points and issues can be aligned with local and national development strategies, which traditionally differ from country to country, locality to locality.

This paper is concerned with raising issues relating to the emergence of partnership as it is understood internationally, and with providing some of the points and philosophical background as to why we have come to consider partnerships in such a serious way.

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Overview

Why Partnership?

To better understand how to deal with partnership, we need to understand its history. Why did it come about? Why is it that the international community now sees partnerships as needed whereas this was not the case before? Why should it be promoted? What are the advantages and benefits of promoting partnerships? The complexity in answering many of these questions lie in links to religious, social and cultural values, together with the history of those values. However, it is important for any policy maker, NGO representative, educator, or health official to grasp a solid understanding of the international concept of partnerships if they are going to promote them. This way, the types and degree of actions that may or may not be needed can be better assessed.

The next sections of this paper will consider impacts of Western values, cultures and history on the concept of partnerships. It will then consider the impacts of globalization, while the last section will examine a definition of partnerships and some of the benefits and lessons learnt.

Differences in Values

Stated simply, the roots of “partnership” as it has become known in the international community today can be found in Western values. There are a host of reasons why this is the case, and many of those reasons link with the coming about of our modern day economy. Having said that, partnership is an activity basic to human beings, and therefore has clear applicability across societies with varying value sets.

It is fair to say that religions and their ethos have marked a tremendous impact on human development. They are linked closely with perceptions of needs and ways of doing things, incorporating and influencing our

Business and Education

Navarro College and John Deere Inc. set up a partnership program for education, which includes a degree program and 20 weeks paid internship. The college built the building that houses the program and furnishes a training farm. Deere furnishes all of the training components and new and used equipment for training. The program also offers adult vocational training for technicians. For the College, the program meant increased enrollment and exposure, corporate input, and state-of-the-art training on a small budget. For business, it meant trained personnel, decreased cost for program delivery (handled by the college with coordinating board), and decreased cost for instructors (paid by college).

Source: Best Practices in Education Partnerships with Business and Industry
http://ateec.eiccd.cc.ia.us/bestpete.html
Public-Private Partnerships in the Social Sector

value systems and what we judge as a path to proceed among the options available. In terms of religion and associated values, the inherent differences between the East\(^1\) and West in this regard are formidable. For example, in the East, a wide range of schools of thought and religion were tolerated, co-existed and worked together to complement each other — Buddhism, Hinduism, Taoism, Confucianism, Shintoism — in a system of relativism. As a basic premise, people in the East could espouse to more than one school of thought, as they still do today. In the West, this was unheard of, given that Christianity preached “one truth” which people either believed in, or were persecuted if they did not. In contrast to religions in the West, Eastern religions resembled more systems of ethics and philosophy, which evolved or were later incorporated to provide the bases of religious systems\(^2\).

With differences in religion come discrepancies in ways of thinking. For instance, based on the Confucian and Taoist teachings, the Chinese Emperor — unlike his Western counterparts — did not have the “divine right” to rule. His rule was conditional on his ability to maintain harmony and balance of the society, economy and nature\(^3\). By contrast, in India, the role of the State related strongly to providing military protection while commerce, education and other key facets

\(1\) The “East” is comprised of a huge parcel of land stretching from India to Thailand to the People’s Republic of China (PRC).


\(3\) In PRC, Taoism and Confucianism were preferred as the official belief systems. The idea of maintain balance and harmony essentially extends from Taoism. See: Lao Tsu. 1972. Tao te ching (Gia-Fu Feng & English, J. Trans.). Random House. Westminster, MD. (Original work 6th Century BC).
of daily life were devolved to the regions, a structure also influenced by religious perspective.

Our belief systems influence the institutions we build. Science is one example. As Chinese rulers were viewed more as mediators between people and the forces of nature, they were expected to predict droughts, diseases, floods, famines and astrological events with a high degree of precision. As the society and economy came to depend on accurate prediction, rulers were obliged to publish accurate calendars each year predicting these events\(^4\). This meant that astronomy and mathematics became vital institutions for social and government stability in the People’s Republic of China (PRC), and corresponding emphasis made them major governmental departments. While not “scientific” (rational-based), the understanding of astronomy in the East was sophisticated. From that knowledge and meticulous long-term measurements came remarkable inventions\(^5\).

In terms of the West, science evolved differently. The Catholic Church persecuted many scientists in the 14\(^{th}\) and 15\(^{th}\) centuries for their thoughts, but ironically one of the main reasons for the scientific thrust was religion itself. The Catholic doctrine maintained an ethos of rationality (objectivity) which supported the basic approach of the scholars, as well as their drive to discover more. This also meant that they “discovered” science rather than “observed” nature. Further, the Doctrine of Creation was favorable to believers learning more about the universe and how it was formed. That Doctrine refers to key design concepts as external phenomena, promoting the notion that the truth requires

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**Step by Step**

In west Louisville, USA, industry, community, local government, and state/federal environmental agencies entered a partnership for environment and health issues. Partnership activities include: testing fish in city lakes for dioxin, establishing Louisville’s first air toxicity monitoring network, establishing an environmental information center with access for community residents, and working on environmental education programs. The partnership began with a $6,500 grant to identify local environmental issues. Funding to continue was obtained through a federal grant for $208,000 in 1996. Since then, the group has obtained over $1.4 million in state and federal grants to address specific issues of concern.

Source: Best Practices in Education Partnerships with Business and Industry
http://ateec.eiccd.cc.ia.us/bestpete.html

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\(^5\) By 1088, clocks were sophisticated enough in PRC to ring bells and make puppets dance every two European hours (one shi), some 200-300 years before the West.
a searching of sorts. Yet they simultaneously supported a search for a different kind of truth that only science could provide (increasingly precise findings), as its methodologies were refined, tried and improved.

In the West, major technological developments were often gained as a direct result of religion. The reasons behind Johann Gensfleish Gutenberg making tremendous efforts to develop a new type of printing press were to print bibles and indulgence certificates. The market for these goods was formidable and drove the quest for increased efficiency. Printing eventually paved the way for the establishment of a large number of educational institutions, making examinations possible and education popular.

The Luther doctrines promoting concepts of “progress” and “new ages” also supported the trends of invention, efficiency and scientific progress. The rebellion against the Catholic Church and the birth of Protestantism further fueled the process. As John Calvin, one of the great reformers, wrote with regard to science: “Where do all the sciences come from? Are they not so many streams that flow from the fountain of the Spirit of God? Let us learn not to scorn God’s blessings when they manifest themselves in men, but to profit from them and turn them to our own use.”

It was a new scientific philosophy of ‘progress’ provided the real fuel of the Industrial Revolution. Adam Smith, a professor of moral philosophy at Glasgow University (1723-1790), is considered to be the father of modern economic theory. In 1776, he published Wealth of Nations, a comprehensive work covering five books. In essence, his view was that government should interfere with economic life to a very limited extent, and that monopolies and cartels are obstacles for beneficial processes. He argued that an invisible hand at work within

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6 This supports an impassive approach to science. This was in distinct contrast to the East, where observation was the main method applied for scientific development.
7 Gutenberg (1397?-1469?) is also considered the inventor of mobile characters – typography. Gutenberg was an entrepreneur who realized the tremendous market potential among the followers of the Church, and most significantly ‘the indulgence’. The indulgence was a unique type of spiritual contract or coupon (it was printed on paper, thus the need for mass printing) that could be purchased as a credit against time spent in Purgatory after death. Eventually, Abraham Veihoeven published the first European newspaper – the Nieuwe Tijdinge – in 1605.
8 A bible was the first book printed in Europe using mobile characters or typography on 6 November 1455.
11 Smith, A. 1991 (reprint). Wealth of Nations. Prometheus Books. New York. Given that nothing ever seems to be ‘new’, Smith’s ideas had been in circulation for some time before he published his volumes. However, Smith made the first comprehensive attempt to explain the subject scientifically.
the market (much like God’s ‘hidden hand’ in biblical texts) ascertains and covers all the needs in society. According to Smith, work is the basis for all well-being, reflecting the European values based in religion\textsuperscript{12}. Mass production and mass consumption were seen as positive, and centralization of government and other functions became the norm as being most efficient.

**Globalization and the New Economy**

This process of progress, efficiency and development has continued for over 500 years in the West. The results can be found in today’s modern economy. It has now come to the stage where the impact of Western values and ways of doing things on daily lives around the world is formidable. Of late, there is the process we call “globalization” which extends to processes of inter-linking, networking, production efficiency and advanced information systems. At the global level, then, what are the key trends of today and how are partnerships fitting into those?

One way to consider the impacts of globalization is in the context of business. Business is no longer centralized. Rather, a centralized/decentralized ‘mix’ has emerged with emphasis on local level implementation. This move has occurred as a result of a complex process that is reactive to other parts of the globalization process, eventually setting off a momentum of its own. Cost reductions support decentralization; growing customization of the market and a move away from standardized and mass production further supports it. In the future, being “efficient” will extend to businesses being closer to the ground, closer to the market and closer to the custom-

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\textsuperscript{12} As one example, see: Luther, M. 1957 (reprint). Luther’s Ninety-Five Theses. Augsburg Fortress Publishers. Minneapolis.
ers. In the United States, the entertainment business is a reflection of cutting-edge trends. Movies in the 1950s were based on the mass production system (the studio system). Today, the major studio acts as a financial investor, and an independent company is called in to produce the film. The parts of production are provided by a large number of specialized organizations and individuals, contracted by the independent company\(^\text{13}\). We can expect more businesses to be run this way in the future.

**Key Patterns in Globalization**

There are a number of key patterns that are emerging in relation to globalization that impact on why partnerships become important. One impact has been an overall move away from centralization to decentralization, as mentioned above. Decentralization has come to be promoted by business, industry, government, organizations and the people. The reason is that, as with the example of business above, decentralization can be used as a means to achieving the results-oriented approach needed to remain competitive. For governments, it means better services and better use of information systems. In education, it is a process of answering to the needs of individual students. Decentralization is also working its way to extend to other materials and services like water, energy and materials.

However, merely because there is decentralization does not mean that national governments disappear. The more we look at the statistics and trends, the more we realize the critical importance of governments funding and supporting projects that are more likely to have a positive impact on our future. Further, depending on the level of economic development, how decentralization occurs will be an individual experience in itself. If a country has not reached

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a certain level of economic development — and this is difficult to define in terms of GDP and objective criteria — then it may well be that it is better to remain centralized in many of its operations\(^\text{14}\). As things become more advanced and complex, however, governments will likely evolve by decentralizing and networking. The key will be envisioning a structure that blends centralization and decentralization in an effective manner. Within this comes environmental, health and education concerns. Among the options, partnership clearly emerges as a viable option to consider.

**Information**

Globalization has been fuelled by the diffusion and development of information technology, mostly developed in the United States. At least at the global level, another key pattern emerging is a move away from command-control governance to governance through better use of information. Virtually all institutions are being affected by this trend. The focus on open information comes with a growing awareness that information systems can work to simultaneously fulfil a relatively large number of tasks while maintaining inherent ability to weave through legal and cultural mazes. Information systems can be positive for the environment and partnerships, and respond better to challenges. In terms of partnerships, this means a more effective use of information to tie up and partner organizations.

Systems are moving from closed to open systems of information. This is coming about in both private and public sectors as a result of economic forces as well as scenarios of increasing international competition and greater efficiency demands. It is also occurring as a response to growing skepticism of bureaucracies’ responsiveness to real-time issues and problems, together with growing demands for accountability and improved performance. It is further due to corporations striving to build consumer confidence, in an effort to save time and money.

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Cooperation

A third key pattern is a move towards cooperation. “Cooperation” has become a key word in the global economy of today. Reasons for increasing cooperation and collaboration include maximizing the use of funds and resources for a given purpose. It also includes innovation, in that through cooperation ideas tend to be shared and often improved along the way. For instance, the more diverse a group of people we have working on an issue for a common objective, the more likely we are going to see favorable results. Cooperation is a by-product of strong information flows, and generally enables organizations to perform better. In the global or new economy, therefore, a key point for business, government and other organizations will be to have systems that work to promote and facilitate cooperation. When seen in this light, partnerships and the processes they bring are actually linked very closely to the processes of economy and globalization, both philosophically and in practical effect.

Unlike the New World in the 15th century, the new world today has transformed from the realm of conquest and physical domination, to the realm of the intangible – of ideas, ideals and dreams. Another consequence of this has been that global systems and international dealings encourage the notion of a “global standard.” This standard can be seen as a type of “lowest common denominator,” which forms a common basis on which transactions, dealings and negotiations are undertaken. It is currently the West that leads this process, due to the inherent power maintained through a strong bargaining position, attractive lifestyle options, and strong ambitions for economic growth (from all parties). The result is a tendency to go beyond local and more traditional cultural systems. But it is a more complicated process than simply overpowering existing systems and cultures, which infers that previous traditions simply disappear, for they do not. As Tiffin and Rajasingham wrote on education and information, “[s]ome observers argue that the trend is not towards the globalization of cultures; it is in the direction of ethnic and cultural identity and the protection of national cultures.”

**Innovation**

Innovation — scientific or otherwise — is key to the New Economy. Without innovation, national economies will stifle. Cooperation enhances innovation, and partnership is a part of this. As one example, smaller industries are coming to focus more on innovation to professionalize comparative advantages to compete. In Ireland, for instance, small enterprise has made a comeback recently, and innovation is high on the list of reasons for success. In a survey, 50 percent of the 3450 manufacturing and service companies surveyed developed or introduced at least one technologically changed product between 1993 and 1995; 64 percent of companies claimed to have developed or introduced at least one technologically changed product or process\(^{16}\). The numbers of partnerships and cooperative arrangements jumped very noticeably during that period. Innovation was clearly promoted through international collaboration\(^{17}\).

**Human Rights and Values**

If partnerships as we use the term today relate specifically to cooperation, born from Western values in the context of globalization, then one cannot avoid con-

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considering the role of human rights in development. Cooperation is based on premises and assumptions found in Western evaluations of human rights. By extrapolation, human rights concepts can be extended to cover a number of key areas related to development — the right to development; the right to education; the right to health; and the right to good services by government. It also extends to other rights, such as a right to progress and a right to explore. The concepts of venture, risk and cooperation are relative easy to understand when seen as extensions of the Western human rights concept.

The debate on human rights is, of course, a heated one. It links further to the debate on democracy and to the tough stances being taken to promote democracy by many developed nations. The U.S. and Japan foreign aid, for example, is tied to democratic and human rights issues as minimum requirements. Within this, some authors go so far as to recommend that American law should be broadened to require the termination of aid not only to those governments that engage in “outrageous conduct” but also to those countries who do not provide ‘adequate’ food, shelter, and health care to their citizens. Many of the international tensions currently being experience in Asia turn on these points. The subject is a complex one, and is open to a multitude of interpretations. Nevertheless, below is that of the author’s.

It is near impossible to define a “human right” to life, death, basic needs, or services — yet the ‘international’ concept of a human right is closely linked to the religious values and virtues of the West. For instance, the idea that every human being is “sacred” or “inviolable” is religious-based. It is difficult to assess whether human rights are in fact universal. If so, then they tend to vary significantly in their interpretation and how they reveal themselves in daily life. It is equally difficult to ascertain values that are consistent in every society. If they exist, then they are scarce.

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New Responses

New responses and strategies for better health focus on the following aspects:
- Promote social responsibility for health
- Increase investments for health development
- Consolidate and expand partnerships for health
- Increase community capacity and empower the individual
- Secure an infrastructure for health promotion

Conference on New Partnerships in Health Promotion, Jakarta, November 26-28, 1998

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In turning to partnerships, at the base of partnerships lies an inherent respect for the ability and the need of each individual and each individual group, and a trust that they can perform functions of use to society in general. These notions link to human rights concepts. Countries in the Asia-Pacific, therefore, at least need to gain an appreciation of the Western concepts of human rights even if they do not aspire to them. The reason lies in their strong link to powerful forces, such as globalization and global development. To put it in a simple way, even the concepts of “market driven systems”, “user-oriented systems”, or “user-friendly designs” ultimately find their way back to human rights concepts and are individually oriented. These and other terms like them run to the very heart of our national and global economies.

We have recently seen the term “Asian Values” as a concept advanced by some to differentiate an Asian model of development. However, the concept is often heavily criticized in the West\(^{21}\). In parts of the East, the human rights concept could be more closely affiliated with a concept of “being” — to have access to something as a way of life. Recently, it has been argued that East Asian intellectuals have begun to chart a middle ground between the uncompromising ends of the arguments between the East and West\(^{22}\). This is obviously the way of the future.

**Why Partnerships?**

The reasons for promoting partnerships are relatively simple — within this spectrum of globalization and global economy, partnerships can be used to effectively expand resources, and improve services. In short, partnerships can work to improve infrastructure and citizen services, while reducing financial and other bur-

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dens on government. Partnerships can leverage resources and funds, as can be seen from the examples. Further, partnerships mean policies that work to strengthen cooperation and information sharing, and therefore go to the very heart of the future economy. Policies are needed, and we can talk about partnerships, but any strategy to promote partnerships will need to relate to a development strategy, to local value systems, as well as local activities.

**Defining Partnership**

A partnership can be defined as:

“collaborative activities among interested groups, based on a mutual recognition of respective strengths and weaknesses, working towards common agreed objectives developed through effective and timely communication.”

Taking these components separately, then, a partnership occurs where there are:

1. **common objectives** — Partnerships are undertaken for the purposes of implementing objectives that have been agreed to by the groups involved. The objectives are ideally developed through a process of communication that is acceptable to all actors involved.
2. **agreement to undertake activities**;
3. **activities that build on each other’s strengths**; and
4. **actions that overcome weaknesses** — Overcoming apparent weaknesses may involve a sharing of expertise, knowledge or experience by one or more groups amongst the other groups. It also means first recognizing the weaknesses.

Actors in this process of partnership may include NGOs, local governments, labor unions, research groups, agriculture and development institutes, corporations and national governments. If a government were interested in promoting public-private partnerships, the first thing an officer would do would be to survey the field of interest and find out who is doing what, and who the actors are. This is one example of how information systems would be needed to promote partnerships.

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23 Taken from a discussion with Dr. Hari Srinivas, United Nations University.
Lessons Learnt

The Field Guide to Environmental Partnerships makes the following observations on partnerships:

- Partnerships are formed among organizations, but succeed because of individuals.

- A successful partnership usually has a strong leader who champions the partnership projects and goals with vision, energy and enthusiasm.

- Partnerships involve people directly affected by a partnership — they are usually the ones most willing and able to work for it.

- Shared agendas, joint decision-making, and mutual benefit constitute a partnership; money facilitates the projects.

- A visible senior level support lets a partnership operate easily within the organization, and displays the organization’s commitment to other partners, and to the general public.

- Organizations should be willing to consider new ideas and approaches, share responsibility, and enter partnerships with the intention of being an active part of the process.

- A partnership is an opportunity for organizations to work together beyond business-as-usual, day-to-day activities.

- Most partnerships are proactive, and involve action beyond what is required by regulation or policy.

Partnerships in Japan

In 1996, the Environment Agency of Japan and the United Nations University jointly set up a Global Environment Information Centre, known as the “Partnership Plaza” in Japanese. The centre was mostly funded by the national government, and has the objectives of strengthening informal sectors in Japan. It provides information, holds seminars, and supports activities generally. It also conducts research on global issues and ways to proceed.

See: GEIC http://www.geic.or.jp/
Educational Partnership Lessons

An examination of case studies reveals the problems and successes typical of educational partnerships. From the studies we learn that:

- Outside funding stimulates action;

- Partnership approaches require adaptation to fit each community, school district, and school (akin to a customization process);

- A shared vision and deep commitment among partners can overcome weaknesses in program design and implementation;

- Even with confusion about how the partnership structure relates to the program, the partnership itself can be institutionalized;

- Leadership is critical in a complex partnership;

- Leaders who reflect commitment to particular programs and processes may be more successful than leaders who see themselves as facilitators;

- Identifying and solving problems, using adaptive planning, contributes to success;

- Skilled and committed staff empowered to carry out partnership plans are an important element in project success;

- A complex partnership can be strengthened by breaking it down into components;

- University students are a valuable resource for classroom teachers, even if the students are not preservice teachers;

- Highly stressed large urban school districts pose extreme challenges to university-based partnerships;

- When partnerships do not receive feedback regularly, their importance may dwindle;
• Educational partnerships can be used to leverage additional funding for activities deemed important by the community; and

• Educational partnerships can be used to garner support for school reform in a community.  

Leadership

A word is needed here about leadership and the role that leadership plays in forming partnerships. Most lessons include references to leadership and the vital role it plays in a successful venture. The point reinforces the earlier points raised on the international understanding of partnerships. Leadership, like partnership and human rights, is interpreted as a Western value, and is evinced entirely differently in the Asian and other non-Western contexts. For example, leadership in Japan may involve a good degree of mediation as well as direction, and may relate to certain images, such as that of a father figure. In Asia, there may also be status attached to the leader that gives him or her a kind of

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**Partnerships in Information**

Education 21, Inc. is a NGO that partners with government and corporations to bring about better services in education. Examples of how it has worked with corporations to leverage finance and vision include:

1. Microsoft provided over $3.24 million in donated products/licenses for 80 NYS training sites.
2. Flag Tower Multimedia Inc. provided a package of seven interactive CD-ROM history programs to 44 NYS sites – a value of more than $460,000.
3. Cabletron provided networking specialists and technical assistance to school districts partnering with Education 21, Inc. Cabletron will establish a “Vision of the Future” technology learning environment.
4. IBM provided multimedia workstations to create a “Vision of the Future Classroom” with Education 21.
5. Toshiba, Sega and Planet Web have provided digital Web television to 14 schools partnering with Education 21, Inc. – a value of more than $47,000.

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right to lead. The concept of leadership in the West, however, is very different. Nevertheless, individual leadership is an important element in the success of partnerships, and promoters of partnerships will consequently need to have an understanding of what makes a good leader in the context of both international and local settings. Further, in the longer term, they will need to promote leadership and capacity building to that end.

A Future of Compromise

The ability to promote partnerships, therefore, links to an understanding of why the world has developed in the way it has, the impact of the West on global development, links to local values and systems, and the philosophy needed to promote solutions. Partnerships also link to other issues, such as infrastructure, government policies and programs, leadership, and freedom of information.

Our daily and future lives and societies are a direct reflection of our past — our thoughts, our philosophies, our religion, our cultures, our traditions, our education and our economy. The fundamental way in which we think about things is profoundly influenced by our basic beliefs. These beliefs influence our views of progress, the right to progress, creation, and the right to create. Religions and religious values encompass teachings about these most fundamental issues and have a profound impact on how we think, and how we develop. Our institutions, our values, our ideas, our ambitions, our achievements — all have been profoundly impacted by our respective religions and the accompanying views of humanity and the world. It’s important to note, however, that religion itself is not immune to change and adaptation.

Culture is another factor that has a profound effect on our lives. Culture stems from a variety of circumstances, but again is both liberated and limited by thought processes, social needs and ideas. Beyond religion, other more physical factors such as geography, seasons and crops, climate, and basic human needs (including entertainment) have worked to form the diverse cultures of the world. Culture has provided us with a way to relate to people. In recent times, the global economy, trade, spread of technologies, and newfound wealth is working to impact on and transform aspects of cultures.

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25 While religious principles can be immune to change, the institutions that administer them are not.
Intricately and inherently related to both culture and religion is philosophy. From early times, philosophy was a tool used to search for ourselves and realize ‘truths’ that could not be physically proven or tested. Many works of philosophy have left a profound impact on the way humanity has developed. The works of great philosophers have helped to give form and shape to the non-physical, to the ideas of where we come from, what we are, and how we should proceed. Leadership can be included here.

The thought process and value systems among and between people are different. But despite differences, the need for dealings, cooperation and interaction — be they local, regional or global — causes people to innovate and overcome immediate barriers. Provided that objectives remain the same, history shows that a way of forging relationships among people of diverse backgrounds will be found. The objectives for these purposes mean better services to the citizen for less cost and better effect. Ultimately, in finding the right mix of policies and programs to promote partnerships, compromise will be needed. But the process of compromise itself can be viewed as a partnership of sorts.

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**Hospital-School Partnership for Child Health Protection**

In 1989, representatives of the Department of Pediatrics, Community Relations and Social Work Services from Mount Sinai Hospital in New York, hosted a meeting with school principles and staff to identify and discuss health care needs of children that affected the school system. The hospital staff proposed an ongoing forum for educators, with a pilot program of hospital-school child protection. The forum led to intervention strategies supported by the government. School personnel felt “less isolated” in dealing with large health problems. The result was a better understanding by government and private sector about the needs for child health.


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Information Era and Lifelong Learning: Public-Private Partnership in East Asian Culture

Kai-ming Cheng †

Introduction

The development of information technology has changed the economic and social lives of human beings. Lifelong learning is being redefined to reflect the reality where change has become the essence of normal lives. This paper purports to explore the challenges to education systems in such an era. In this context, the public-private relationship is revisited in consideration that the private sector has a new role to play. The paper also explores how such challenges and changes would interact with the traditional cultures in Asia.

The Information Era: Is It an Exaggeration?

There is much discussion about the coming of the Information Era. A Professor from Shanghai (Yang, 1998), has identified fire, the steam engine and the computer as the most significant discoveries or inventions in human history.

With the innovative use of fire, humankind moved into the agricultural economy where plantation and animal farming were the basic economic activities. It was not until thousands of years later that humankind invented the steam engine and hence started the industrial economy. The industrial society was typified by mass production, which was further developed with the invention of electricity, another derivative of the steam engine. Several hundred years later, in the mid-twentieth century, computers were invented. Its further development in the 1990s, with the emergence of the Internet, has given birth to what is known as

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"knowledge-based economy" which is yet another new mode of economic and social life.

The justification of such a chronology is perhaps a task for the historian, but the shift away from a typical industrial economy is already a recognised fact in the more developed countries. In economically more developed countries, agriculture is only a tiny sector of the economy (3 percent in OECD countries, 2 percent in USA). This has been well established. Recently, even the industrial sector has seen dramatic decline in its relative weight. In the past decade, from 1989 to 1998, the percentage of industrial output in OECD countries has dramatically declined from 40 percent to 17 percent. The net effect is that the service sector is now almost 80 percent of the economic output in OECD countries.

Although the service economy is not exactly all knowledge-based, it is safe to say that the service-sector in such countries requires a considerable level of knowledge. Typically, a taxi driver, a cleaner, an office messenger or a domestic helper has to have some knowledge of basic technology, some sense of management, or some level of a foreign language.

Even in economically less developed Asian countries, the growth of the service sector is spectacular. In the years from 1980 to 1997, in China, the service sector has grown from 21 percent to 30 percent; in India, from 36 percent to 45 percent. In almost all countries, the trend is obvious: there is a shrink of the agricultural and industrial sectors and a growth in the service sector. Although this is no news to economists, not many have noticed that the growth of the service sector also indicates the increasingly importance of knowledge or information in human lives.

Dr. Yang’s presentation highlighted a very important fact that the change we are facing is not just another minor adjustment of society. Instead, we are facing an overhaul in the basic economic and social infrastructure of humankind, comparable if not more fundamental to the turn from the Agriculture Era to the Industrial Era. Families, societies and international relations will be reorganized according to new orders of life. Following this argument, it is perhaps legitimate to call this the coming of the Information Era.

Living at this beginning of such an Era, we are yet to observe the more dramatic changes in the society. Hence, it is perhaps difficult for us to fully understand the changes ahead of us and depict a comprehensive picture of the implications of such changes. However, some drastic changes are already felt in many parts of the world. We shall concentrate on what are relevant to education.

Implications on Education: Is Screening Still Legitimate?

One of the less noticed facts brought about by the knowledge-based economy is the changing nature of the workers. In most of the countries, with the growth in
the service sector, there is a corresponding growth in the workers in the service sector, and hence a growth in the number of workers who are knowledge-based.

In most developed countries, over 60 percent of working males and over 70 percent of working females\(^1\) are engaged in knowledge-based employment. In Asia, there is also a trend of increased percentage of the workers engaged in knowledge-based employment. In urban cities, such as Singapore and Hong Kong, China, industrial workers have been reduced to a very small percentage. Most of workers are in the service sector. In such cities, the service sector only employs people with at least secondary schooling. A large percentage of such grass-root workers are employed in commercial and financial jobs that require considerable knowledge of English and technology. They are “knowledge workers.” Such a trend is spreading very quickly to other less developed cities in Asia.

The implications for education are tremendous. Most recently, Hong Kong, China faces an embarrassing challenge when 11 percent of its secondary school graduates did not pass even a single subject in its public examinations. Such students would have no opportunity for further studies and would not be admitted to the immediate higher level of education. Nor were they employable since they did not meet the usual requirement of passes in five subjects. They were given no opportunity to repeat the last year of secondary schooling because available places were given to students with better results. They did not have the capacity to enrol in the Open University either, because of the limits in their academic and financial capabilities. There is simply no outlet for these “failures” of the school system. The actual percentage of students facing a similar fate is much larger, because those who obtained 3 or 4 passes would not be much better off.

Such students would not have had difficulties finding employment in factories during the industrial economy a decade ago. In the Hong Kong, China context, a large percentage of the working population worked in electronic or clothing factories as simple raw labour. Such work required only simple manual skills in specific segments of the production line. However, only a minimal number of such factories still exist in Hong Kong, China. In other words, the economy needs “knowledge-workers,” whereas the school system is still producing graduates who are not apt for knowledge-based work. Apparently, the education system in Hong Kong, China still follows an industrial mode that produces only a few knowledgeable graduates while expecting the remainder to work as raw labour.

The situation in Hong Kong, China is very illustrative of the general trend that will soon spread, to varied extents, to other parts of Asia. First, the economy and society can expect an increasingly larger number of talented graduates. Sooner or later, every worker has to be skilled or knowledgeable to one extent or another. As such, the screening function of schooling, which selects few graduates for the more intellectual positions, collapses.

\(^1\) Not including housewives (World Development Report, 1999).
Second, not only does the economy and society expect a more educated workforce, but educated workers must now commit to continuous learning. Hence, the education system no longer stops young people from climbing the learning ladder. This second point is further elaborated in the next section.

An Era of Change: Redefining Lifelong Learning

The continuous expansion of information and knowledge soon makes one’s past knowledge-base obsolete. There is always a need to acquire new knowledge. There is no saturation point for knowledge. As such, one has to rethink the notion of “graduation” in education systems. The conventional notion of “graduation” assumes that there is a finite body of knowledge, and that body of knowledge is to be “completed” by the students before they could move out of the education system. Upon graduation, one is supposed to have enough knowledge to adequately handle matters in a specific discipline or profession for the rest of one’s life.

A typical example is medical education. Traditional medical education started with a few years of theory studies, and clinical work started only after theory studies. The assumption is that practice is allowed only when there is an adequate understanding of theory. Most medical schools have now changed to “Problem-based Learning (PBL).” Students are asked to tackle cases the first day in their undergraduate studies. While the importance of theories is not de-emphasised, it is more important that students learn the method to solve problems. There is an assumption that professional medical doctors continue to learn when they practice. In reality, practising doctors do have to constantly refer to new knowledge in their professional career. In other words, it is a lifelong learning process.

This is true in almost all walks of life. There are very few occupations that could stay for long with the same kind of knowledge, skill and technology. Different sectors of a nation may feel the need differently. If one may use China as an example, major metropolitan cities such as Shanghai are already on the par with many of the cities in the developed world. Lifelong learning is already a necessary part of the working life. It is sometimes a need even in retirement life.\(^2\) Such a need is felt to various degrees in cities of differing levels of economic development. The waves have already hit the rural towns and the more developed rural villages. Only the least developed rural areas are less influenced, but their turn will soon come.

Change does not only occur in knowledge \textit{per se}. The frequency in which people change their occupations has increased. In Europe, an average person ex-

\(^2\) In Shanghai, for example, there are four Universities for the Elderly. See Cheng, 1999.
Public-Private Partnerships in the Social Sector

experiences 3 to 4 occupations in lifetime. The situation in US is similar. It is increasingly difficult for anyone to foretell his/her career path in the future. It is therefore commonplace for a person to learn, mid-career, a new trade. Even if the person remains in the same occupation, the change in the technology, clients, management styles and environments all cause changes that demand continuous learning. The notion that education provides training of a lifelong skill is again being challenged.

This has posed new challenges to the notion of “vocational training.” Traditionally, in many systems in Asia, vocational training is seen as an alternative route of education for those who are academically less able. The idea is to provide them with a skill that would keep them economically survive. This is increasingly difficult. First, there is no such skill that could be permanently valid. Second, most vocational training programmes are designed as a dead-end to learning. In most cases, they are designed against the need for lifelong learning.

It is also a world of new ideas. Success stories in an Information Era often hinges upon innovations and creativity. Ideas change very fast. The motto for G2000, a chain fashion shop in Asia, is “When it works, it’s obsolete”! This poses another kind of challenge to education, particularly education in Asian cultures. Asian schools are not known for being creative. Many Asian societies have their cultural roots in uniformity and conformity. These cultures treasure collectivity among individuals, which explains the adaptability and perseverance of the Asian people, and such values as hard work and adaptability are often seen as the causes of economic successes in Asian countries in the 1980s and early 1990s. Adaptability and hard work alone, however, would not yield much success in the Information Era. What might be seen as a virtue in an industrial society may soon be challenged in the Information Era.

Furthermore, a change that is less noticed is the change in one’s social network. It used to be the case that one sticks to a particular network in order to remain contacts with the relevant community in one’s profession, business or social class. Such a network may remain stable over one’s lifetime, and one’s success often hinges upon his/her depth of relations within the network. This is no longer the case. Changes in knowledge and career have given rise to the need for a person to move into new communities and establish relations in new networks from time to time. The education system should have the willingness and ability to create different networks but is seldom tolerated by the existing educational systems in Asia.

All in all, change is a common feature of the Information Era. Knowledge is always inadequate; careers are ever changing; ideas are soon obsolete,

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3 From Michael Tien, Chairman of the G2000 Group.
and networks are ever renewed. Education has to cope with such changes. Learning is continuous in order to cope with all the changes.

Lifelong learning has therefore been given a new meaning. It is not only a synonym for adult education, but is also a broad term to embrace the continuous renewal of oneself in order to face changes in knowledge, in career, in ideas and in social networks.

The Real Impact of Technology: Connectivity

The expectation of continuous learning is of course related to the development of the information technology, but what are the actual impacts of information technology on education?

At the first level is technology. The development has been beyond imagination. The World-Wide Web, for example, first appeared in 1992. In 1993, there were only 50 servers all over the world. In 1997, there were already 650,000 servers in the world: a growth rate of 3000 percent. Even China, a developing country that is not particularly known for its technology, had less than 100 web-pages in 1994, which grew to 250,000 in 1998. There were 2 million Internet users in 1998, which is estimated to grow to 20 million in 2000 (Blurton, 1999).

However, the impact of technology on education is only indirect. Information technology requires “high-technology,” and hence equipping schools with computers is essential. But the application of technology requires no “high-tech.” Students who use computers need not be computer experts. Indeed, the more developed a technology, the more user-friendly it is. It is a misconception to see training students into technological experts as a way of coping with technology. In the Information Era, computers to students are no more than pencils to kindergarten kids.

At the second level, there is information. The more recognised impact of information technology on education is the quantity of information that is now available. In correlation with this is the quality of information, the mode of presentation and the speed of delivery.

The less noticed fact about information technology is that access to information is now popularised and individualised, and hence very much equalised. Convenient access to information may pose a challenge to many Asian systems of education, where delivery of information is still seen as the major task of the teacher. Although the notion of “rote-learning” in Asian countries are being revisited and indeed redefined as an alternative way of effective learning (for example, Biggs, 1996), “spoon-feeding” is still criticised in many Asian societies. Since information is readily accessible by students on the Web, where now is the justification for feeding students with information?
At the third level, and perhaps the most important level, is connectivity. The most fundamental change technology has brought to the society is from Internet. It is obvious that human communications now transcend time and space. There are now much more extensive and intensive interactions among people from various parts of the world. It is less noticeable, however, that human communications now also transcend human barriers such as hierarchies and bureaucracies.

Connectivity is perhaps nothing new in human history. It used to be roads, highways and railways that connected towns and villages, and those who were connected became prosperous, because they had easier means of transporting physical commodities. Now the Internet plays this role. Those who are more ready to effectively use the Internet are in a better position to transport ideas and innovations, which are essential elements of success in an Information Era.

Connectivity may cause fundamental impact on education. Connectivity has already enhanced the attractiveness of distance learning and posed challenges to traditional universities (Cheng, 1998). On-line universities, newly established in US, enjoy the privilege of appointing the best professors and designing the best course packages, and compete with the traditional universities who now have to rediscover the real value of campus lives.

The real challenge to traditional teaching is web-based learning. Against the misunderstanding that the course web-site is no more than an extended blackboard, it creates a virtual classroom where the class meets beyond the physical classroom and beyond class time. These have given rise to new modes of interactions among students and teachers, and a new look of the class community.

Learning Revisited: Life-wide Endeavours

All in all, learning in the Information Era takes on a new meaning. Learning is lifelong: “from cradle to grave.” Learning is life-wide since it extends to all dimensions of life. The question is, then, how are education systems to cope with such new expectations?

First, continuing education, which usually refers to in-service learning after normal education ages, is to spread to the entire workforce. There are already discussions in Europe about the establishment of lifelong learning centres that open doors to every member of the working population. Many European countries see learning as the only way to upkeep the nations’ economic and social development. As such, arrangements such as financial assistance, leave systems, technological infrastructure, are all on the policy agenda. It has to be a society-wide collaboration in order to guarantee that everyone is given the opportunity to learn further any time, anywhere in one’s lifetime.
Second, if lifelong learning is an established fundamental principle for the education system, then there should be no dead-end to one’s journey of learning. High-stake examinations that screen and sift people at certain ages will not be seen as favourable and necessary. As such, there should be ample alternative routes for people to achieve higher education and career-bound qualifications. National policies also have to tackle issues of market-failure, such that those who fail at certain stages of the formal schooling would be given assistance to re-climb the learning ladder.

Third, in anticipation of constant changes in career and knowledge, early specialization in learning may no longer be favorable. The nature and timing of specialization in university learning must be re-visited. Secondary education will soon be under pressure to provide broad bases and personal choice for learning, rather than just as preparation for specialist learning in universities. The change will soon filter down the basic education system. Again, schools will be pressed for comprehensive learning experience, rather than purely subject-based and examination-oriented studies.

Fourth, inevitably, learning will become more individualized. Given convenient individual access to knowledge and more diverse career paths for individuals, individuals will be given more power to tailor their own learning experience. The set-menu study mode, which is prevalent in the current Asian systems of education, from kindergarten to universities, will be under constant challenge from the realities of the students. Students will be pressed to create their own study programs a la carte. Funding will inevitably also be shifted towards a student-based mode, as is already the orientation in Australia (Harman, 1999). If all these projections really happen, then one would naturally ask whether Asian societies can still maintain the collective tradition?

Public-Private Partnership: A New Role

The redefinition of “lifelong learning” brings about a number of changes to the role of government and hence a new meaning to public-private partnership. Overall, learning takes place among the entire population throughout one’s lifetime. This is very different from the situation when learning is often taken to mean formal education, and formal education is confined to certain ages of human life and among certain percentage of the population among various age groups.

This was true in the context of the Industrial Era, where the workforce was very much a pyramid with relatively low mobility. The function of formal education was therefore to screen people in order to fit the pyramidal workforce. Hence education was not meant for everybody. It was in this context that compulsory education was introduced and confined to a few years. With such a scale, formal
education was largely a government endeavor. Beyond that, education was meant only for the selected few.

When learning has become a necessity for survival, and learning takes on a lifelong dimension, then it is appropriate for the society to provide opportunities for everybody. However, the sheer volume of learning opportunities, presumably anywhere and anytime, is beyond the capacity of any government.

Moreover, learning in the Information Era is also life-wide. That is, it occurs not only in schools and on academic subjects, but also encompasses many dimensions in multiple venues. Many such learning opportunities are related to visits, services, field studies, commercial businesses and cultural activities and are related to almost all walks of life. They have to be supported by the entire society at large. Education, even formal education, is not only the business of educators. This is perhaps a matter of commitment beyond resources.

For example, if learning has become a need for survival, then employers at large should be prepared to provide adequate leave facilities to employees. As another example, if learning is planned and designed by individuals, then the society should be more prepared to accept “dropouts” from the formal school system; alternative routes of learning should support such “dropouts.”

All these are on top of the traditional sense of public-private partnership, where students bear part or most of the costs of learning. If learning has become a lifelong need, then the need should be realized with economic returns to learning. The conventional economics of education, which hinges upon investment in human resources, may take on a new meaning in the Information Era. This is already demonstrated in the individual enthusiasm in many Asian countries, where continuing education has seen a recent trend of spectacular growth.

In this light, the government’s role merits some re-adjustment. For example, public funding for higher education could easily be challenged. If learning opportunities are meant for everybody lifelong, then why should a particular pocket of the population, at some particular age, receive extraordinarily huge subsidy from the public purse? It used to be argued that it was a social investment, and the society required only a small education class. Hence, only a select few were funded. The validity of such an argument has now to be re-examined. By the same token, public funding of in-service part-time studies would be the first to be under attack. If such part-time programs are supported by public funding, then all lifelong learning undertaken by the working population should be publicly funded. Few governments are prepared to do so.

This should not be mistaken that there should be a general withdrawal of the public sector beyond compulsory education. In many countries in the West, there is a new commitment to provide higher education, or post-secondary education, at least for one or two years, to the entire population. Even in countries where the government is not prepared to do so, perhaps because of taxation constraints, there is a new governmental obligation to install an infrastructure for
lifelong learning. Among others, the infrastructure for information technology, which is fundamental to a lifelong learning society, cannot possibly be solely achieved by the private sector. In some of the European countries, there are widespread publicly-funded lifelong learning centers that provide comprehensive facilities such as libraries, counseling, study rooms, classrooms, as well as technology facilities. Such centers are again most likely not a private investment.

The government also has a prime role in tackling market failures. One typical example of market failure pertains to individuals who “failed” in the formal system and could not pass the formal examinations. In the Asian context, such individuals would not be attracted to any opportunities of further studies, because they might lack even the threshold competence in continuing learning. They might not be motivated and confident enough to engage into any learning program. In the Asian context, where salary differentials are relatively high, such individuals might not have the financial capacity to undertake any further learning. In such circumstances, the government would be the obvious agent that could intervene and break the vicious circle.

In any case, the need for learning now extends to a much wider horizon. The public-private interplay has to be re-examined. Public funding is likely to carry a smaller weight because of immensely expanded opportunities. In other words, there has to be renewed resource strategies in learning, which is not always a synonym for education.

**Concluding Remarks: Is There Anybody Being Left Out?**

It is difficult to exhaust all the potential challenges to education in the Information Era. However, it is safe to say that what we face are not just another fashionable wave of reforms that usually fluctuates with the political climate, but often causes little substantial change to student learning. This time, it is different: it is for real.

There will be fundamental changes in the economy and the society. Changes in education will also be fundamental. The impact on learning can never be overestimated. It will be a real challenge to educators who are used to the traditional notions of education. In Asian societies, the practices of educational systems will be under serious challenge, but long traditions of learning that are deep-rooted in Asian cultures may find new soil for new lives.

One would soon face the counter-argument that computers are expensive, and hence the gap between the “haves” and the “have-nots” is tremendous. In other words, the kind of change that has become a reality in richer parts of the world may not affect the less developed regions. On the one hand, there is some truth in such a counter-argument. Computers alone do not create an equal society.
However, in order to equalize opportunities for learning, it is much less expensive to install computers than to build libraries. Yet, a library of limited volumes is not comparable to the wealth of information and knowledge to be found on the Internet. This argument is yet to be appreciated by educational policy-makers in all countries, but some governments, such as the People’s Republic of China and India, are already investing in those directions, and this will soon become a trend. It is difficult to conceive that any country could be completely left out of the rapid progression into the Information Era.
Part One

Dealing with Public-Private Partnerships in the Social Sector
Models of Service Delivery

Marc Mitchell †

Background

In the past, most governments felt that it was important to provide high quality health and education services to their population and so developed elaborate and expensive public infrastructures to deliver the services. In health, this meant a pyramidal system that began with village health workers at the community level, health centers or clinics at the district level and hospitals at the provincial and national levels. This system had as its goal the improvement of health status of the entire population and following the Declaration of Alma Ata followed a primary health-care model of delivering both preventative and curative care. To some degree this system worked, and today, most people throughout the world, and especially in Asia have access to some type of health care.

In education, the model was similar with primary schools at the community level, secondary schools at the district or sometimes provincial level, and one or two national universities. In most countries, the emphasis was on primary education and in almost all Asian countries, primary education is almost universally available.

This model of public delivery and funding of health and education developed a very large network of facilities, but increasingly policy makers have wondered if this is the best model to use. There are basically two concerns: quality and funding.

In both health and education, the public systems throughout the world have come under attack for the poor quality of the services delivered. There are many reasons for this. It is difficult to recruit and keep motivated and qualified staff at the peripheral facilities. Low pay, difficult working conditions, low status, and lack of support from the government bureaucracy have led to the demoralization of peripheral teachers and health workers, which has led inevitably to poor quality services. Lack of books, drugs, equipment, and maintenance of the buildings have further undermined the motivation of staff and the quality of education and health services.

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The second major concern is the lack of funding that is available for social services. There are several reasons for this. The first is population growth. In most Asian countries the growth of the population and the dramatic reductions in infant and child mortality has meant that an ever increasing number of school age children. This is compounded by the fact that larger percentages of children are going to school so the total number of students enrolled in primary schools has doubled or tripled in many countries in the past decade. Even if funding per child is held constant, the total budget needed for education of this very large cohort of children has grown with the increase in students and has outstripped the government’s ability to pay. In health, the story has been the same. As the population has grown and access to health facilities has increased, utilization of health services has increased beyond the government’s ability to provide these services free of charge.

A second reason for the lack of sufficient resources is the enormous cost of hospital and university services. These institutions, usually in the larger cities and often providing services to the families of the more sophisticated urban population have become increasingly expensive as the try to keep up with the escalating costs of technology, diversity of services offered and demands for imported drugs and equipment in hospitals. Few if any governments can fund tertiary care at the levels needed to maintain excellence and one result has been that money needed for primary education and primary health care is often lost to the tertiary institutions.

The result of the lack of adequate funding and the poor motivation of staff at the peripheral level has led to deterioration of the public health and education infrastructure leading policy makers to look at other models of service delivery.

Models of Service Delivery

One important contribution to the development of functioning models of service delivery has been the separation of the roles of both public and private in terms of financing and provision. In the past as described above, most government spending has been on the delivery of government services while most private spending has been on the delivery of private services. However, it is also clear that the government can and does finance some private delivery of services while the private sector can finance some public services. A good example of the former is the deliver of services through contracts, where the government contracts with a private provider (for example a mission hospital or school) to deliver services that will be included in the overall public system. An example of private financing of public services is the case of a nationally owned airline that is financed through ticket sales. In this case, the government provides the service, which is
financed privately. This distinction between financing and provision can be seen in the framework on the following page.¹

This framework provides a simple way to categorize models of service delivery and each of the models will be discussed in turn.

**Public Funding – Public Delivery Model**

This model follows the example described in the beginning of this paper. The government both provides and pays for services, and as has been discussed, in most countries this has led to inadequate funding and poor quality of services, especially at the peripheral level.

**Private Funding – Private Delivery Model**

This is the traditional private sector model where independent doctors, hospitals and schools charge fees for service and operate more or less independent of the government. In this model, the quality varies from excellent to poor depending on the skills and integrity of the providers and parent institutions. In the case of both schools and hospitals, these facilities are often owned by not-for profit organizations such as churches or international agencies, but increasingly for profit companies are buying or building facilities in Asia as the economies grow and opportunities for profit from the social sector increases.

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In health, of course, the largest model of this type is the private doctor and his or her clinic, as well as the private pharmacy. In almost all countries, this is the largest single type of model in health and often accounts for half of all spending in health in the country. In this model, the government has a significant role to play in ensuring the quality of services as a public good. This is primarily done through regulation and legislation, regulating for example who is a doctor or nurse in the country, what pharmaceuticals are acceptable for sale, and what types of facilities can call themselves hospitals. In education, there has traditionally been much less regulation of the private sector, in part because there has been less private activity until recently.

Public Funding – Private Delivery

Because most governments have recognized their obligation to ensure that services are available to the entire population, there has been significant interest in the models of public funding with private delivery. In these models, the services, or at least some part are delivered by the private sector in the belief that the quality and efficiency of these services will be better than if they were provided by the government directly. The two most common models of this type are contracting and insurance programs in health and contracts and scholarship programs in education.

Perhaps the most common type of public private partnership is the contracting model. Most governments have long experience with this model in the contracting of hospital and secondary school services often in rural areas with church groups. Often the model is that the government supports staff salaries of staff working at private hospitals, but increasingly other types of contracting models are being introduced where hospitals are paid per patient or per hospital day. Similarly in schools, salaries of teachers in private (often mission) secondary schools are covered by the government.

Private groups, however, are using contracting much more widely for an array of services ranging from ancillary services such as food, maintenance, and logistics to the direct delivery of care. As these types of contracts become more common and more complex, some lessons are worth considering:

- The importance of specificity of expectations. This is critical on both sides of a contract. The need to specify outputs and costs exactly so that both sides to the contract feel they are being well served.
- The need for transparency. As contracts become more common and often include large sums of money, it becomes increasingly important that the bidding process for winning contracts and the method in which they are negotiated and managed is fully transparent.
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- **The need to specify the mechanism for monitoring compliance and the procedures for non-compliance.** A contract is an agreement between two parties and to be effective there needs to be a mechanism agreed to in advance to ensure compliance by both parties to the terms of the contract.

In addition to contracts, numerous other models are being used in the publicly-financed private delivery environment. In health, an emerging area is the use of *health insurance* programs that give individuals health care coverage at a provider of their choice funded through a public program. The advantage of insurance programs is that the individual can choose their own provider rather than having to use a government provider. The theory is that private providers in this type of system will be of higher quality and more efficient that government delivered services. However, the evidence is not yet clear whether these assumptions are in fact valid.

In addition, there are some significant risks associated with government financed insurance programs. The greatest of these is that unless an effective mechanism is put in place to control costs, the cost of such programs to the government can quickly be much greater than anticipated. The combination of new technologies, globalization of health standards, and changing population and disease patterns have all pushed up health care costs in almost every country, and an insurance program that does not protect itself against such cost inflation will rapidly find itself bankrupt. Health insurance for vulnerable groups such as the elderly or very poor can be an important mechanism for the government to provide guaranteed services, but provision from cost escalation must be built into the system.

A system somewhat analogous to insurance is the use of vouchers. A *voucher system* provides individuals with government funded vouchers that entitle them to receive a fixed amount of services in education or health. The advantage of vouchers is that these are targeted to specific individuals or groups of individuals and are used to pay for services up to a predetermined limit. Thus, they have the advantage over insurance that there is an upper limit of the government’s liability for paying and hence more protection from cost escalation.

In education, there is also wide use of *scholarships* that are targeted to individuals either on the basis of need or of talent and are generally available for higher education. Scholarship programs generally work well, are easy to administer, but do not give the payer any control over the program to which they are sponsoring students.

Many countries, especially in Latin America rely heavily on a program of *social security* through which a variety of services, especially health are provided. In general social security is run as a para-statal — that is it is not subject to many rules such as public service and managed independently but is financed by the government. Social security systems have been quite effective in providing
efficient high quality services, but require a large bureaucracy to administer, real
government commitment and are often subject to significant corruption.

Another common model of government funding for private services is gov-
ernment funding of supplies for priority programs administered by private practi-
tioners. Examples of this are provision of drugs for infectious disease such as TB or
sexually transmitted drugs. Another is the free provision of vaccines for children to
doctors. This model helps promote priority programs but can be quite expensive,
especially if the commodities provided (such as antibiotics) have alternate uses.

Another interesting model of government funding for private services is
funding of private practitioners to set up private clinics in areas that would other-
wise be underserved. One example of this is in Indonesia where the government
funded private midwives to set up clinics that provided family planning services.
The advantage of this model is that there is not a recurrent cost to the government,
once a clinic is set up, the midwife or doctor is on her own to fund it.

Private Funding — Public Delivery

There are fewer models of private funding of public delivery since in general,
private individuals have been reluctant to fund government services beyond pay-
ing taxes. However, the big exception to this is the institution of user fees in many
health facilities and the use of fees, both formal and informal in education. The
use of fees has become increasingly important as governments have recognized
their inability to continue to provide free services, and in many instances, the use
of fees has dramatically improved the quality of the services being offered, par-
ticularly when the fees are kept and administered locally. However, fees have also
meant that some services are no longer affordable to the poorest of the poor and
although there are often provisions to waive fees for these individuals, this is not
often done. As a result, numerous studies have indicated that initiation of user
fees in public health facilities and public schools has lowered utilization. As with
contracts, some lessons are being learned in the use of fees:

- **Fees should be administered locally to improve quality.** Most people are
  willing to pay something if they can see that the funds are used properly. However,
  many are wary of how the government uses its funds and will resist paying fees if no improvements are seen.
- **The need for transparency.** As with contracts, people are very concerned
  that fees are used for their intended purposes and transparency in how fees
  are collected and used must be maintained.
- **Fees should not be used as a substitute for government funding.** While fees
  can improve the quality and effectiveness of services, they are not a substi-
tute for continued government support.
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- When fees are instituted, some effective means must be put into place to provide services to those who cannot afford to pay. This is true not only for formal fees being charged but for other informal fees that are often demanded by underpaid teachers and principals. If education is to be truly universal, mechanisms must be found to facilitate the schooling of children whose parents are too poor to pay, since these are the children whom schooling can most benefit.

Summary

Public private partnerships can work well, provided that both the government and the private sector work in a trusting and collaborative way to achieve common goals. Numerous models exist and more are being developed as both sectors search for new ways to deliver health and education in a cost-effective manner. Yet each model has its strengths and weaknesses, and no model is perfect for all situations. This paper presents a simple framework for assessment of these models and discusses many of the more common models in some detail.
Private Higher Education:
The Public Responsibilities and Relationships of Private Post-Secondary Institutions

*Philip G. Altbach* †

Private higher education is one of the most dynamic and fastest-growing segments of post-secondary education at the turn of the 21st century. A combination of unprecedented demand for access to higher education and the inability or unwillingness of governments to provide the necessary support has brought private higher education to the forefront. Private institutions, with a long history in many countries, are expanding in scope and number, and are increasingly important in parts of the world that have relied on the public sector. A related phenomenon is the “privatization” of public institutions in some countries. With tuition and other charges rising, public and private institutions look more and more similar.

Private higher education has long dominated higher education systems in Japan, South Korea, Taipei, China, Indonesia, and the Philippines. There has been a dramatic shift from public to private post-secondary education in Latin America, and Brazil, Mexico, Colombia, Peru, and Venezuela now have at least half of their students in private universities. Private higher education is the fastest growing sector in many countries in central and Eastern Europe and in the countries of the former Soviet Union. For the most part, this unprecedented growth in the private sector stems from an inability in many countries of the government to fund expansion.

Not only has demand overwhelmed the ability of governments to pay, but there has been a significant change in the way that higher education is considered. The idea of an academic degree as a “private good” that benefits the individual rather than a “public good” for society is now widely accepted. The “logic” of today’s market economies and an ideology of privatization have contributed to the resurgence of private higher education, and the establishing of private institutions where none existed before.

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Private higher education is expanding worldwide, and will without question continue to grow. It is essential to consider the role of private higher education and the specific problems facing private institutions. While private universities share common roots and some similar functions as public institutions, they also have special characteristics. Most important among these is the financial base of private institutions. They are responsible for their own funding. Internal governance and management, the relationship to government and public authorities, institutional planning and other factors are also distinctive.

We are concerned here with understanding the parameters of private higher education worldwide. Elements of commonality as well as differences will be highlighted, along with the challenges faced by private institutions of higher education. Will the private sector be able to creatively address the challenges of increased numbers, new forms of accountability, innovative technologically driven educational programs, and others? Or, alternatively, will the private institutions cluster at the bottom of the post-secondary system, offering low-quality programs providing a credential but little value? Will the prestigious private universities at the top of the academic hierarchy in some countries be able to provide some guidance to the newer institutions? Will appropriate agencies be set up to protect quality and represent the interests of students and of society in this new private-enterprise educational environment? How will government relate to the private sector, and how can constructive partnerships between private and public interests be forged?

Themes and Variations

There is tremendous differentiation in private higher education internationally. Harvard University, with its endowment measured in billions of dollars, could hardly be more different from a newly established “garage university” in El Salvador offering specialized training in a few fields. Some private institutions are highly focused in specific fields, such as the world-renowned INSEAD international management school in Paris. Others are large multipurpose universities like the Far East University in Manila, with more than 100,000 students; many enroll just a few hundred students. Some are among the most prestigious institutions in the country, like Waseda or Keio in Japan, Yale in the United States, the Ateneo de Manila in the Philippines, or Javieriana University in Colombia. Most private post-secondary institutions are responsible for their own funding, although some receive government funds for various purposes. In India, for example, more than two thousand privately managed colleges are financed largely by public funds. Some nations allow virtually complete freedom to private institutions, while others, such as Korea, impose rigid controls.
There is immense variation among private post-secondary institutions worldwide and, in some countries, even internally.

In comparative terms, private higher education is most powerful in Asia. In a number of Asian nations, including Japan, South Korea, the Philippines, and Indonesia, private post-secondary institutions dominate the higher education systems in terms of numbers. In all of these countries upwards of 80 percent of students attend private institutions. While public universities are the most prestigious in each country, several private schools also rank at the top of the hierarchy. Substantial private sectors exist in Thailand and Taipei, China, among other countries. In Asian nations traditionally dominated by the public sector, such as Malaysia, the fastest-growing segment of higher education is private. Even in China and Vietnam, with Communist systems, private higher education is growing rapidly. There are 2,000 private post-secondary schools in China, although only a handful are officially recognized by the government. Most undergraduate education in India is provided by private colleges that are affiliated to public universities. In India, unlike all other Asian nations, there is substantial public support for the private colleges.

**Issues and Trends**

As private higher education moves to the center of higher education systems worldwide, certain central issues and trends that need discussion and analysis. We concerned with raising questions in a comparative framework.

*Financing Private Higher Education.* There are many models of funding private higher education. In the large majority of cases, institutions are financed by tuition payments from students. The central reality of most private institutions is that tuition payments are the financial basis of the institution, and without them, survival would be impossible. Tuition levels must be adequate to provide sufficient funds for institutional survival. This requires careful planning relating to student numbers, the cost per student, and expenditure levels. Errors in these calculations, or the failure to meet enrollment goals, or unanticipated expenses can wreak havoc on institutional budgets, and in some cases may even threaten an institution’s survival. Most new private post-secondary institutions do not have much of a financial cushion. The fact of tuition dependency also means students must be able to afford to pay the fees charged. This, in turn, has an impact on the social class of students who study, and the kinds of programs that are offered. In this way, private institutions may exacerbate class or other divisions in society.

A relatively small proportion of private institutions have other financial resources available to them. Universities sponsored by religious organizations
sometimes have funds from these groups, or at least can rely on help with staffing. In a few countries, a small number of universities can depend on endowment or other funds contributed by alumni or other supporters. In a few countries, government support is available to private post-secondary institutions. In the United States, although direct funding is not provided, students in private institutions are eligible for government loans and grants, and private universities can compete for government research funding. In India, the large majority of students studying at private colleges are financed in part with government money. The Philippines has a fund for private universities that provides some resources. Japan and a few other countries also provide very limited financial support to private schools. As the private sector grows, there will be debate concerning how it should be paid for, and especially whether private institutions should have access to government funding programs for research, student aid, construction, and the like.

Ownership and Profits. Traditionally, colleges and universities have been non-profit institutions, operating under legal authority from the state to provide education and engage in research and other education-related activities. These institutions have been owned by nonprofit agencies, such as religious organizations, scientific societies, and others, which have legal authority to own and manage them. For the most part, these arrangements do not permit the institutions to earn a profit, while they are guaranteed a high level of autonomy. In some cases, the university is “owned” by a sponsoring organization, in others by the academic staff and administrators, and in still others by boards of trustees or governors that may be partly composed of academics or may be dominated by outsiders. Legal arrangements vary from country to country.

Religious organizations have long been involved in establishing and supporting academic institutions. Many of the earliest academic institutions were established by the Roman Catholic Church, not only in Europe, but later in Latin America and Asia. The only existing university older than the European medieval universities, the Al-Azhar University in Cairo, is an Islamic institution. Protestant religious organizations have also been active in higher education, including establishing the first academic institutions in the United States. Christian organizations were also involved in establishing many of the early universities in Asia: the Philippines, Korea, PRC, Japan, and elsewhere. A major motivation was to entrench the influence of Christianity on local elites and ultimately to convert people to Christianity. Hindu organizations in India, Shinto and Buddhist groups in Japan, Buddhists in Thailand, and Muslims in Malaysia, Indonesia, and elsewhere all have been active in establishing academic institutions. Today, while the goals of religiously affiliated institutions are different, religious organizations of all kinds remain active in private higher education worldwide.

In some countries, Japan and South Korea among them, universities can be established and owned by individuals or limited, often family dominated, groups
Public-Private Partnerships in the Social Sector

through boards of trustees. In such cases, academic institutions remain legally nonprofit, but the border between nonprofit and profit making it sometimes difficult to discern. Ownership groups, such as trustees or governors, often have the ability to appoint their own successors, and are able to maintain control over an extended period of time.

There is a growing trend toward for-profit private higher education institutions. These schools may specialize in such fields as business management, computer studies, or related areas that might be in high demand, although they are sometimes multipurpose institutions. Profit-making higher education institutions are dependent for their existence on the legal provisions of particular countries. It is possible, however, for existing regulations to be shaded toward profitability, even where such institutions are discouraged. In the United States, a largely ignored “proprietary” profit-making post-secondary education sector has long existed, largely focusing on vocationally oriented fields at the lower end of the prestige hierarchy. These proprietary schools are seldom authorized to offer degrees, but rather give certificates for specialized skills.

The Philippines has long had for-profit universities, with several institutions listed for many years on the stock exchange. In Latin America, where most countries do not permit for-profit higher education institutions, at least some of the new institutions seem to be interested in producing revenues for those who established and control them. It is possible to see similar trends in other countries, including South Korea, and Malaysia.

For-profit higher education is a major phenomenon worldwide. In a small number of countries, for-profit higher educational enterprises are permitted by law. In many others, earning profits from educational institutions is not yet accepted culturally or legally, and as a result some new schools resort to skirting existing regulations. For-profit higher education will continue to expand, however, and higher education systems will need to accommodate this trend. Where for-profit and non-profit institutions are permitted, they are able to coexist. Few, if any, for-profit institutions are high prestige. The largest number of these institutions are small, vocationally-oriented schools, many of which do not have authorization to offer degrees. Nonetheless, they offer services that are in considerable demand, and it is possible to earn profits from delivering educational products. The for-profit sector creates special challenges for accreditation and control, since these institutions often operate in largely unregulated segments of the higher education market.

It is difficult to generalize about international patterns of ownership and funding for private higher education. There is and will continue to be considerable diversity. Universities that are at the top or aspire to be at the top of the prestige hierarchy will be non-profit institutions. They share the norms and values of top universities worldwide in terms of academic freedom and the involvement of the faculty in institutional governance. In contrast, both general purpose
universities and specialized post-secondary schools at the lower end of the academic pecking order are more likely to be for-profit. Regardless of the nature of ownership, these institutions will have less academic autonomy and more control by management. The exact configuration of ownership will depend on the legal framework and to some extent on the academic traditions of the nation. Countries in which regulations permit different approaches to funding and ownership will have a variety of models operating.

*Private Higher Education and the Academic System.* As higher education expands and student enrollments grow, academic institutions become more differentiated by type, role, and function. There are more institutions as well. Traditional universities can no longer absorb the demand for higher education. Moreover, the student body itself is more differentiated, with a greater array of interests and goals for education, and far more heterogeneous in terms of ability. A higher education establishment that served 2 or 3 percent of the university-age population in traditional universities is transformed when it is called on to educate a quarter or more of the age cohort, and to provide education to “nontraditional” students as well. This expansion and differentiation gives rise to academic systems which aim at providing some rationality and direction to higher education. Private higher education is inevitably part of this post-secondary education system.

In almost all countries, the number of academic institutions has expanded, as has the diversity of these institutions. Universities have also grown in size, and many public schools have become parts of multi-institutional systems. Ministries of education and other government authorities have sought to understand and control the mass phenomenon of higher education. In some countries, coordinating agencies have been set up to ensure that post-secondary institutions serve societal needs, with the minimum of duplication. In others, academic institutions have been brought into centralized systems that allocate responsibilities and resources. Coordination and control have proved to be difficult, and the cost, legal and financial, of providing it has been high.

Private higher education has become an essential part of the overall national system in a country. It is even more difficult than the public sector to coordinate, however, because its resources do not come from public sources, ownership is not in government hands, and “accountability” is spread to many institutions and groups. Tight control over the private sector is, for example, part of the South Korean higher education system. Government agencies have the power to impose limits on enrollments, tuition, numbers of teaching staff, salaries, and the like. These regulations have recently been modified, but Korea, and to a lesser extent Japan, are examples of countries with strong government authority over the private sector. The United States has relied on the noon-
governmental accreditation system to ensure an acceptable level of quality of private institutions.

Private institutions seek to “fit” into the academic system of a nation because their survival depends on being able to attract students and offering “products” that are attractive and appropriate. As noted, in most countries, especially in the developing world, virtually all of the newer private schools rank toward the bottom of the academic hierarchy. This is due in part to the fact that it takes a long time to build up an academic reputation and status, but also because these institutions offer applied programs and have very limited resources.

**Autonomy and Its Limits.** Private higher education operates with considerable autonomy in most countries. Because private institutions typically receive little if any public funds, and because legal structures do not restrict most academic activities or programs, private post-secondary institutions usually have a great deal of autonomy. Autonomy is, of course, not complete. Laws relating to nonprofit organizations or corporations govern certain aspects of private higher education. In many countries, government regulations concerning higher education apply, at least to some extent, to private institutions. In some, there is special legislation dealing with private higher education.

How much autonomy should private higher education have? Should institutions have total freedom to determine their goals, standards, tuition charges, curriculum, personnel policies, academic standards, and the like? Or should private schools be subject to controls to ensure that national norms of quality and academic practice are observed? Should private universities be considered an integral part of an academic system subject to public direction? Should private institutions be measured for quality or for relevance? How much responsibility does private higher education have to the public good? How accountable should private higher education be? Should there be differences in accountability based on societal conditions? Should private higher education in developing countries have the same autonomy as in wealthier nations?

These are central questions that go to the heart of the concept and role of private higher education. At present, countries have given differing answers to them. A few countries have imposed fairly strict controls on private institutions, but most permit them a significant degree of autonomy. The international trend is to permit more leeway to private higher education while insisting that the private sector should be subject to some kinds of accountability especially to provide accurate information to potential students, ensuring a base of quality, and in the management of fiscal affairs.
Part One: Dealing with Public-Private Partnerships

The Responsibilities of Private Higher Education

Few have thought about the responsibilities of the private sector to society. Higher education delivers unique “product” knowledge and the credentials to apply knowledge in modern society. Higher education has traditionally been considered both a “public” and a “private” good; that is, it provides skills that individuals use to raise their incomes and to achieve more prestigious careers. At the same time, higher education improves the human resources needed for societal growth and the operation of a modern economy. There has been considerable recent debate concerning which is the primary contribution of higher education and therefore if the individual and his or her family should pay because the benefit is largely private, or alternatively if society benefits significantly, then it should be for the public good.

Data from virtually every society shows that post-secondary education ensures higher income and greater opportunities for graduates. Comparisons between those who have attended college or university, and those who have not, show consistent benefits to degree holders. Even those who have attended a college or university without earning a degree are better off. There are variations among countries, but the pattern holds globally.

Universities contribute significantly to society in ways beyond teaching and offering degrees. Through their libraries, they are major repositories of knowledge. Universities are centers of research and development, and in most countries are the source of most basic research. They are often important cultural centers sponsoring publishing enterprises, dance companies, orchestras, and serving venues for cultural performances and institutions. In many societies, universities are among the few places where independent and critical thought takes place. These are all central responsibilities of universities that are difficult to quantify and generally do not produce income.

Private higher education also has a responsibility to provide information to the public concerning program quality, the usefulness of degrees and certificates, and other details of their offerings. All too often, it is caveat emptor: let the buyer (student) beware. Accrediting systems, where they exist, provide some controls over the quality of educational programs. Part of the problem is generic to all of higher education. The educational marketplace is a particularly complex one, since the measurement of the “educational product” is a difficult task, and there are few established traditions of quality assurance. Accountability measures, at least concerning budgets and the direct delivery of educational programs, are fairly well developed in public universities but in many places not in private higher education. Transparency is needed.

How do private institutions relate to these core functions of higher education? The majority of private universities and post-secondary institutions world-
wide provide training and credentials in their areas of expertise, but little else. With the exception of universities operated by religious organizations, there is little sense of the social responsibility on the part of academic institutions. Few private schools are able to serve as research centers or support major libraries.

Private institutions provide access to those who can afford to pay for instruction. Few private universities can afford scholarship programs for students from poor economic backgrounds or can provide academic support programs for underprepared students. As a result, private universities contribute little to social mobility or to providing educational opportunities for bright but underprivileged students. Letting market forces fully determine those students who study at private universities ensures that only those who can afford the tuition will be able to attend.

The professorate is a central part of any university, and the relationship of private institutions and the academic profession must be considered. Academic freedom and the autonomy of the professorate are central to the idea of the modern university. Academic freedom and autonomy are sometimes seen to be in conflict with the market orientation of private higher education. The professorate traditionally has a central role in designing the curriculum, and there is a commitment to freedom to pursue knowledge in the classroom. The traditional values of academe are absorbed with time. Much of the private sector is new, and so it is especially important that these values be instilled into the norms of the institutions and in their faculties at the beginning.

Future Trends and Issues

Private higher education, precisely because of its rapid expansion and more central role in the world’s higher education systems, faces special challenges and responsibilities. The following issues need to be explored:

- What are the elements that make up private higher education? What kinds of institutions exist? Our knowledge of the patterns of private higher education development worldwide, and how the private sector fits into the higher education system is quite limited.
- Private higher education is largely market driven. To what extent should the market control developments? Should restraints be imposed? How do restraints work in countries, such as Korea, where they exist?
- How should the older, established and often high-status private universities relate to newer, less-well-endowed institutions? Do the former have a special responsibility to assist or monitor emerging universities?
• What is the appropriate balance of accountability and autonomy in the private sector of higher education?
• How should private higher education be accredited?
• How can distance education be successfully integrated into private higher education? Because it is cost-efficient, distance education will inevitably be part of private higher education.
• What is the appropriate role for government in private higher education? How should public and private institutions interact? Should private higher education be funded by public sources? How should funding mechanisms work?
• How should coordinating agencies that have responsibility for ensuring that the higher education needs of a nation are met deal with private higher education as an integral part of the post-secondary education system?
• What should the role of the new vocational post-secondary institutions be in the higher education system?
• In Latin America especially, but in other parts of the world as well, what should the role of the Roman Catholic Church, and other religious organizations, be in higher education? What responsibilities do religious universities have to the broader higher education system?

Public-Private Partnerships in Higher Education

We have pointed out that higher education is increasingly a responsibility of both public and private sectors. The state is no longer able to provide either the access or the funding required by mass higher education systems. Yet, the state continues to have a primary responsibility to both fund and to coordinate and direct higher education policy. Public and private are inevitably linked. In most countries, it is only the state that can effectively coordinate higher education systems. State initiative is general responsible for quality control as well as fiscal accountability. All too often, the private sector and the state distrust one another.

A mutually supportive and coordinated relationship must exist between the public and private sectors in higher education. Overly tight and bureaucratic control, such as in South Korea, now slowly being weakened, is not the best way of ensuring an effective higher education system. Neither is a totally free market that pays no attention to quality control or the overall societal interest. It is possible to develop a systemic approach to higher education coordination that will protect the public interest, ensure appropriate accountability, and avoid unnecessary expenditure. While it is not the purpose of this essay to design such a system, it may be useful to present useful models of public-private cooperation in higher education. The following examples are by no means an exhaustive listing but rather are intended to provide alternatives that may be useful in the Asian context.
Public-Private Partnerships in the Social Sector

Public-Private Financing of Higher Education. While often forgotten, the fact is that the most common public-private collaboration is in the area of funding higher education. There are many examples in diverse nations. The following examples are illustrative. While the large majority of India’s students study in private colleges, the bulk of funding for higher education in these institutions comes from public sources. Funds are provided according to formulas established by each state. Students pay for only a portion of the cost of education through tuition. India also provides funding from government sources to innovative academic programs through the University Grants Commission, a central government agency. Other countries provide government funding directly to private universities, including the Philippines, Japan, and others. Another model is providing funds, through government grants or loans, directly to students, who may attend any academic institution. It is clear from these examples that a mixture of public and private funding of higher education is quite common in countries of quite different social and economic systems and levels of development.

Public-Private Funding of Research. Research is one of the most important responsibilities of higher education. There are many models of public-private support for research. Public institutions often accept private funds for research, and produce research products that may be useful to, or even owned by private firms. Private universities, in contrast, are often given funds by public agencies for basic or applied research. In some cases, the private sector provides funds to public or private institutions for basic research. There are examples of private firms building university-based research facilities in order to take advantage of the talent of university scientists. Increasingly, research is funded through a combination of public and private sources, creating a useful synergy of support and often increased relevance.

“Science Parks.” Related to public-private support for research is the emergence of science parks in many countries. Often, these research and development (R and D) facilities are a combination of public and private initiative. One of the most successful models in Asia is the Science-Based Industrial Park at Hsinchu, Taipei, China. This science park was built with a combination of private and government funds adjacent to several major universities near Taipei. It has attracted many of Taipei, China’s major high-tech firms and some multinational corporations as well. There are many other examples in Asia, including in Singapore and Japan.

University-based Companies Focusing on High-tech Production for the Private Sector. There are a growing number of university-owned companies, sometimes
partly funded by private sources, generally in the high-tech area that produce products for the marketplace. One of the most successful examples of this is Peking University’s Founder Software Company, which produces software for Chinese language newspapers worldwide and has a turnover of more than US$ 1 billion. In some cases, these university-based initiatives have participation from the private sector in terms of financing, marketing, or other inputs.

*Publishing and Knowledge Networks.* There are examples of universities linking with private sector publishers or other knowledge distribution companies to produce and distribute knowledge products, including books, scientific journals, Web-based publications, and others.

*University Services.* There are many examples of private sector enterprises such as bookstores, retails shops, food services, and many others linking up with universities and operating on campuses. In some cases, academic institutions franchise private sector companies for campus operations and earn a royalty on sales. In other examples, universities may directly link with firms to provide products or services. These enterprises can be financially advantageous to the academic institutions.

*The Delivery of Academic Programs.* There are examples of academic institutions in one country delivering academic programs, sometimes leading to academic degrees, in another country in collaboration with private sector firms. This is a recent development in Malaysia, for example, where Australian and British universities have partnered with Malaysian business firms to sponsor local academic institutions that provide degrees from the sponsoring institutions for Malaysians. The initial investment is from Malaysia, and the overseas universities provide the educational programs and eventually award the degrees.

These are examples of public-private partnerships and private participation in higher education. Other examples might be cited as well. Public-private partnerships operate in different ways depending on the nature of the specific program, the national circumstance, and the academic culture. Our intention here has been to point out the almost unlimited scope of possibilities for collaboration. There are, of course, inevitable problems and conflicts, and academic institutions must be careful to maintain both high academic standards and ensure that such partnerships are in the best interests of the university and its basic educational mission.
The Role of Government

How can government provide both support and guidance to higher education, both public and private, stimulate public-private partnerships, and at the same time avoid unnecessary and counterproductive control? Government has a central role not only in terms of providing financial support for higher education, but also for ensuring accountability for the resources provided and the assurance that the universities are providing the best possible quality in teaching, research, and service. The specific role of government is determined by many factors in each individual country, including historical traditions, the legal structure, the nature of the state, and political realities. Thus, it is difficult to posit overarching recommendations concerning public-private partnerships in higher education. Nonetheless, the following elements are necessarily part of the equation:

- A legal environment that permits universities to establish relationships with private firms and agencies, whether non-profit or profit making. Universities are generally non-profit agencies, and the relationships between them and firms or other corporate entities may be complex, and the legal system must accommodate them.
- Tax regulations that accommodate public-private business or other relations. This too may be complex since it is often difficult to mix public and private as well as for-profit and non-profit agencies.
- A set of attitudes on the part of government officials that encourage innovative and perhaps unusual relationships between universities and non-academic organizations, including firms. Government officials responsible for supervising the academic system may find it difficult to adjust to new and complex relationships between academic institutions and other kinds of entities.
- University authorities, including academic staff and administrators, must keep in mind that their institutions are essentially involved with teaching, research, and service to society, and are not essentially profit-making companies. The growth of for-profit academic institutions introduces special circumstances, since some universities or other post-secondary institutions may be earning profits. As a whole, however, the academic system should maintain its special educational mission.
- A certain entrepreneurial spirit should be welcomed in academe, and both university authorities and government officials need to understand this, and permit freedom and initiative. Entrepreneurialism, however, should not become the motivating force behind academic institutions.
Part One: Dealing with Public-Private Partnerships

Freedom and Responsibility: An Agenda for the 21st Century

Private higher education is the most dynamic segment of post-secondary education at the turn of the 21st century in much of the world. In developing countries, it is without question central to meeting enrollment needs in the coming decades. Its prominence is linked with the ideology of privatization that is so influential at present, and with the trend worldwide to cut public spending. The inability of the state to provide access to post-secondary education that is demanded worldwide contributes to the rise of the private sector. For these reasons, the continued expansion of private higher education is inevitable.

Private higher education is difficult to characterize. The majority of private institutions are at the lower end of the prestige hierarchy in most countries, yet there are prestigious and esteemed private universities. Private post-secondary institutions tend to be small and specialized, but there are examples of large multipurpose private universities. Few private institutions have a research focus, but there are examples of research-oriented private universities, not only in the United States, but in the Philippines, Japan, and elsewhere.

There is a growing trend toward the multinationalization of the private sector in higher education, further blurring distinctions as well as national boundaries. Private interests in one country, usually developing or middle-income countries, are linking up with universities, public or private, in the industrialized nations, to offer educational programs and degrees. This multi-nationalization makes control and monitoring more difficult. The private sector is more aggressive about linking internationally than are public academic institutions.

The private sector needs to have an effective mix of autonomy and accountability. It needs to be encouraged to provide new models and approaches to the delivery of higher education, ensuring cost effectiveness and an experimental approach. At the same time, accountability is needed to ensure that these new approaches deliver a quality educational product. Accreditation and quality control is integral to the growth of private higher education.

The trend, in some countries, for for-profit private post-secondary institutions to be established creates special challenges. For-profit institutions may be able to provide specific kinds of post-secondary training, but by their nature cannot create universities that have the traditional academic values, programs, and ethos. An orientation to the “bottom line” will simply not permit this. For-profit higher education may have a role in some countries, but it is a part of the post-secondary education system that requires special monitoring and attention precisely because the values of the corporation and the marketplace are to some extent at odds with the traditional values of the university.

Despite the great promise and clear need for private higher education in a period of enrollment expansion, there are potential problems. Will private higher
education be so much dominated by the market and the need to serve immediate needs that it will not be able to share the traditional commitment of higher education to the pursuit of knowledge and truth, and to the values of academic freedom and free inquiry? Not every academic institution needs to foster research or seek to model itself after Oxford or Harvard, yet the traditional norms of academe are important for everyone. Even schools that focus exclusively on vocational training and specialized degrees should encourage professionalism, academic freedom, and high standards in their educational programs.

The social responsibility of private higher education is seldom discussed. Higher education has a responsibility to maintain meritocratic values at the same time as encouraging social mobility. Universities have provided opportunities for advancement to many graduates. Academic institutions provide access to culture and undertake social analysis. They bring the benefits of science and technology to the society through public programs, continuing education efforts, and by other means. These goals, and the programs to make them possible, are seldom on the agendas of private higher educational institutions.

The 21st century will see private higher education grow in importance in many nations, especially in the developing and middle-income countries. Even in the wealthy countries of Western Europe and North America, private higher education will become more central to the academic enterprise. It is necessary to understand this phenomenon, and to ensure that private higher education serves not only the needs of the marketplace but of society.
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Books


Articles


The Role of Government in the Social Sector

Hiromitsu Ishi †

What is the Social Sector?

For the several decades in the past, the government in any developed countries has tended to expand its function and role in the borderline zone between private and public sectors. As is well known, the original role of government started from the very limited scope of Adam Smith’s “cheap government” that provides only defense and the administration of justice. However, it is widely acknowledged that the government had begun to play an important role in providing public goods and services to maintain better conditions in the economy and society. Thus, the relative share of government fiscal activities tended to increase steadily in the national economy towards a bigger government (see, for instance, Peacock and Wiseman 1961).

Generally speaking, the pricing mechanism of the market secures an optimal allocation of resources, if certain conditions are met. These conditions are satisfied reasonably well over wide areas in the so-called market economy. In these areas, the government normally does not need itself with matters of resource allocation. There are, however, a number of conditions where the market forces cannot secure optimal results, and here we are faced with the problem of how the government can intervene to obtain a more efficient resource allocation.

The government is now providing a public good that is usually defined in terms of the degree of two important characteristics: (1) non-rivalness and (2) non-exclusion. Depending upon the degree of each characteristic, goods and services are classified from the pure public good on one extreme to a pure private good on the other. According to public finance literature, pure public goods are best thought of as a scientific term used to describe a hypothetical good that offers perfect non-rivalness in consumption and a zero degree of exclusion. By contrast, a pure private good is best regarded as a hypothetical good whose benefits are completely rival in consumption and simultaneously in the perfect degree of exclusion.

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No doubt, there are a wide variety of intermediate areas between two extreme cases in relation to various degrees of non-rivalness and exclusion. We may call relevant goods provided in these areas “impure public goods.” As a consequence, as shown in Figure 1, both private and public sectors have an overlapping zone with shaded area from which impure public goods are provided to the general public. The social sector would be perhaps defined as a mixed sector consisting of both.

Attention should also be paid to the concept of merit goods proposed by R. A. Musgrave (see, Musgrave 1959, pp.13-14). The suggested distinction between private and public goods by using two characteristics is not of an absolute kind. Inefficiencies occasionally arise in the provision of private goods through the market process. Wherever such is the case, we could say that an element of public goods is involved with certain social value. The difference is essentially one of degree, but its distinction remains of fundamental importance.

Theoretically, a clear-cut line can be drawn between two cases, that is, (1) private goods provided for adequately by the market and (2) public goods satisfied through the government if they are to be satisfied at all. Practically, however, we need to consider situations where government corrective action is required to secure an allocation of resources that is in line with consumer preferences. Certain goods are satisfied by the market, subject to the exclusion principle, within the limits of effective demands. If they are considered so meritorious that their satisfaction ought to be provided for through the government over and above what is supplied by the market and paid for by private buyers, they become a sort of public goods. This second type of public goods is usually referred to as merit goods, whose typical examples include such services as free education, free health services, subsidized low-cost housing, etc.

Obviously, the satisfaction of merit goods cannot be explained in the same terms as that of public goods in general. Although both are two so-called public goods, there are some significant differences. In the case of merit goods, the benefits are usually considered to be divisible, while in the case of pure public goods, the benefits are usually considered to be non-divisible. Additionally, merit goods are typically provided by the government, while pure public goods are typically provided by private firms. The provision of merit goods is often motivated by a desire to achieve certain social goals, such as improving educational outcomes or reducing health disparities, while the provision of pure public goods is often motivated by a desire to achieve certain economic goals, such as increasing productivity or reducing transport costs.
goods in that they are provided for by the government, different principles are applied. Public goods in general constitute a special problem caused by market failures, but the provision of merit goods fall within the scope of consumer sovereignty, as private goods are satisfied. Thus, merit goods involve interference with consumer preferences.

On this point, merit goods must be supplied by the government, based upon the assumption of social value in a democratic society. A position of strong individualism, like the US, could demand that the provision of merit goods be disallowed to a considerable extent, while the other case of strong paternalism, like Scandinavian countries, tends to extend the desirable realm of merit goods.

Certain public goods that the government is now provided for may fall on the border line between private and public sectors (i.e., social sector in our terms), where exclusion can be applied to part of the benefits gained but not to all. Public provision for free educational or free health services are typical cases in point. Such services are of direct benefit to the particular pupils or residents, but apart from this, everybody enjoys from living in a more educated or healthier community. Thus, goods that appear to be merit goods may include substantial amounts of public goods.

It would be a good idea to clarify the basic nature if social goods whose provision are through the social sector by using two criteria: efficiency and equity. Figure 2 is depicted for this purpose. Publicness is taken on the horizontal axis of efficiency while social value is adopted on the vertical axis of equity. It is not so difficult to classify goods and services from zero to 100 percent of publicness, say categories A, B and C. Such social goods as education and health would be located in the intermediate position (B), not pure public goods (A) or more rival goods closer to the private goods (C). It is, however, quite arbitrary to draw the vertical line of social value among each item, because it depends on value judgments of the people. Thus, to what extent social goods are provided for by the government has to be ambiguous in a political process influenced by specific social value. Very often more important value tends to be placed on goods occurred private benefits than pure public goods.

Significance of the Social Sector

Let us move to the empirical side of our study, after exploring the basic nature of social sector and social goods. It is of great importance to seek how significant is the government fiscal activity in the social sector. Statistically, the data necessary to analyze the significance of social sector are sought from the allocation of public expenditures. For this aim, Annual Report on National Accounts published by the Economic Planning Agency (EPA) is available in Japan, and public expenditures
Figure 2: The Definition of Social Goods
by function are classified into nine items in the scope of general government (i.e.,
national and local governments, and the social security fund) as follows:

1. General public services
2. Defense
3. Education
4. Health
5. Social security & welfare services
6. Housing & community amenities
7. Other community & social services
8. Economic services
9. Other purposes

Nine public expenditures may be classified into three categories mentioned
above, depending on the basic nature of each service. In Figure 3, the scope of
government fiscal activities are drawn in a schematic fashion by using nine pub-
lic expenditures. If we distinguish pure public goods from impure ones, pure pub-
lic goods consisting of both general public services and defense are located in the
center part of Figure 3. No doubt, they must constitute the core of small govern-
ment in the context of an Adam Smithian concept. Interesting enough, the relative
shares of such a core part of government are 11.5 per cent in general public ser-
vice and 2.9 per cent in defense, occupying only 14.4 per cent in total.

The scope of government has so far been extended outwards to cover the
provision of impure public goods. In the most outer area, private goods surrounds
the public sector with the demarcation of gray zone between two sectors. Impure
public goods are divided into type I and type II, based on their own nature. Edu-
cation and health are shared 11.5 per cent and 18.5 per cent, generating impure
public goods I that is considered as social goods in the social sector. If we define
the social sector in such a narrower scope, it provides for 30 per cent of total
public services. Impure public goods II, consisting of the remaining items in light
of social security and welfare services, occupy much larger share of 57.4 per cent
in total. Combining types I and II, impure public goods amount to nearly 90 per
cent of total, implying that government involvement in the provision of certain
goods is not synonymous with non-market activity.

It is very important whether or not social security and welfare services
should be included in the provision of social sector, because they occupy the
largest share of 31.7 per cent. If they are included, the scope of social sector
would tremendously be enlarged up to over 60 per cent. Of most importance here
is, however, to point out the fact that the social sector is playing a vital role in
providing public services, irrespective of narrow or broad concept.
The core part of government consists of pure public goods; that is, both defense and general public services. Obviously it provides a fundamental idea of small government that has originated in Adam Smith and been revitalized by the New Conservatism of Thatcher and Reagan in the 1980s. Thus, the current extended part of government is primarily incurred by the provision of impure public goods, generating a bigger government. The social sector contributes a lot toward expanding the scope of government.

How has the government developed its own function in the past? Figure 4 depicts these nine categories of total public expenditures in the general government in terms of percent distribution for 1970-97. Since our primary concerns are with both education and health among nine expenditures in view of the social sector, reference should be made to the statistical procedures of these two expenditures in Japan before observing the picture in Figure 4.\(^1\)

\(^1\) Major fact findings in what follows were made in Ishi 1995 and are also included with updating relevant data in Ishi (forthcoming).
According to *Annual Report on National Accounts*, *education* is divided into three sub-categories. The first is *general administration, regulation and research* that are related to the provision of all kinds of school services in the form of current expenditure. The second is *schools, universities and other educational facilities*, i.e., government capital expenditure appropriated for educational facilities of primary/secondary schools, universities and colleges, and other form of education. The third contains *subsidiary services*, such as subsidies for school lunch, school buses, free-provided textbook, etc.

Likewise, *health* is composed of three sub-categories, which are divided in a way similar to *education*. One is *general administration, regulation and research* in which current expenditures are employed to provide all health-related services. The other is the item of *hospitals and clinics* where facilities are constructed by capital expenditures. The last is *individual health services*, including medical costs of doctors and dentists, their appliances and drugs prescribed by them.

There are three points worth noting in Figure 4. First of all, the most outstanding feature of all expenditures is the sharp rise of *social security and welfare services*, starting from 1975, and today it occupies nearly 30 percent of total. Thus, it predominantly affects the relative shares of other categories, most of which begins to fall from the mid-1970s. Second, *health* and *education* are ranked
Public-Private Partnerships in the Social Sector

the second and fourth positions each among nine items in recent years. *Education* indicates a steady declining trend, while *health* has traced along the up-trend. As a consequence, the relative importance between *education* and *health* turned out to be reverse in 1981. Third, among the trends of other categories the large-scale fall of *economic services* is noteworthy in contrast with the big expansion of *social security and welfare services*. The reverse was induced around 1975 by ending the growth-oriented policies and encouraging the scheme of ‘welfare state,’ that had been established in 1973.

More detailed information is given in Table 1, in which averages of percent distribution in the allocation of total public expenditures are tabulated for specific periods. Inspecting successive five-years’ averages of each category, two different trends, accelerated or decelerated, can be clearly observed from nine categories of expenditures. *Education* shows an decelerated movement as well as *economic services*, while *health* moves upwards in an accelerated tempo like *social security and welfare services*. Other categories, such as *general public services, defense, housing and community*, etc., repeat the up-and-down variations in relevant time period.

Table 1: Percent Distribution of Total Public Expenditures in General Government by Function: Annual Average of Specific Periods

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<tbody>
<tr>
<td>1. General public services</td>
<td>13.1%</td>
<td>11.6%</td>
<td>10.6%</td>
<td>10.9%</td>
<td>10.5%</td>
<td>10.3%</td>
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<tr>
<td>2. Defense</td>
<td>3.7%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.3%</td>
<td>3.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>3. Education</td>
<td>18.3%</td>
<td>17.4%</td>
<td>15.5%</td>
<td>13.6%</td>
<td>12.7%</td>
<td>12.3%</td>
</tr>
<tr>
<td>4. Health</td>
<td>14.5%</td>
<td>15.4%</td>
<td>16.6%</td>
<td>17.2%</td>
<td>17.4%</td>
<td>17.6%</td>
</tr>
<tr>
<td>5. Social security &amp; welfare services</td>
<td>15.5%</td>
<td>22.6%</td>
<td>27.0%</td>
<td>28.6%</td>
<td>29.1%</td>
<td>30.0%</td>
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<tr>
<td>6. Housing &amp; Community</td>
<td>8.2%</td>
<td>8.0%</td>
<td>7.3%</td>
<td>8.1%</td>
<td>8.7%</td>
<td>8.7%</td>
</tr>
<tr>
<td>7. Other community &amp; social services</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>8. Economic services</td>
<td>25.2%</td>
<td>20.5%</td>
<td>18.6%</td>
<td>16.5%</td>
<td>16.6%</td>
<td>16.1%</td>
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<tr>
<td>9. Other purposes</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.7%</td>
<td>0.2%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Economic classification of total public expenditures might be equally important from an analytical point of view. Table 2 summarizes the relative shares of government consumption, government capital expenditure and transfers, respectively, in nine categories of expenditures in 1997. For the sake of convenience, I happen to pick up the latest year (i.e., 1997) as a sample, but the case of other years indicates almost the same pattern as the 1997 case has shown.
lar those of social security and welfare services occupies more than 90 percent in total, remaining 6.5 percent to government consumption and only 1.2 percent to capital expenditure. Education and health are quite in contrast with each in the combination of respective contents. The largest share of education is occupied by government consumption (i.e., 85.2 percent), mainly because most educational services are composed of teachers’ salary, as was pointed out. On the other hand, health largely relies on transfers (i.e., 89.3 percent), as is self-evident.

Table 2: Economic Classification of Total Public Expenditures by Function in 1997

<table>
<thead>
<tr>
<th></th>
<th>Government consumption</th>
<th>Government capital expenditure</th>
<th>Transfer expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General public services</td>
<td>83.4</td>
<td>10.5</td>
<td>6.0</td>
<td>100.0</td>
</tr>
<tr>
<td>2. Defense</td>
<td>97.0</td>
<td>0.0</td>
<td>2.9</td>
<td>100.0</td>
</tr>
<tr>
<td>3. Education</td>
<td>85.2</td>
<td>0.9</td>
<td>13.9</td>
<td>100.0</td>
</tr>
<tr>
<td>4. Health</td>
<td>10.3</td>
<td>0.4</td>
<td>89.3</td>
<td>100.0</td>
</tr>
<tr>
<td>5. Social security &amp; welfare services</td>
<td>6.5</td>
<td>1.2</td>
<td>92.3</td>
<td>100.0</td>
</tr>
<tr>
<td>6. Housing &amp; Community</td>
<td>26.2</td>
<td>52.5</td>
<td>21.3</td>
<td>100.0</td>
</tr>
<tr>
<td>7. Other community &amp; social services</td>
<td>54.7</td>
<td>34.2</td>
<td>11.1</td>
<td>100.0</td>
</tr>
<tr>
<td>8. Economic services</td>
<td>18.3</td>
<td>63.8</td>
<td>17.9</td>
<td>100.0</td>
</tr>
<tr>
<td>9. Other purposes</td>
<td>70.2</td>
<td>29.0</td>
<td>0.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>30.8</td>
<td>17.9</td>
<td>51.3</td>
<td>100.0</td>
</tr>
</tbody>
</table>

It would be necessary to explore the general background of changing the relative shares of education and health in view of public expenditure policies. In principle, the relative importance of each expenditure in the total can be varied by the policy stance of governments in the past. It seems, however, that these two expenditures in question have had no direct bearing upon the positive side of policy changes taken by governments in the postwar period. In Japan, government policies have shifted the priority from growth-oriented performance until the 1960s to the enhancement of welfare program since the early 1970s. In securing financial sources for annual budgets, the basic policy stance of large-scale tax decreases in the 1950s and 1960s were replaced by the expansion of fiscal deficits and fiscal consolidation since the 1970s.

Given these circumstances, the appropriation for education has gradually begun to slow down, reflecting the strategy of fiscal consolidation with the stringency of each budget. Education can be relatively easier to be restrained because it is largely not an entitled part of public expenditures unlike pension or medical services in the budgetary process. Thus, it might be safely said that education has
passively reduced its relative size, depending upon fiscal policies, such as the reduction of fiscal deficits or the improvement of welfare services.

On the other hand, health has increased comparatively in line with social security and welfare services, as seen in Figure 4. Obviously, health has been related to the process of promoting the scheme of ‘welfare state’.

It is also important to note intergovernmental allocation of public expenditures. The main levels of the Japanese government are the central, prefectural, and municipal governments. The last two are called local governments, while the first is referred to as the national government. Traditionally, the relationship between the national and local governments in Japan has been weighted predominantly in favor of the former in many respects. In fact, the extent of authority, the revenue share, and the degree of responsibility of the national government are all greater than those of local governments. Local bureaucrats must heed functional superiors at the central level, and since functional lines of authority are dominant, local officials must be responsive to the national officials in each area (e.g. public work, health, agriculture, etc.). It is widely acknowledged that local administration has become vertically fragmented.3

In general, the national government performs its own function, different from that of the local governments. Thus, the allocation of public expenditures by function essentially differs from one government to another, depending on the individual nature of public expenditures at each government. Typically, for instance, defense is spent exclusively by the national government.

The allocation in public expenditures at the national and local governments are delineated in Figures 5 and 6, showing the distinctive functions of total public expenditures in terms of percent distribution. Patterns of their relative shares are drawn each quite differently in two figures. The most marked phenomenon in Figure 5 is the sharp rise of social security and welfare services in total public expenditures in the national government, which turned out to be dominant shares since the mid-1970. The second largest share is occupied by health, which has kept relatively stable for a long time. On the other hand, education merely plays a minor role at the central level.

On the other hand, overall patterns at the local governments in Figure 6 are substantially different from those at the national government. Obviously, education is the most important in local public services as a whole. It has maintained the highest share, moving in a range of 25-30 percent. This is self-evident from a minor share of education that the national government has so far indicated. By contrast, health is not a main job of local governments in providing a variety of local public services.

3 In Japanese, the term tatewari gyosei (vertical consolidation) is generally used. In order to get more grants from each ministry of the national government, local governments are constantly forced to accede to the priorities of national bureaucrats.
Based on major empirical studies, it is important to stress that the development of social sectors in Japan has accomplished in a way of division-of-labor between a two-tier system of government. *Education* is mainly the task of local governments, while national government is charged with the role of *health*. Educational services for primary/secondary schools are basically provided on a compulsory basis by the governments at the municipal level, and similarly post-secondary education is a main task of prefectural governments. By contrast, the national government plays an important role in fostering the activities of higher education in universities and colleges. However, a much larger share of educational expenditure is certainly occupied by primary, secondary and post-secondary schools, which in turn are the responsibility of local governments. Thus, power over *education* is largely shared by local governments. Needless to say, in addition to public schools, there are a great number of private schools for every level of educational services, which are given a substantial amount of subsidies for school education.

Figure 5: Patterns of Relative Shares of Total Government Expenditures in the National Government
As is obvious from examining the contents of health services, health is mainly composed of transfers, which have expanded with the scheme of welfare and income redistribution. Since the provision of these public services are essentially centralized to maintain a uniform level of public benefit in the nation as a whole, health has been mainly under the control of national government.

Let us make a summary of major facts. We have so far investigated the past trends of public expenditures in the process of postwar Japan’s growth in light of the social sector. What can we learn from the Japanese experience? Frankly speaking, it is difficult to stress any specific point as the most distinctive feature of public expenditure policies. However, it would be necessary to summarize our argument in order to conclude this study.

There are three points worth noting. First, overall trends of public expenditure have been deeply affected by variations in macroeconomic conditions, which, in turn, induced changes in fiscal policies. No doubt, both the yen revaluation and the oil shocks in the early 1970s could be enumerated as the most important incidents in postwar Japan, which essentially led to a slowdown of growth rates and structural changes in the economy. These changes of the economy had also strong impacts on the shift from one policy to another in the public sector. On
Part One: Dealing with Public-Private Partnerships

this point, great emphasis should be placed upon the effects of fiscal consolidation on the level and allocation of public expenditures.

Second, and related to the first point, both economic services and social security and welfare services have expanded or been a larger share than social services for education and health. Evidently, these two expenditures were closely tied with the growth-oriented policy and the enhancement of welfare program, respectively. Thus, given the limited source of financing, no special concerns have been made to increase deliberately the relative shares of education and health, although a wider attention has merely been paid to them in parallel with other public services.

Third, the national and local governments have displayed different behavior in the provision of public services and their financing. The so-called division-of-labor has been introduced to do a proper job at each level. Education has mainly been shared by local governments, which gained relatively abundant revenues. On the other hand, health has been largely provided by the national government despite large-scale fiscal deficits.

**Measures to Increase Efficiency in the Social Sector**

*Education* and *health* produced in the social sector are services whose benefits can be priced. In other words, they are individually consumed, subject to exclusion, but they are not the same as pure private goods because their provision results in positive externalities. Such services can be distributed through markets when produced either by the private sector or the government. It is, however, widely believed that the production or consumption of these services should be subsidized to account for the positive externality associated with their provision. In some sense, this is thought of as public provision of private goods.

Accordingly, the provision of these services might be financed by both the co-payment of consumers and tax revenues to secure financial sources for such subsidies. Such is the case for private and public schooling, hospitals and mass transit facilities. By contrast, it is also possible for the government to produce and provide them with no direct charges. In such cases, the quantity and quality of relevant services would be determined collectively through the political process, and costs ought to be financed through taxation. This is the case for the free provision of public schooling, medical services in favor of the elderly, or public sanitation that is available at public health facilities.

Since such services in the social sector can often be provided at zero price or non-market price with subsidies, they tend to incur resource misallocation through over-consumption, reflecting no or minimal financial costs by consumers. By example of medical care, let us consider that payment of medical ex-
penses encounter a special problem caused by the individual’s own behavior (see, for instance, Browning and Browning, 1987, ch.6). Since the value of the medical care to the consumers is often much less than its actual cost, they are likely to over-consume it.

Figure 7 illustrates this problem, the curve of $d$ is a representative consumer’s demand curve for a particular type of medical case, such as elderly medical care services with no direct charges. At a price of $p_1$, consumption would be $Q_1$; i.e., the market solution. If such services are freely provided to consumers, the net price of care is zero and consumption will be $Q_2$. Consumption will be greater than the market-determined level because of the law of demand at zero price. Therefore, a welfare loss is induced with the over-consumption of medical care, which is measured by the triangle $ABQ_2$. In effect, the area $AQ_1Q_2B$ that covers all costs over $Q_1$ is identical to a subsidy which reduces the consumer’s price to zero.

In this way, free public provision induces increased consumption of medical care. Since out-of-pocket cost is nil, consumers (or their doctors) have little incentive to economize on the use of medical resources. Thus, the welfare loss in the triangle $ABQ_2$ implies the overuse or misuse of doctor’s prescription and medicine, which represent the resource misallocation.

Obviously, the rapid growth in medical expenses in recent years is directly responsible for such a non-market solution of medical care. The severity of the problem depends on how sensitive consumers are to medical care: that is, on the price elasticity of demand. If the demand curve were perfectly inelastic (i.e., the vertical line of $d’$), consumption of medical care would remain unchanged even at a zero price. This being the case, consumption of medical cure would not be completely responsive to price and there is no problem at all in terms of welfare loss.

In most cases, however, medical care is not of this sort, and consumers frequently have, more or less, a broad range of treatment choices in health services. Thus, the problem of welfare loss cannot be avoided to the extent that the demand curve has a negative slope.

It is important to cope with such inefficient problems in resource allocation by any means. One of the most popular solutions is to introduce a pricing mechanism into the picture, requiring consumers to pay part of the costs. If they were, for example, obliged to pay half of the cost, the price would then be $p_2$ in Figure 7. If so, over-consumption would be reduced from $Q_2$ to $Q_3$. Welfare loss is also diminished from the triangle $ABQ_2$ to $ACD$. The share of the cost borne by consumers is called the co-payment, a device that is widely used in medical care.

No doubt, such an introduction of pricing has the advantage of reducing welfare loss and generating the economic incentives necessary for the efficient utilization of health care resources. It is, of course, applicable to education and other related services in the social sector, but there is the disadvantage of request-
ing the consumers to bear some of the costs that may be criticized from an equitable point of view. Focusing on where to set the co-payment is a good way to judge the trade-off between efficiency (i.e., the minimum level of welfare cost) and equity (i.e., the protection for free provision of public services in favor of poorer people).

**Figure 7: Welfare Loss in the Social Sector**

Price & Cost

No doubt, the development of the social sector in any country is very important in the context of public-private partnerships. The social sector would have not been developed if the government were not involved in providing social services in the market economy. Given the basic nature of no pricing mechanism in the social sector, social services are not provided with optimal efficiency and effectiveness, and tend to be over-consumed. Thus, they pose a serious problem by expanding the social sector with the misuse of resources, thus increasing the government’s financial burden.

**Concluding Remarks**

No doubt, the development of the social sector in any country is very important in the context of public-private partnerships. The social sector would have not been developed if the government were not involved in providing social services in the market economy. Given the basic nature of no pricing mechanism in the social sector, social services are not provided with optimal efficiency and effectiveness, and tend to be over-consumed. Thus, they pose a serious problem by expanding the social sector with the misuse of resources, thus increasing the government’s financial burden.
One possible strategy to deal with such a problem is private sector involvement in social sector activities. Typical cases are the privatization of or third-party agency in education and health services. As a matter of fact, national universities are occasionally targeted for privatization in Japan as part of the government’s present administrative reforms. Looking at the other side of the coin, private sector involvement implies that the government should mitigate its role in the expanded provision of social services, replaced partly by private sector activities. In Japan, the mitigation of government involvement was undertaken in the 1980s, such as the privatization of Nippon Telephone and Telegraph Corporation and Japan’s National Railway Corporation, reflecting the process of moving towards smaller government. It is obvious that the government became incapable of providing quality services to the general public, given the accumulation of fiscal deficits.

The aim of mitigating the scope of government involvement is two-fold: one is to restrict the inefficient use of resources, and the other to reduce the government’s financial burden. For this purpose, the amount of consumers’ co-payment has often been raised up in such services as school tuition or medical care in Japan.

In Figure 8, the general framework of government involvement in the public sector is depicted in a schematic manner. Depending up the degree of government involvement, four forms are listed from (1) free provision (zero matching ratio of subsidy) to (4) debt guarantee by the government. If government involvement should be partly replaced by private sector activities, the extent of its involvement can be reduced from (1) to (2), say in the medical care for the elderly, or from (2) to (3) in agricultural production, etc.

Evidently, the decreased role of government must increase financial burden of private sector in forms of co-payment or necessary repayment of government loans. Thus, it is important to determine where to set the degree of mutual partnerships between public and private sectors, but it cannot be determined on a priority basis. It must empirically be decided in the social sector, considering a lot many factors, such as social value of relevant services, government’s capability of financial burden and so on. To secure any desirable set for public-private partnerships is very important to understand the trade-off between providing social services and weakening the economic incentives necessary for efficient utilization of education and health resources.
Part One: Dealing with Public-Private Partnerships

**Figure 8: Government Involvement and Its Mitigation**

<table>
<thead>
<tr>
<th>Large</th>
<th>Government involvement</th>
<th>Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Direct free provision</td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>of social services</td>
<td>Indirect instrument of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Government financial loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>debt guarantee by the government</td>
</tr>
</tbody>
</table>

Example
(a) Medical care for the elderly
(b)
(c) Agricultural protection

Regional development

**References**


Partnerships in the Provision of Health Care in Asia

Patricia Moser†

Despite much progress in improving health status, the Asian financial crisis and the hardships of transition in Mongolia and Central Asia have shown that health care gains in developing Asia can be fragile. In addition, countries such as Cambodia, India, and Lao PDR have large portions of population with no access to health care and severely limited resources for reaching them. If progress is to continue, public sector health services need to focus more strongly on the needs of the poor and to utilize the human, managerial and investment resources of the private sector to expand national coverage and encourage improvements in service delivery. To do this, countries need to be wary of unmanaged private health sector growth that may lead to increased national expenditures on health and away from other investments, without significant gains in health status. In looking for ways to harness the potential of the private sector for national health goals, a number of partnership arrangements have developed.

The following paper provides an overview of the private health sector, national health sector goals, and public-private partnership models in use in Asia. The purpose of this chapter is to underscore the potential importance of the private health sector in meeting national health status goals, and to provide examples of constructive public-private partnerships in the health sector. The chapter concentrates on data on and examples from the developing countries in the region. However, qualitative assessments are not made of these models due to limited formal evaluation of such partnerships.

Overview of the Sector

There have been tremendous improvements in health conditions in the developing countries of Asia in the past 35 years. Under-five mortality rates have dropped by 60 percent, life expectancy at birth has increased nearly 40 percent, and the

† Senior Advisor to the Vice President (East), Asian Development Bank.
total fertility rate is nearly half of the 1960 figure. Despite this remarkable progress, much remains to be done. The uneven progress across Asia is dramatic. For example, Table 1 provides data from the 1990s, which shows that maternal mortality varies from 30 to 449 per one hundred thousand live births. Data on life expectancy at birth depicts a twenty-year variance for both genders, between ages 50 to 70 for men and 55 to 75 for women in countries across the region. And within countries, statistics often vary dramatically between relatively wealthier urban areas and the remote rural areas.

The outreach of health services has been a factor in improved health, with systems in many countries rapidly expanding to meet the needs of even provincial towns and communities. All of the developing countries in the region have instituted some level of publicly provided health services, usually including primary, secondary and tertiary services. Over the years and with the expansion of private sector services, publicly provided services have become increasingly targeted toward the poorest segments of society. However, with rapid population growth and rising national incomes, even where public sector health services coverage is high, countries have been unable to meet basic needs nor keep pace with rising demand.

Many countries in the region are searching for different models of financing and delivering health services, and several countries, including Vietnam, the Philippines, and the People's Republic of China (PRC), have instituted wide-ranging health sector reform programs. The goal of most of the programs has been to improve coverage and quality of health care services given the limited financing available. Improvements in health status are needed as a building block for equitable growth and to improve quality of life. Programs of health sector reform include instituting more cost effective delivery systems, diversifying the financing for services, expanding private provision of services, and rationalizing health care provision and use.

**Private Sector Involvement in Health in Asia**

Table 2 provides information on the percentage of total health expenditure that comes from public and private sources. It can be seen that the share of private sector expenditures ranges from 40 to 78 percent of total health expenditure and 1.0 to 4.7 percent of GDP. Private resources are therefore a major portion of health services and represent an important level of national expenditure. Maximizing the use of these funds as an investment in improved health, rather than merely an item of consumption, is important, particularly in countries with very limited resources.
Table 1: Health Indicators in Selected Countries in Asia

<table>
<thead>
<tr>
<th>Country</th>
<th>GNP per capita (US$) 1997</th>
<th>Maternal Mortality Ratio (per 100,000 live births)</th>
<th>Life Expectancy at Birth (years)</th>
<th>1985&lt;sup&gt;b&lt;/sup&gt;</th>
<th>1998&lt;sup&gt;c&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>360</td>
<td>n/a</td>
<td>449</td>
<td>55</td>
<td>56</td>
</tr>
<tr>
<td>Cambodia</td>
<td>300</td>
<td>500</td>
<td>n/a</td>
<td>47</td>
<td>45</td>
</tr>
<tr>
<td>India</td>
<td>370</td>
<td>460</td>
<td>437</td>
<td>56</td>
<td>55</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,110</td>
<td>450</td>
<td>390</td>
<td>58</td>
<td>54</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>1,350</td>
<td>n/a</td>
<td>49</td>
<td>74</td>
<td>64</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>480</td>
<td>n/a</td>
<td>44</td>
<td>71</td>
<td>64</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>400</td>
<td>200</td>
<td>n/a</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4,530</td>
<td>40</td>
<td>34</td>
<td>72</td>
<td>68</td>
</tr>
<tr>
<td>Nepal</td>
<td>220</td>
<td>n/a</td>
<td>n/a</td>
<td>47</td>
<td>49</td>
</tr>
<tr>
<td>Pakistan</td>
<td>500</td>
<td>n/a</td>
<td>340</td>
<td>54</td>
<td>54</td>
</tr>
<tr>
<td>PRC</td>
<td>860</td>
<td>n/a</td>
<td>115</td>
<td>70</td>
<td>68</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,200</td>
<td>209</td>
<td>180</td>
<td>65</td>
<td>61</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>800</td>
<td>90</td>
<td>30</td>
<td>71</td>
<td>67</td>
</tr>
</tbody>
</table>

<sup>a</sup> Based on the World Bank Atlas Methodology.

<sup>b</sup> Data relate to years 1980 to 1989.

<sup>c</sup> Data relate to years 1990 to 1998.

Outpatient Practitioners

Professionalization of health services has arisen in the Asian developing countries often in parallel to the historical track in North America and Europe. Highly trained physicians and health care practitioners of Western medicine have developed professional societies and worked with Government on accreditation procedures that require strict training and practice requirements for entry. Except at the very lowest level of service (community health workers and in many countries, village midwives), this accreditation has been used as the entry to Government-paid health service, rapidly expanding demand for Western trained personnel and assuring the development of the Western medical system. Some countries, including PRC, Bhutan and India, have seen professionalization of more traditional systems of medicine, however, often without benefit of Government-led demand for employment. In all countries, traditional systems continue to co-exist in the informal economy, financed through community contributions, or a barter or fee-for-service basis. As an example, in 1994, 48 percent of births in the Philippines were still being delivered by traditional birth attendants. This is despite the fact that since 1992, delivery by a non-formally trained midwife has been illegal.

As national incomes have increased and development paradigms have shifted to more private-sector reliant models, many countries have facilitated the expansion of private medical practice. Even in countries where health services

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage of GNP</th>
<th>Relative Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Public</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>3.2</td>
<td>1.4</td>
</tr>
<tr>
<td>India</td>
<td>6.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>2.0</td>
<td>0.7</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>2.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Nepal</td>
<td>4.5</td>
<td>2.2</td>
</tr>
<tr>
<td>PRC</td>
<td>3.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Philippines</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>3.7</td>
<td>1.8</td>
</tr>
</tbody>
</table>

remain in the public sector, physicians often receive informal payments from patients, creating mixed financing for services despite government regulation.

**Hospital Care**

Table 3 provides an overview of in-patient services by type of facility for selected countries. Again, the private sector is a major provider of services with a minimum of 22 percent of beds in the private sector. For each of the countries for which data is provided, the proportion of beds in the public sector is larger than the proportion of hospitals. Private hospitals are often small as they are limited in bed size by capital constraints and the higher costs of more specialized services. The relative proportions of these numbers are changing as much health sector growth is occurring in the private sector.

**Pharmaceuticals**

In countries where private sales of pharmaceuticals are allowed and widespread, over-the-counter provision of medication on the basis of client demand is often a patient’s first contact with the health system when ill. Pharmacists and others selling medications are frequently the source of information for self-treatment. Often, these people are not trained but are retail sales persons. In rural areas, they

**Table 3: Public and Private Hospitals and Beds Selected Asian Countries, Various Years**

<table>
<thead>
<tr>
<th>Country (year)</th>
<th>Beds per 1000 pop.</th>
<th>Hospitals</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Public (percent)</td>
<td>Private (percent)</td>
</tr>
<tr>
<td>India (1992)</td>
<td>0.7</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Indonesia (1994)</td>
<td>0.7</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>Korea (1994)</td>
<td>3.0</td>
<td>5</td>
<td>95</td>
</tr>
<tr>
<td>Philippines (1993)</td>
<td>1.3</td>
<td>33</td>
<td>67</td>
</tr>
<tr>
<td>Thailand (1993)</td>
<td>1.6</td>
<td>70</td>
<td>30</td>
</tr>
</tbody>
</table>

may be “middle-men” who have purchased retail pharmaceuticals in an urban area and are reselling these drugs in more remote locations. A study completed by the ADB of drugs available from small scale retail shops in two provinces of Lao PDR found that the majority of the drugs were past date or biologically ineffective due to poor quality manufacturing, handling or storage. At the same time, sales of such drugs and non-effective over-the-counter medications can represent a large portion of private sector expenditure. Much of this is wasted, benefiting neither the patient nor health system development.

Despite well formulated pharmaceutical quality and use control laws in Asia, over or incorrect use of certain drugs, including anti-malarials and antibiotics, has led to an epidemic of drug resistance in most countries, driving up the costs of treating even simple conditions as newer more expensive drugs are needed. Even in countries that do not allow private drug sales, inadequate quantities available from the public sector means informal retail sales such as that found in Lao PDR, are prevalent. Anyone travelling in the region is aware of the widespread over-the-counter availability and use of drugs that are usually registered for physician prescription.

Given high private demand for drugs (that is, willingness to pay), governments often use drug charges as an entry into cost-sharing or user charges for the public system. Several countries, including Philippines and Thailand, have experimented with community drug funds that publicly organize communities to finance a small retail set-up of essential primary care drugs. These systems have the advantage of exercising some control over retail mark-ups, insuring that only effective preparations are sold, and cross subsidizing the widely varying prices found in the pharmaceuticals market due largely to patents that recoup research and development costs from consumers.

**Financing/Insurance**

Table 4 shows the percentage of population covered by either social insurance or private insurance. Private insurance is extremely low in the region. In many countries, including Philippines and Thailand, the social insurance programs are self-financing (although employer contributions for civil service employees are usually made through the budget, these are not counted as “subsidy”). Insurance is an area that needs special consideration in promoting the growth of the private health sector. While risk pooling ameliorates ability to pay problems, it also has a tendency to fuel price increases in the sector. An appropriate public policy framework is needed.
Table 4: Health Insurance Coverage in Selected Asian Countries, Various Years

<table>
<thead>
<tr>
<th>Country</th>
<th>Social health insurance coverage (percent of population)</th>
<th>Private health insurance coverage (percent of population)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India (1991)</td>
<td>3</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Indonesia (1989)</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>Korea (n/a)</td>
<td>100</td>
<td>&lt;1</td>
</tr>
<tr>
<td>PRC (1993)</td>
<td>19</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Philippines (1991)</td>
<td>42</td>
<td>3</td>
</tr>
<tr>
<td>Sri Lanka (1996)</td>
<td>0</td>
<td>1.5</td>
</tr>
<tr>
<td>Thailand (1993)</td>
<td>27</td>
<td>2</td>
</tr>
<tr>
<td>Vietnam (1995)</td>
<td>38</td>
<td>&lt;1</td>
</tr>
</tbody>
</table>


Public Private Partnerships

Issues with Increased Reliance on Private Sector

While the private sector can provide additional resources for health development, Rosenthal notes five major concerns with regard to reliance on the private health sector to meet national health goals and objectives. 1 Public policy needs to address each of these issues if governments are pursuing increased reliance on the private sector for health sector growth and development. These are:

- Private provision of health services is driven by consumer willingness to pay; allocating resources on the basis of demand may not lead to allocative efficiency (e.g., expenditure on and consumption of ineffective medications as noted above).
- Private provision is also driven by ability to pay, therefore inequalities in health service delivery may be exacerbated as poor areas and marginalized

populations remain underserved as wealthy areas gain from expanding levels of service.

- Health care suppliers may create excessive demand for their services (client-agent problem).
- Consumers often are unable to judge the quality of services rendered, so they may receive lower quality service than that for which they pay.
- Demand for scarce human and physical resources by the private health sector may result in understaffing and other resource scarcities in the public sector.

In addition to the health regulations and safeguards that are the responsibility of government and have been mandated in all the countries discussed in this paper, formalized partnerships with the private sector provide additional opportunities for the government to take advantage of the benefits of the private sector while controlling the potential negative impacts.

**Types of Partnerships**

*Common Framework*

This refers to a health policy framework within a country that includes the contributions of both public and private sectors. Although the sectors may operate with relative independence, governments use regulations, legislation, and, often, tax and other incentives to mitigate the five concerns noted above in marshalling the private sector into meeting national health goals. In terms of service delivery, this often includes laws that private hospitals cannot “dump” patients when they are no longer able to pay and laws that require all emergency cases be seen regardless of patient’s ability to pay. The Philippine government requires private hospitals to provide at least ten percent of bed days for the indigent, without government subsidy. Other programs may include tax incentives for private teaching hospitals or for private services located in remote areas, as well as restrictions on technology imports or physical infrastructure development to prevent overbuilding and to slow cost escalation.

*Financing Partnerships*

One of the most powerful tools for leveraging support for national health goals from the private sector is through national financing mechanisms. Financing drives “the structure of the health service delivery system, the types of services
that are provided, and the allocation of health services within health services markets.” The government determines the types and quality of services provided by the public sector. Such private sector services are also largely driven by the supplier due to the asymmetry of information between patient and physician (e.g., the patient relies on the service provider to determine the level and type of services needed). This means that competition in the private health services market alone is insufficient to insure allocative efficiency with regard to achieving health outcomes. Providers will have a tendency to concentrate in service areas where profitability is highest, rather than where health needs are greatest (e.g., poor urban areas).

Many governments are seeking to mediate the relationship between patient and provider through carefully structured third party payment mechanisms that oversee the selection and quality of services provided on behalf of the patient or the financing body. This results in more rational provision of services, reduced cost escalation, and private sector responsiveness to national health goals. Private providers continue to increase efficiency of service delivery to maximize profits; however, private sector growth is driven by the structure of the financing mechanisms rather than the structure of personal income and consumer demand.

Tools for using finance as a lever on the structure of private services delivery include fee-for-service insurance programs with carefully developed reimbursement schedules, capitation schemes where providers are given a fixed sum for servicing a group of clients over a fixed term, and mixed systems using public financing and user fees in combination. Fee-for-service insurance and capitation schemes can be either public sector (e.g., social insurance) or private sector.

Privatization of Health Services

Privatization can include a wide range of options and models. In addition to outright change of ownership of health infrastructure or services, privatization can mean a continuum of activities that bring more private sector incentives into health services delivery. This continuum includes changes in management, ownership, financing and governance. Some classic partnerships include:

- **Contracting in:** A public health service or institution is provided autonomy and responsibility for achieving certain service targets, often through global budgeting. Lao PDR is experimenting with this in the delivery of provincial primary health care services. The four tertiary specialty hospitals in Manila (Heart, Lung, Kidney and Children’s) are managed in this manner with mostly positive results.
- **Contracting out:** Private sector is contracted to provide part or all of a service. This includes contracting private sector management for an institution or a
Part One: Dealing with Public-Private Partnerships

service; contracting a firm to provide laboratory or “hotel” services (laundry, catering, etc.); or leasing a public institution to the private sector with service delivery targets. In some countries, delivery of services to certain populations may be contracted to NGOs. Smaller scale contracting out is commonly used in the region. Contracting out of a full facility or health service (e.g., primary care for a region) is rare. Lao PDR is including a contracting-out model in its review of provincial service delivery modalities. To date, there are few reliable data regarding the increased effectiveness of contracting out or contracting in vis-a-vis utilizing the public sector. However, both of these are often appealing to health sector reformers as provide budget autonomy to the institution or service, getting around civil service and line-item budget bottlenecks.

- **Selling or leasing public institutions or space**: Hospitals, clinics or land is leased or sold to the private sector. Often these deals include required levels of coverage for the poor and other social benefits from the lessors/buyers. We expect to see more BOT-type activities in the region as health financing becomes more diverse and higher incomes/insurance coverage support larger investments. These contracts can learn from other sectors and include social benefit requirements from the private sector.

- **Private sector governance**: Community leaders or private sector persons are included in the governance of semi-autonomous institutions through appointment to the Board of Directors or other oversight structure. This insures that communities are able to make hospitals and service deliverers (public and private) responsive to health care needs.

**Sharing of Technology and Specialist Resources**

The region abounds with examples of this type of usually small scale effective partnering between public and private health sectors. This includes:

- Physicians admitting private patients in public facilities.
- Private physicians providing a limited range of specialist services on a salary basis in public institutions.
- Private sector utilizing technological resources in the public sector (e.g., MRI, CT Scan, laboratories), and vice versa. This can be done on a “contracting out” basis or on a fee-for-service or barter basis.
- Patient referrals from the public to the private system for specialist services (or vice versa) rather than physicians or institutions developing competing services.
- Bulk purchasing of pharmaceuticals and supplies jointly by the public and private sectors in order to reap discounts due to economies of scale and stronger purchasing clout.
Conclusions

Private health services can be a powerful tool for meeting national health objectives if carefully managed. Formalizing partnerships with explicit expectations with regard to equity (social benefits) and efficiency can help harness the potential health benefits of these additional resources. Although little evaluative data exists, countries in Asia are utilizing a variety of models for such partnerships.
Mongolia: Health Sector Reforms and the Private Sector

Jacques Jeugmans †

Introduction

Mongolia, a country of 2.3 million people landlocked between Russia and China, started a social, political and economic transition from socialism and central-command economy towards democratization and a market economy in 1990. In 1991, Mongolia joined the Asian Development Bank and since then, the ADB has played a major role in supporting this transition. In particular, we played a leading role in assisting the government to reform the health sector.

The government initiated a wide-ranging reform agenda for structural adjustment and macro-economic stabilization. In 1996-97, the ADB finalized the Health Sector Development Program with the Ministry of Health and Social Welfare (MOHSW), whose agenda included: (i) accelerating privatization; (ii) improving tax administration and broadening the tax base; (iii) promoting foreign investment; (iv) rationalizing social outlays and better targeting security programs to the poor and the vulnerable groups; (v) implementing a comprehensive public administration reform; (vi) restructuring and reducing subsidies to state-owned enterprises; (vii) reforming the banking sector; and (viii) restructuring the civil service and reducing staff levels.

Support of the private sector, reform of the public service, addressing the fiscal deficit and better targeting of subsidies are having major impacts on the health system.

I would like to share with you the experience we are having in designing, developing and implementing major reforms in the health sector. The health sector reforms in Mongolia pay significant attention to creating a dynamic and efficient partnership between the public and the private sectors. The objective is to harness the strengths and qualities of both sectors, and to ensure that each sector is participating in the most cost-effective way to improve access and quality of services.

† Senior Social Sector Specialist, Asian Development Bank.
This presentation summarizes the proposals, the discussions and the work of many people. I just played the role of coordinator, as project officer, and would like to mention a few people who had major inputs in the reforms that I am going to explain.

To better understand the problems faced by Mongolia and the solutions proposed, my presentation will start with a description of the health sector in Mongolia and identify the social, political and economic context. I will then explain achievements of the health sector that need to be preserved and the weaknesses that need to be corrected. I will finally discuss the constraints that Mongolia faces. The second part of the presentation will focus on the private sector: what are the strengths of the private sector? What kind of partnership to develop with the public sector? What are the barriers to the involvement of the private sector in health services? What should be the role of the MOHSW? The third part of the presentation will discuss some reforms involving the private sector, under the Health Sector Development Program (HSDP) presently under implementation with the ADB’s support.

The Mongolian Health Sector

In July 1992, the Ministry of Health carried out a health sector review in collaboration with the World Health Organization (WHO), the Asian Development Bank and the World Bank. The review highlighted past achievements of the Mongolian health system, particularly universal access to health services, but also identified significant weaknesses in terms of sector efficiency.

Description

Social, Political and Economic Context

With a population of 2.3 million and a land area of 1.56 million square kilometers, Mongolia is one of the most sparsely populated countries in the world. Forty-eight percent of the population lives in rural areas: in sum (district) centers, scattered settlements as farmers, or a semi-nomadic lifestyle following their herds. Urban areas including Ulaanbaatar (617,000 people or 27 percent of the national population) and the aimag (province) centers account for 52 percent of the population. Aimag populations vary from 12,500 to 113,000; sum populations vary between 2,000 and 4,000 people.

Until the late 1980s, Mongolia was a central command economy, member of the Council for Mutual Economic Assistance with the former Soviet Union and the east European countries. The country was politically independent but eco-
nomically heavily dependent on aid flows from the Soviet Union. This aid accounted for nearly 30 percent of GDP. With these financial transfers, the economic constraints were significantly alleviated. Allocation of resources was a political decision, facilitated by central planning and centralized decision-making. Social sectors were priority areas, and Mongolia achieved remarkable results in these sectors: universal coverage in the health sector, universal access to education with a very high literacy rate, equal opportunities and participation of women in the labor force, and employment for everyone with poverty almost unheard of. But this ideal situation, as already explained, was maintained rather artificially through financial transfers from the USSR for geopolitical reasons, which proved difficult to sustain.

Since 1990, Mongolia has been going through a rapid transformation from a centrally planned economy to a market-based economy. This transition was happening in a difficult economic environment. The political and economic transformations taking place in the former Soviet Union in the early 1990s had a direct impact on Mongolia. Cessation of aid flows from the former Soviet Union and the break-up of traditional trade arrangements with the members of the Council for Mutual Economic Assistance resulted in a major financial and economic crisis. This adversely affected social sectors like education and health, which were completely dependent on the budget for their outlays. In the early 1990s, the government’s immediate priorities, supported by the ADB and other international institutions, were to address urgent needs in physical infrastructure and economically productive sectors.

Government funding for health, education, social services and social assistance collapsed while demand was increasing. Government expenditure on social services declined by 49 percent in real terms between 1990 and 1996. The economic crisis spread unemployment and underemployment and resulted in an increasing number of people living below the poverty line (according to World Bank estimates, 36 percent of the population in 1995).

The population grew steadily between 2.5 and 3 percent per year for the last three decades. The country has a young population with 41 percent less than 15 years old. However, total fertility rates\(^1\) have decreased from 6.4 in 1980 to 3.5 in 1993. The birth rate that has been falling significantly since 1990 seems related to economic hardship, the collapse of social services and the government’s acceptance of modern family planning. The high literacy rate of both the male and female population contributed to a relatively rapid adoption of family planning by the population.

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\(^1\) The total fertility rate is an indication of the average number of children a woman will have when she reaches the age of 49.
Organization of Health Services Delivery

The Mongolian health system was designed on the Soviet model. With the objective to provide health services to everybody, the government centrally-planned service delivery, human resources and infrastructure with little local participation in decision-making. The centrally planned economic system focused on inputs, and the success of the health system was measured by the number of doctors, nurses and hospital beds per population (indicators of coverage). A network of public hospitals, providing curative services free-of-charge, was developed countrywide.

In rural areas, the first point of contact between the population and the health system are the fieldshers, specialized nurses who provide basic PHC services such as simple curative services, routine preventive care (immunizations for example), and health education. The fieldshers are community-based health workers, visiting patients and working in their own gers. Often, fieldshers follow the nomadic community, looking after their own herds and providing health services in the field. In sum or bag centers, fieldshers work in a permanent building.

The first level of fully operational health facilities with permanent doctors was the sum hospital, with 15 to 30 beds. Each sum hospital was supposed to provide emergency curative services, basic curative and preventive services, rehabilitation and health education and back-up the fieldshers. Aimag hospitals (200 to 400 beds), which acted as referral centers for sum hospitals, provide secondary care services (with better equipment and better qualified specialists in surgery, gynecology and obstetrics, pediatrics and internal medicine) and provide primary care services to the aimag center population. Tertiary care services (with more sophisticated equipment and medical specialties) are available in Ulaanbaatar only. Public health services, such as immunization, food and water quality control, and epidemiological surveillance, are the responsibility of the public centers and hygiene institutes in the aimag centers and Ulaanbaatar.

Health Sector Financing

Under central planning, the health sector received high levels of investments and fiscal support. Expenditures on health represented 7.5 to 8.5 percent of Government expenditures between 1980 and 1990, and 6.7 percent of GDP in 1990 (total health expenditures).

An analysis of the distribution of health expenditures by type of health facilities indicates that aimag and city hospitals receive most of the funds. Between 1990 and 1994, aimag and city hospitals accounted for 60 percent of the expenditures, sum hospitals about 20 percent, and hygiene institutes about 3 per-
Part One: Dealing with Public-Private Partnerships

cent. (Following transfer of some hospital activities to the hygiene institutes in 1995, aimag and city hospitals received 52 percent of the budget (35 percent for Ulaanbaatar), sum hospitals 18 percent, and hygiene institutes 22 percent.) Investment expenditures, at 15 percent of health expenditures in 1990, dropped to an average of 2.5 percent between 1991 and 1996 but increased to 4 percent in the 1997 budget. The distribution of recurrent expenditures by category was not affected by the economic crisis. In 1996, 27 percent of the expenditures were for salaries, 21 percent for contributions to social security, 15 percent for fuel and heating, 12 percent for drugs and 7 percent for food.

Health Personnel

Following the Soviet model, the system was organized around specialization and compartmentalization of labor. The Government’s policy to provide specialist services in all hospitals, even in the remotest sum, required a large number of doctors and health personnel because specialists could not perform in the other specialties. This system prompted doctors to specialize and resulted in a limited number of qualified general practitioners able to provide quality ambulatory services.

Students of medicine, trained at the Medical University in Ulaanbaatar, become doctors after five or six years of education (compared to six to seven years in OECD countries). Post-graduate training, most often in Eastern Europe, provided the country with a pool of highly qualified specialists. But the specialist-based organization of services also resulted in many specialists not adequately qualified by international standards. Instead of the usual two to five years of post-graduate training for such specialists in OECD countries, many doctors in Mongolia were trained in a specialty for only three to six months after basic training. This limited professional training has a significant adverse impact on service quality.

The distribution of doctors between urban and rural areas is unbalanced. While there is an excess of doctors in urban areas, especially in Ulaanbaatar, rural areas are losing their health personnel. Doctors are concentrated in urban areas. The imbalance between cities and rural areas has increased since 1990, reflecting the ending of compulsory government assignments to rural posts with the new political regime. Doctors started moving to the cities where social and professional opportunities are more attractive. The physician concentration is highest in Ulaanbaatar and the other cities. In 1996, there were 51.6 doctors per 10,000 people in Ulaanbaatar, but only 16.2 per 10,000 in the aimags. There is a need to attract more qualified doctors and general practitioners to rural areas.
Results

With a policy based on inputs, coverage indicators are impressive and compare favorably to other countries at a similar level of development.

But coverage and access to health services are only intermediate objectives. The goal of the health system is to improve the health status of the population. Despite impressive indicators of coverage, health status indicators were relatively disappointing. Countries with comparable expenditure per capita such as Sri Lanka have a significantly lower IMRs. Maternal mortality ratio (MMR) remains high, at 190 maternal deaths per 100,000 live births in 1995 (down from 240 in 1993). Life expectancy in Mongolia is lower than in Sri Lanka and the People’s Republic of China (PRC).

Constraints for the Health Sector

Geography

International comparisons of health sector indicators do not adequately capture the particular problems faced by Mongolia. Severe geographical and climatic

Table 1: Comparative Health Services Coverage (1994)

<table>
<thead>
<tr>
<th>Country</th>
<th>GNP per Capita ($)</th>
<th>Health Expenditures per capita ($) (1990)</th>
<th>Hospital Beds per 1,000 Population</th>
<th>Doctors per 10,000 Population</th>
<th>Nurses per 10,000 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>230</td>
<td>n/a</td>
<td>0.3</td>
<td>1.9</td>
<td>n/a</td>
</tr>
<tr>
<td>PRC</td>
<td>490</td>
<td>11</td>
<td>2.4</td>
<td>15.5</td>
<td>n/a</td>
</tr>
<tr>
<td>Indonesia</td>
<td>810</td>
<td>12</td>
<td>0.7</td>
<td>1.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Mongolia</td>
<td>340</td>
<td>40</td>
<td>9.9</td>
<td>25.4</td>
<td>47.8</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>600</td>
<td>18</td>
<td>2.8</td>
<td>2.1</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Note: These figures are indicative since direct comparisons between countries are difficult. Mongolian doctors include various specialists who are not counted as “doctors” in other countries, and a significant number of doctors may not have a medical practice. The definition of hospital beds also varies.

conditions make communications, transport and health services provision difficult. The size of the country, the long distances and the sparse population make the delivery of social services (including health) difficult and have a significant impact on the financial viability of services.

Resources Constraints

A small population base and a low GDP per capita mean that it is difficult to cross-subsidize from rich to poor or from urban to rural areas. The Mongolian market is too small to encourage local manufacturing of health care equipment and drugs. With the interruption of the aid flow from the former Soviet Union, health services became more expensive because of the need to import health products. The economic crisis added severe constraints: the rapid depreciation of the local currency, the tugrik, increased the cost of all imports, including drugs and medical equipment. The social costs of transformation to a market economy soon became a crucial issue as major cuts in Government expenditures on health services resulted in a rapid deterioration of service quality and in the population’s access to the services.

Between 1991 and 1995, the share of Government expenditure allocated to health remained in the range of 8.5 to 9.5 percent, as the Government steadily increased its nominal contributions to the health sector in spite of the difficult fiscal situation of the country. The health sector accounted for between 4 and 4.5 percent of GDP between 1990 and 1995 (Note: Comparable figures are 5.7 to 8.1 percent for Bangladesh, 3.9 to 4.5 for Indonesia, 4.5 to 5.2 for Sri Lanka). These figures reflect the commitment of the Government to providing health care for the population. However, because of the high inflation rates and the negative real GDP growth rates in the early 1990s, real expenditures in the health sector have steadily decreased. The financial crisis in 1990-1991 first affected the procurement of drugs and medical supplies, all of which are imported. Donors, including the ADB, provided emergency funds to maintain a minimum procurement of essential drugs.

Health Personnel

Number

The number of doctors per population is high compared with other countries, and there was (there is) room for staff rationalization. The economic crisis of the early 1990s had a major impact and many health staff left the public health services because of opportunities in other sectors, particularly in husbandry.
Staff attrition since 1990 has been high: data on health personnel show a 22 percent reduction between 1992 and 1996. During this period, total health sector staff decreased from 41,738 to 31,524, an average net attrition rate of 6.7 percent a year or around 2,500 each year. Over five years, medical staff were reduced by 17 percent and non-medical staff by around 35 percent. Overall 40 percent of the staff has left the health sector since 1992 (the net reduction of staff being around 25 percent because of the intake of new medical university graduates and other newly engaged staff).

A more detailed analysis shows that staff attrition mainly affected personnel at lower levels. The number of physicians decreased only slightly (from 6,132 in 1990, to 5,911 in 1992, to 5,987 in December 1996). Although doctors left the health sector (1,607 between the end of 1992 and end of 1996), 1,683 new graduates replaced them. However, the loss of trained doctors has been substantial (8.5 percent per year on average). In 1996, only 97 doctors left the health sector compared with the 225 medical school graduates entering service. This creates two problems: (i) the number of doctors in the public sector remains relatively high, and (ii) the average number of years that doctors have practiced medicine is decreasing.
A serious weakness of the system arising from over-specialization is a shortage of general practitioners. The concept of a family doctor appeared only in 1991. With the initial support of WHO, the government revised the undergraduate medical curriculum in 1992 and 1994 to incorporate PHC, preventive medicine and traditional medicine. To address the need for general practitioners, the Ministry of Health trained and appointed family doctors in the cities. The first family doctors were pediatricians, gynecologists and internists. In 1996, there were 982 family doctors providing family medicine in Ulaanbaatar and in the aimag centers. Of these, only 312 have received a special training (three months of training in PHC and general practice for the specialists and ten months of training for the non-specialists). Moreover, the role and tasks of the “new” family doctors were limited. They do not perform the usual tasks of general practitioners, providing quality PHC services and being the link between the patient and the medical specialists. The Mongolian family doctors mainly provided preventive services. To successfully empha-

Table 3: Trends in Health Staff

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Physicians</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical University Graduates</td>
<td>388</td>
<td>432</td>
<td>437</td>
<td>412</td>
<td>474</td>
<td>360</td>
<td></td>
</tr>
<tr>
<td>Loss</td>
<td>-467</td>
<td>-574</td>
<td>-500</td>
<td>-578</td>
<td>-432</td>
<td>-97</td>
<td></td>
</tr>
<tr>
<td>End of year Total</td>
<td>6,132</td>
<td>6,053</td>
<td>5,911</td>
<td>5,848</td>
<td>5,682</td>
<td>5,724</td>
<td>5,987</td>
</tr>
<tr>
<td>Medical University Enters</td>
<td>666</td>
<td>517</td>
<td>360</td>
<td>317</td>
<td>371</td>
<td>225</td>
<td>225</td>
</tr>
<tr>
<td><strong>Nurses and Feldshers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Graduates</td>
<td>1,569</td>
<td>1,596</td>
<td>1,425</td>
<td>1,238</td>
<td>1,222</td>
<td>1,124</td>
<td></td>
</tr>
<tr>
<td>Loss</td>
<td>-2,830</td>
<td>-2,798</td>
<td>-2,258</td>
<td>-2,033</td>
<td>-1,776</td>
<td>-789</td>
<td></td>
</tr>
<tr>
<td>End of Year Total</td>
<td>15,321</td>
<td>14,060</td>
<td>12,858</td>
<td>12,025</td>
<td>11,230</td>
<td>10,676</td>
<td>11,011</td>
</tr>
<tr>
<td>New Students</td>
<td>1,749</td>
<td>2,549</td>
<td>1,587</td>
<td>1,765</td>
<td>1,818</td>
<td>1,646</td>
<td>1,170</td>
</tr>
<tr>
<td>Others*</td>
<td>n/a</td>
<td>21,625</td>
<td>18,518</td>
<td>18,078</td>
<td>15,533</td>
<td>15,146</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total Staff</strong></td>
<td>n/a</td>
<td>41,738</td>
<td>37,287</td>
<td>35,951</td>
<td>32,445</td>
<td>31,546</td>
<td>n/a</td>
</tr>
</tbody>
</table>

* Includes medical technicians and non-medical staff such as engineers, cooks, janitors and drivers.
size PHC, there is a need to improve the social status and the qualifications of general practitioners and family doctors.

Management skills

Health services and hospital management was very weak. This was not important when the role of the director was simply to implement policies and instructions received from the central level. Under central planning, the role of the managers was simply to ensure that targets, established at the central level, were reached. There was practically no consideration for cost-efficiency, cost-containment and other economic aspects of health services management. Hospital directors are usually doctors with no special training in management.

Health Facilities

The existing network of facilities, with small hospitals in every sum providing specialized services (internal medicine, pediatrics, surgery, obstetrics and gynecology) for populations of 2,000 to 4,000, is difficult to sustain economically. The costs are excessive, and there are too few cases to maintain clinical skills of hospital staff. The network had to be reorganized into a cost-effective referral system with appropriate communication and transport. Some hospitals should be upgraded as referral centers, but others provide too wide range of poor quality services and should be transformed into health centers providing only primary care (and no longer secondary care services such as general surgery).

The operation and maintenance (O&M) of physical infrastructure and equipment in the health sector has been adversely affected by the lack of financial resources. Facilities are not adequately maintained and equipment is not functioning or is out-of-date. The existing hospitals are too big, do not have cost-efficient designs, and have not been built with the most appropriate material for the cold climate. These hospitals are expensive to heat and maintain. In too many hospitals, heating, water supply and electricity do not work or are inefficient. Most facilities need rehabilitation to make them more cost-efficient and eliminate costly inefficiencies. After rehabilitation, the local governments must provide resources to operate and maintain these facilities, covering operating costs, spare parts and salaries of qualified personnel to implement maintenance programs.
Part One: Dealing with Public-Private Partnerships

The Need for Reforms

Pressures for Reforms

The discrepancy between the resources allocated to health sector under the communist regime and the relatively poor results achieved as reflected in the health indicators revealed the low efficiency and cost-effectiveness of the system. The economic crisis and fiscal constraints meant that outlays in the health sector were unsustainable and the sector required a major overhaul to improve system quality and effectiveness, and to adapt to a market economy.

At a macroeconomic level, the analysis of the Government’s budget identified the education and health sector as major lines of expenditures. Despite commitment to maintaining essential social services, the IMF, the World Bank and ADB encouraged the Government to reform these two sectors to contain and if possible reduce the costs. The ADB was ready to assist the Government and Sector Development Program loans were prepared first in the education sector (in 1996), then in the health sector (in 1997).

Government’s Strategy

Consistent with macroeconomic reforms, the Government’s priorities in the health sector aim at upgrading efficiency, effectiveness, and sustainability of health services. In 1996, when MOH and the ADB started preparing health sector reform programs, the government’s policy agenda for the health sector included the following:

(i) shifting emphasis to preventive services and PHC to improve health status and reduce maternal and infant mortality;
(ii) improving financial resource mobilization, allocation, and utilization through private sector development, privatization, and introduction of cost recovery and cost sharing;
(iii) better targeting vulnerable groups and improving their access to health services, particularly in rural areas;
(iv) reorganizing the sector, including decentralizing the financial and budgeting system and service delivery;
(v) rationalizing health facilities and equipment, including improving operation and maintenance;
(vi) better utilizing human resources, through capacity building and staff rationalization;
(vii) developing quality and performance management;
(viii) supporting research in Mongolian traditional treatments;
(ix) strengthening regional medical institutions; and
(x) developing medical science.

A National Health Policy reflecting these priorities was adopted in July 1997.

The Government’s agenda for the health sector and the national health policy were developed in a collaborative and participatory approach, and based on a comprehensive sector analysis. The ADB, involved in the health sector since 1994, supported the Government in defining this policy through financing several TAs, including the PPTA for HSDP. For example, policy options were discussed and endorsed during a national workshop in May 1996, attended by representatives from the central and local governments, external aid agencies and the ADB. Most of the proposed reforms are now part of the Government’s agenda.

Main Aspects of Health Sector Reform

**Essential package of services**

No government can guarantee universal access to all health services. The Mongolian government must define a package of essential clinical and public health services that are most cost-effective and, given the economic constraints, can be provided by the Government (or Health Insurance Fund) to everybody. Resources must be provided accordingly.

**Primary health care**

The Government had traditionally emphasized curative services provided by specialists in hospitals and resources were allocated accordingly. However, international experience has clearly indicated that a health care delivery system based on a network of hospitals is not the most cost-effective system. Primary Health Care (i.e., basic curative services, ambulatory and community-based treatments, prevention of diseases through health education, immunization, and healthy lifestyle) is now accepted worldwide as a priority and a cost-effective strategy to improve the health status of the population. The emphasis will shift to PHC, and this will be reflected in the allocation of resources.
Referral and rationalization of facilities

To ensure sustainability of the health system, cost-effective interventions have to be identified, but also have to be provided at the appropriate level of services, i.e., in PHC services or in secondary or tertiary hospital services. People should enter the health system at the appropriate level. For example, someone suffering from the flu should not immediately consult a pneumologist. This is not necessary from a medical point of view, it is costly for the system, and it reduces the time that the specialist can spend on more serious cases. Some mechanisms should be devised to provide incentives for people to consult at the right level, and not by-pass PHC services. This requires quality PHC services to be available and an effective referral network to be in place, with higher levels providing support to lower levels. A well functioning referral network is particularly important in Mongolia, where population centers are separated by long distances.

Hospital services are essential (to reduce maternal mortality for example) and must be provided, but not all hospital services need to be provided everywhere to small groups of population. There is a need to develop an effective referral system and to rationalize the existing network of hospitals.

Health personnel

A sound human resource policy needs to be developed. Despite the recent trend of health staff leaving the public services, there is still room to further reduce staff in the public sector, and so better control government expenditures. It should be noted that, because lower paid health staff left the public sector while the doctors remained, the reduction in the government budget for salaries was not as high as expected. On the other hand, very few doctors started private practice. A rationalization plan to induce doctors to leave the public sector (and hopefully start private practice) would reduce public sector expenditures on salaries and help develop private health care delivery. Another measure necessary to control the government’s health budget is to limit the number of health staff engaged in the public sector. There is also a need to carefully follow trends and limit the number of students who start medicine or other medical studies.

Health care financing

In 1994 the Mongolian government introduced the Health Insurance Fund (HIF) to mobilize new resources for the health sector and reduce government expenditures for health. The ADB provided TA to the government to improve the health
insurance scheme. The HIF, initially administered by the Ministry of Health, became part of State Social Insurance Government Office in January 1996. The HIF, compulsory for all employees and employers, covers 98 percent of the population. Contributions for employed people are equivalent to six percent of salary of which the employer pays half. The Government pays the insurance premium for the so-called vulnerable groups, who represent 61 percent of the population.

**Targeting subsidies and protection of vulnerable groups**

The health status of some groups is at risk, either because of particular conditions (women, children, mentally and physically challenged people, unemployed) or because access to services is reduced (rural populations, urban poor). The government is responsible for establishing a safety net for these vulnerable groups. However, these groups must be clearly identified and government’s support and subsidies must be targeted.

The Government’s commitment to pay the HIF premium for the vulnerable groups has to be fulfilled, and thus the commitment must be fiscally sustainable in the existing economic conditions. If the Government does not pay in full the insurance premiums, or if payment is delayed, this lead to serious liquidity problems for HIF.

**Involving the private sector**

Involving the private sector in health care delivery can improve quality and efficiency of the health system. The Government needs to create an environment that will facilitate this partnership between public and private sectors through laws and regulations. Financial and legal barriers for the private sector to participate should be removed. Private sector management techniques and incentives should be introduced in public health services.

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2 TA No 2279-MON: *Strengthening Health Insurance*, for $500,000, approved on 29 December 1994.

3 The State Social Insurance Government Office manages five social insurance schemes: health, unemployment, work-related sickness and injury, old age and death benefits.

4 The vulnerable groups include all children under 16 and students under 18, pensioners without other incomes, invalids, the military, the unemployed, and women taking care of their babies.
Private Sector and Health Services

Definition and Concepts

Private sector participation is a major component of the government’s market-based strategy for economic growth and increased efficiency and effectiveness. In the health sector, the objective is to effectively mobilize private sector resources to contribute to the government’s health sector goals. Health sector reforms should create a dynamic and efficient partnership between the public and the private sectors, harness the strengths and qualities of both sectors, and ensure that each sector is participating in the most cost-effective way to improve access and quality of services.

This policy does not simply imply privatization – of assets or service delivery. It includes:

- provision of basic preventive and curative services by self-employed health personnel (for example privately employed practitioners, with payment on a fee-for-service or contractual basis by the Government, or the Health Insurance Fund).
- private management of public hospitals according to agreed performance benchmarks.
- private supply, maintenance and repair of hospital equipment.
- leasing of surplus facilities for health (or non-health) related activities.

The health sector is an imperfect market for many reasons: monopoly by physicians and local hospitals (particularly in rural areas), the ability of the supply side (health professionals) to generate demand (e.g. physicians recommending further diagnosis and treatment), lack of consumer knowledge and influence, inability to predict the price in advance, etc. Because it is an imperfect market, effective Government involvement through policy, legislation and regulation is critical. The development of appropriate financial incentives is a major mechanism, often more effective than laws and regulations, to achieve an effective and efficient balance between public and private sector.

Private sector participation in health services can help improve sector efficiency through market signals. It can also help improve service quality through competition (between private sector providers and between public and private sectors), stimulating also more client-oriented services.
Factors Affecting Private Sector Involvement in Health in Mongolia

Supply and Demand Side Factors

An important constraint on private sector involvement is the absence of clear government policy and effective regulations that apply to both the public and private sector, in particular to guarantee service quality. The government has to create the necessary environment to facilitate involvement of the private sector in health services delivery. At the same time, the role of the government is to monitor service quality, and the economic and social impact of private health sector activities.

The major obstacle to the development of a private health sector in Mongolia relates to finance and capital. On the demand side, the limited purchasing power of the small, geographically scattered and, to a growing extent, poor population prevent people to use private health services, especially when free public health services are available (competition from free government services). On the supply side, difficult access to capital (cost and required collateral) for investment in facilities and equipment, for example, are major impediments. The difficulty of obtaining appropriate facilities (space for office, clinics, hospital beds, laboratories, etc.) and equipment at an affordable cost is a major barrier to entry.

Health Services Financing

Health insurance fund (HIF)

Health Insurance is an important mechanism to facilitate participation of the private sector in health service delivery. The Government established a compulsory quasi-universal national Health Insurance Fund in 1994. The government has addressed several shortcomings of the HIF identified under the ADB’s TA. The Health Insurance Law was revised in February 1997 and some major changes were introduced. Formerly, drugs were free for hospitalized patients but not for ambulatory patients: now, half of the price of the essential drugs prescribed by the feldsher and family doctors (thus for outpatient services) are reimbursed by HIF. While public hospitals provided free services, hospitalization in private hospitals were not reimbursed by HIF. Since February 1997, patients must pay 10 percent of the costs for in-patient services in public hospitals. Up to 90 percent of the costs in private hospitals can be reimbursed (similar to reimbursement for public hospitals).

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Health insurance can provide useful incentives to improve cost-efficiency in health services delivery. For example, in April 1997, MOHSW reduced the number of hospital beds that would be considered for HIF reimbursement. The number of HIF beds in each hospital was determined on the basis of the previous workloads. In this case, however, it may create conflicts between the private and the public sector. Defining the number of HIF hospital beds permitted the government to effectively reduce the number of beds. But this was possible in the aimags, where there are no private hospitals. In Ulaanbaatar, this had also a noticeable impact because of a major excess of beds in the public hospitals and because the number of beds in the private sector was still minimal. But conflicts may arise if the private hospital sector develops. However, the principle remains correct: health insurance and reimbursement mechanism can be used to control the number of hospital beds. (Note: another issue that needs to be addressed in Mongolia is to develop appropriate financing of inpatient services through a clear definition of ‘hospital beds’.5)

Method of payment to providers

The methods used to pay physicians and facilities (hospitals, health centers, polyclinics, etc.) have important effects on access to care, quality of service, economic efficiency, clinical effectiveness and patient satisfaction, as well as on the participation of the private sector. Adopting a payment system that reflects market-based signals is generally more effective than trying to enforce reforms by law or regulation. Most health care financing reforms have money following the patients (rather than the service), and adopt incentive-based medical care provider payment mechanisms.

Payment methods

In hospital services, payments methods can be designed to provide incentives for hospitals to reduce their bed capacity (HIF), lay off surplus personnel and provide services more efficiently. For example, the HIF used to reimburse hospitals a flat rate per day, which contributed to the long average length of stay in the Mongolian hospitals.6 This method of payment provides little incentive for health care

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5 The definition of hospital bed needs to be clarified because it currently includes all beds for acute illnesses, chronic diseases and psychiatric patients, as well as beds for convenience which are necessary for patients living far away from the hospital.

6 This retrospective payment system provides incentives for hospitals to maximize their revenues by increasing the number of patient bed days.
providers to contain costs or increase cost-efficiency compared with a prospective payment independent of the number of hospitalization days, which encourages health care providers to treat the patient as quickly and efficiently as possible. Mongolia has now adopted a prospective method to help achieve two objectives: cost-efficiency and cost-containment.

For PHC, the mode of payment can motivate physicians to deliver higher quality services cost-effectively, as will be further explained later. It can also motivate patients to enter the health system where services are delivered most effectively: this is the by-pass fee, recently adopted by MOH.

Decentralization

In line with the Government decentralization policy, the delivery of social services, including health services, has been decentralized. Local governments are now directly responsible for the provision of health and education services. A major benefit of decentralization has been to give local governments control over local expenditures. New financing patterns have been developed. For health services, the aimag, sum and bag governments now determine funding priorities and decide what activities to support. The local governments prepare their budgets based on local revenue and expenditure estimates and submit their budget proposals directly to the Ministry of Finance (MOF). MOHSW has no power to modify the local proposals. This is a marked change from the past when the Ministry of Health used to determine local expenditure priorities.

Decentralization creates additional problems in the health sector, related to insufficient local institutional and technical capacity. Decentralization confers significant autonomy to local governments and reduces the ability of central agencies and ministries to implement national policies and priorities. For example, local governments may reallocate the resources approved by MOF for health to other sectors. If there are local budgetary problems, expenditures in local health services may be reduced. With local autonomy, and variations in local capacity and financial resources, the risk increases that the delivery of health services will be fragmented, and regional inequities in access and quality of services will develop. Decentralization may also create different conditions for the private sector in different locations.

Description of the Private Health Sector in Mongolia

Under central planning, with universal access to free health services, there was no private sector involvement in the delivery of health services. Private sector activities started in the health sector in 1990, with small medical practices (including
Part One: Dealing with Public-Private Partnerships

traditional medicine) opening in Ulaanbaatar. The first private pharmaceutical factory also started in 1990. However, private sector involvement in health remains limited. Private initiatives in health have tended to be concentrated in three areas: general medicine (out-patient or ambulatory services); specialized inpatient services (gynecology, ophthalmology, and one respiratory surgery center) and pharmaceutical sales. About three-quarters of the 200 private health enterprises are located in Ulaanbaatar. Most are small, such as private retail pharmacies or single specialists. They are all owner operated, often in buildings leased from public hospitals.

When we started developing HSDP, a few observations were available:

- There was enthusiasm and initiative to privatize a broad range of activities.
- Most of the initiatives have been in the provision of clinical services, particularly where there is effectively no barrier to entry (e.g. no initial investment requirements).
- Where capital investment has been required, most private enterprises have not been able to access capital at prevailing market rates. Others, such as private medical practices (1-2 person practices) have opted to lease premises but are unable to invest in capital improvements.
- Major barriers to the commercial success of private hospitals and clinics were the relatively low level of tariffs that can be charged and a lack of health insurance funds for out-patient services.
- Moreover, direct competition from the public sector will eventually force many private operators from the market, particularly as long as hospitals provide “ambulatory” services free of charge.
- Unless capital is made more accessible, most private enterprises will remain at this first stage, as experienced in other developing countries (e.g. Philippines). Medical practices will remain modest, hospital will not exceed 10-15 beds and will concentrate on single specialty areas.
- Facilities presently being made available by Government to private health care operators under leaseholds are inadequate: outdated, deteriorating facilities, not conducive to a private service that is competitive in efficiency and quality.
- Doctor-entrepreneurs lack basic understanding and training of hospital and health care management.

Support of private sector activities is a priority of the government. The government privatized the retail pharmacies in Ulaanbaatar in April 1997. To support private sector involvement in hospital services, pilot projects were implemented in two areas: hospital management and non-core hospital services. In
June 1997, two hospitals of the Bayanzurkh district in Ulaanbaatar were merged and the management of the new hospital unit was contracted out to a private firm, to run the hospital on a private not-for-profit basis (with technical support of the World Bank). In Ulaanbaatar and in some aimag hospitals, non-core hospital services were contracted out.

Bases of a Health-Sector Privatization Policy

The government will maintain an essential role in the provision of social services, including health, because of the need to:

- ensure that vulnerable groups receive adequate services.
- ensure that essential public services which may not be commercially attractive continue to be provided;
- phase-in private sector involvement over time, require ongoing involvement of the public sector; and
- monitor and regulate the activities of the private sector.

To encourage an active participation of the private sector in health services delivery, several aspects of the health services organization have been considered:

- Entry: creating an enabling policy environment and a conducive institutional framework in which the private sector may operate (licensing and accreditation; leasing of facilities and equipment).
- Pricing: recovering costs of the service delivered.
- Financing: shifting government subsidy from institutions to direct beneficiaries.
- Targeting: providing an effectively targeted safety net for vulnerable groups.
- Regulation: establishing effective regulatory mechanisms to monitor performance and ensure quality.

To implement the reforms, the government requested ADB’s assistance. A Health Sector Development Program was prepared and approved by the ADB in 1997.
The Health Sector Development Program

Background

The ADB started supporting the Government’s efforts to reform the health sector in December 1994, with a technical assistance to assess and review the Health Insurance Law. At the same time, the IMF, the World Bank and the ADB were helping the government establish a sound macro-economic environment. One of the priorities was to reduce the government budget deficit. Government expenditures by sector highlighted the major impact of the education and health sectors on the government budget. These two sectors required major reforms if there was to be any hope to balance the budget some time. On the government’s request, the ADB approved technical assistance (TA) to prepare a Health Sector Development Project.7

Based on a comprehensive sector analysis, a policy options paper was developed and discussed in May 1996 during a national workshop with representatives from the central, provincial and district governments, and the donor community. Necessary reforms of the health system and essential investments were identified, and reflected in a project proposal. There was a need for both policy adjustments and sector investment, and the Government requested the ADB to finance a Health Sector Development Program (HSDP). The government endorsed the policy framework and the proposed reforms, which formed the basis for a National Health Policy further developed with the support of WHO and adopted in 1997.

Based on the available data, the November 1996 Loan fact-finding mission identified reduction of the health personnel in the public sector system as a priority to improve sustainability and efficiency in the health sector. To finalize technical aspects of this component, the ADB approved a TA that was implemented in February - March 19978. The TA revealed a significant attrition rate among health personnel reducing the need for further downsizing (as already explained). The ADB and the Government concluded that sector reforms should focus on health policy and health care financing. An Appraisal Mission finalized the proposal in June - July 1997, and the ADB’s Board of Directors approved the HSDP in November 1997, which became effective in April 1998.

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7 TA No. 2414-MON: Health Sector Development Project, for $600,000, approved on 3 October 1995.
8 A No. 2731-MON: Health Sector Resources Development, for $100,000, approved on 23 December 1996.
Objectives

The objectives of HSDP are to support health sector reforms to (i) make the health system sustainable in a market environment; (ii) maintain universal access to quality essential health services; and (iii) improve health service quality. The proposed reforms aim at improving economic efficiency and sustainability, maintaining equity in access to essential services, and increasing clinical effectiveness.

The health sector reforms supported by HSDP are based on the following priorities:

(i) promoting Primary Health Care;
(ii) encouraging private sector participation in Health Services delivery;
(iii) rationalizing health facilities;
(iv) rationalizing health personnel and upgrading their qualifications;
(v) improving health care financing and management; and
(vi) protecting the poor and vulnerable groups.

HSDP also finances necessary investments and activities in (i) urban health services; (ii) rural health services; and (iii) management strengthening. TA for Support of Decentralized Health Services will strengthen local governments’ capacity to manage and develop local health services.

I have already explained several aspects of the health sector reforms, in particular emphasis on PHC, rationalization of health personnel and facilities. I would like to insist now on the reforms that hopefully encourage private sector participation in health service delivery.

Encouraging Private Sector Participation in Health Services Delivery

HSDP first addresses several constraints to the participation of the private sector in health service delivery. It also emphasizes the utilization of market signals and mechanisms to improve service quality and efficiency.

Licensing and Accreditation

A clear definition of the legal environment for health service delivery is a necessary preliminary condition for the involvement of the private sector. It is also a major mechanism to ensure service quality and protect the patients.
Developing a legal framework for the practice of medicine that applies to both the private and public sectors is a priority. For private health services to thrive, the patient-consumers must be assured that service quality is guaranteed. Licensing and accreditation mechanisms are being developed for medical practitioners, hospitals and health facilities. The licensing and accreditation criteria will apply to both public and private sectors. As a condition for the release of the second tranche of the Policy Loan, the government will place legislation before Parliament to establish an independent authority responsible for licensing and accreditation of medical practitioners and health facilities, and will establish the necessary standards for such licensing.

MOHSW has now developed a draft proposal for licensing and accreditation mechanisms with the support of a consultant. Official and legal bodies will be established, and HSDP will finance the related office equipment. Licensing of health personnel and health facilities will be required for the practice of medicine and provision of health services. An accreditation system will be developed to reward service quality and continuous training. Quality assurance and total quality management techniques will be introduced in health services management to improve service quality.

Family Group Practices

Under HSDP, MOHSW will develop and organize family group practices (FGP) in urban areas. FGP is the mechanism adopted by MOH to achieve the following objectives:

- Promotion of Primary Health Care
- Cost-containment through control and reduction of hospital expenditures (by addressing most of the needs at the PHC level rather than at hospital level)
- Reduction of the personnel in the public services (members of the FGPs, previously civil servants paid a salary, will leave the civil service to become independent and private)
- Development of the private health sector

The FGP are private entities, working under contract with the local government. The financing mechanism adopted is a capitation payment, with performance allowances (this will be explained later).
What is a family doctor?

Family medicine, family doctors and general practitioners are all new concepts in Mongolia. The family doctors trained in Mongolia in the past few years are physicians who are oriented toward public health and preventive medicine. The family group practices that will be organized under HSDP will eventually consist of family doctors more similar to European general practitioners. The family doctor has a broad knowledge on health matters, but less specialized than his or her colleagues specialists. She knows his/her patients better (their life, their worries, their lifestyle, etc.), and provides services more cheaply than the specialists. In several countries, the family doctor has now become the “gatekeeper” of the health system. This means that the family doctor serves as a go-between for specialist or hospital services. The patient has to pass via the gatekeeper (the family doctor) to get access to specialist or hospital services. All patients must first visit a family doctor who will decide whether the patient needs specialist services. In general, the family doctor can deal with 80 to 90 percent of the health problems at his/her level. The family doctor will refer the patient only if a specialist’s advice or hospitalization is needed. The specialist will refer the patient back to the family doctor with a letter explaining which advice she gave or what s/he did. From that moment, the family doctor again takes over the patient and follows the patient treatment at home, if necessary.

By dealing with 80 to 90 percent of the health problems, the family doctor has a pivotal role in keeping hospital in-patient days and the need for more expensive specialist services as low as possible. This is a major contribution to containing the costs of the health system.

Organization of the FGP: staff, infrastructure, equipment

The MOHSW has opted for the formula of a small family group practice combining, on average, three physicians and two nurses (rather than bigger groups). The small group practice has a number of advantages in terms of cost-efficiency and quality assurance (discussion of cases, peer review). But there needs to be some flexibility in the future: bigger groups may be needed to share high rents, and some doctors may prefer to work in a single practice.

As the medical school has only started training family doctors since 1994, most of the existing candidates will be re-trained doctors and specialists for the next few years. The ideal formula is to have a FGP composed of 1 re-trained internal medicine doctor (or general doctor), 1 re-trained gynecologist and 1 re-trained pediatrician, which provides an balanced mix of competence. The first FGP, which will start practicing this month, has this composition.
There is no standard infrastructure for the FGP. It can be an apartment, a shop, part of a school building, part of a public building, etc. The principle is to have the FGP located close to the population they serve. HSDP has some funds available to establish FGP in poor areas; in practice, in the ger area in the periphery of Ulaanbaatar. But this will be in the second phase of the project to be undertaken next year. For the time being, FGP will start in two relatively central districts of UB and in two provinces. The local government has taken care in finding the premises. Clearly, this will be done only this time. FGP are private entities, and when they have gained some experience, they will be the ones to find the locations most appropriate for their activities and to negotiate the renting contract.

MOHSW has established a standard equipment list for the FGP, based on the list developed by WHO and adapted locally. Ideally, it should include a diagnostic set (1 per doctor), a treatment set (1 per doctor), a minor surgery kit (1 per FGP), a mother-and-child health kit (1 or 2 per FGP), a basic emergency kit (1 per FGP) a laboratory kit (with simple stick tests for glucose/protein for example), and a refrigerator. HSDP will finance a standard medical kit that includes all the mentioned equipment plus an initial set of drugs and medical supplies. This kit will be provided to the FGP free of charge as an incentive to open an FGP.

Service provision per population size

The current population per family doctor ratio in Europe varies between 1 family doctor per 1,000 to 2,000 people with an average. Most often, the ratio is 1 per 1,200 to 1,500. MOHSW has decided to try out a ratio of 1 family doctor per 1,200 people in urban settings. This ratio can be adjusted with experience. Through the capitation payment system adopted, a family doctor will be motivated to keep his/her practice between 1,200 and 1,800.

Service package

The Government has decided that an essential package of PHC services has to be provided by the family doctor (and the FGP). The package includes preventive care, health promotion activities, curative services (ambulatory care and treatment of common diseases and follow-up of referrals), environmental hygiene, and specific other tasks. In particular, the services of a family doctor will be provided on a 24-hour basis. During the evening, nights and weekends, an on-call system has to be established (that will be facilitated with a group practice).
Referral: Place of the family doctor in the health system

In a capitation system, each citizen must register with a family doctor of his/her choice. For all health problems (unless in case of an emergency, when a patient can have direct access to a hospital), a person will first visit his/her family doctor. Whenever possible, the family doctor will treat the patient; when specialist advice is required, the family doctor refers the patient to a specialist with a referral letter (referral note) which is presented to the specialist. After examination and eventual treatment, the specialist refers the patient back to his/her family doctor with a counter-referral note, an accompanying letter explaining what she did (investigations, treatment) and his/her advice for the follow-up. The specialist can decide to admit the patient to the hospital for investigations and/or interventions. She would however normally inform the family doctor. Patients who by-pass the family doctor will pay a by-pass fee at the hospital.

Financing mechanisms

Issue. The limited ability to pay of most Mongolians is a major obstacle to start a financially sustainable private practice. For the few private medical practitioners, fee for service was the only option up to now. The HIF does not reimburse ambulatory services and will not have the capacity to do it in the near future. Private health insurance is not a solution because of the small population of Mongolia, and the difficulty of having a pool of insured persons big enough to spread the risks.

To circumvent the problem, the Government is introducing a capitation payment for PHC providers (the family doctors). Under the capitation scheme, services provided by family doctors in private Family Group Practices will be paid not directly by the patient but by a third-party payer: in this case, the local government.

Financing the FGP: MOHSW has opted for a capitation payment system in a not-for-profit private sector setting, combined with performance fees.

The Principle of not-for-profit. It is extremely important to understand the difference between for-profit private sector and not-for-profit private sector. A family doctor is not like a businessman or a butcher who tries to make as much money as possible on his/her clients. However, doctors and nurses must have a decent income, which allows them to live correctly and makes their work sufficiently attractive. The capitation rate will have to be determined to include this level of income. Doctors who provide quality care and attract more clients will indeed increase their income, but only because they work more.
The principle of capitation payment for family doctors. Family doctors receive a fee per-person enrolled (registered with them) and are required to provide a specific range of services to the person enrolled for a given time period (usually one year). Every citizen is invited to (and eventually will have to) enroll with a family doctor or with a family group practice. Enrollment will be organized by individual or by family. Every individual is free to choose his/her doctor. Once registered with a family doctor, s/he can only change and choose another doctor at one-year interval. Consumer choice is essential to the concept of capitation.

Doctors are free to enroll as many patients as they wish. However there is a need to keep service delivery within acceptable ranges. The following guidelines have been developed, which includes an incentive for the FGP to limit the number of patients who register with them. The average number of people to be registered with a family doctor would be between 1,200 and 1,500 people. The family doctor will get a standard payment per person enrolled (adjusted for age, sex and risk). The standard payment requires the doctor to deliver all the services included in the standard package (primary care services) to the person for one year. The payment is independent from the frequency of patient attendance. The standard payment has been defined as follows: the present doctor salary level in the public sector divided by 1,200 people registered equals the basic capitation rate (BCR) per person registered. For the next 300 persons registered, the same standard BCR will be applied (the doctor’s income will then increase up to 25 percent). For the next 200, the BCR will be 75 percent (the maximum is either 1,700 people or a basic salary of + 37.5 percent). This may continue with a decreasing BCR. (GRAPH)

The advantage of a degressive capitation rate is that one can determine roughly the size of the average family practice within what is considered good medical practice, while still allowing the doctor to determine his income, within certain limits.

The BCR has to be adjusted for age, sex and risk, to better reflect the actual estimated use of services per type of person. This adjustment requires an analysis of the use of the family doctor and outpatient services by age group, by sex and by risk factors.

The BCR has also been adjusted by a cost factor to cover the additional salaries of staff (nurses) and the recurrent costs of the practice (cost of rent, heating, electricity, office costs, supplies), estimated on the basis of the actual costs. This cost factor will vary by area, as costs of renting and heating vary. The cost factor can also have a built in “motivation factor”: the cost could be increased by a certain percentage to motivate family doctors to work in less attractive or poorer areas.

Target or performance fees. To encourage FGP to provide not only curative care, certain standards have been set. Once the standard is achieved (on an annual ba-
sis), the FGP will receive an additional performance fee from the Government. For example: immunization coverage in children under 1 year; annual household visits per year; family planning coverage; referrals to hospital or specialists between certain thresholds, etc.

Because the introduction of FGP and the new emphasis on PHC is such a big change, there is a need to attract doctors to the scheme. Under HSDP, the Government will guarantee that the doctors starting FGP get a minimum revenue during the first two years. The guaranteed revenue is equal to the salary of those doctors remaining in the public service. This is necessary because the patients are expected to register with the FGP only progressively. It would then be difficult for a doctor to maintain a living at the beginning of the FGP, while waiting for the patients to register. The Government will thus pay to the doctor the difference between what s/he receives under the capitation system (BCR times number of people registered) and the salary the doctor would have received if s/he had stayed with the public services.

Contracts

Only family doctors licensed with MOHSW are authorized to open / participate in a FGP. They have to register with the City Health Authority (for UB) or the Aimag Health Authority. At this stage, FGP will start with the existing family doctors.

The capitation contract is signed between the doctors and the local government for one year. The local government determines the BCR, which gives the local authorities the necessary flexibility to adjust the BCR to local conditions, or increase the BCR to attract doctors. Fiscally, the principle is the following: the central government will transfer that amount to the local governments instead of paying salaries directly to FGP doctors as it has done until now. The expected savings for the government budget will not come from a reduction in salaries (although, of course, the line item “salary” will be reduced but in fact, it will simply be a transfer from the budget item “salary” to a new item “capitation through local governments”). The savings for the Government budget should come from increased utilization of cheaper outpatient primary health-care services and the reduction of more expensive specialists and hospital services, and hopefully more effective preventive services and health promotion. The system should also increase service quality with a more consumer-oriented attitude of the FGP.
Part One: Dealing with Public-Private Partnerships

Administrative costs

Setting up the capitation system implies administrative costs. Training is required for the people managing the system. A census is necessary to identify the “qualified” beneficiaries, i.e. the people for whom the BCR will be paid to the FGP. A monitoring system is also required to prevent fraud and ensure that the services are provided, at a minimum quality level. These administrative costs, in local currency, are covered by the Program Loan under HSDP.

Conditions for success

The health sector reforms that are being introduced in Mongolia, emphasizing PHC and reducing easy and free access to hospitals, represent a significantly different approach to health care. The convictions and attitudes of both the public and the health professionals have been shaped by the previous centrally planned system: PHC services were considered as low quality services for the poor and good services were only provided in hospitals by specialists. The capitation system is also something completely new. Finally, the existing “family doctors” do not provide the same services as the services expected from the FGP. Their social status is relatively low because their work focuses essentially on preventive services. They do not have “patients” and people do not require their services spontaneously. An extensive public information campaign is needed to modify these convictions, together with the introduction of an appropriate pricing structure. This campaign is under preparation and will be implemented at the end of July. It covers the whole country to explain PHC and the referral system, and focuses on the FGP / capitation system in urban areas and especially in UB.

Re-training of the family doctors is a priority. They must be able to address most common problems: they need to be “general practitioners”. This kind of training has not been provided in Mongolia until recently. There is now a Department of General Medicine at the Medical University, and the role of this Department is essential to launch successfully the FGP. Training and information is also necessary to explain and establish the referral system, with referral notes and counter-referral notes.

The system cannot function correctly if there is no control and monitoring. Quality assurance mechanisms need to be established. The MOHSW has developed Licensing and Accreditation mechanisms that will be soon implemented.
Public-Private Partnerships in the Social Sector

Hospital and Specialist Services

Hospital management and hospital board

One district hospital combined with a pediatric hospital into one functional unit has been privatized. In practice, MOHSW signed a contract with a private company who is now in charge of managing the privatized unit. This pilot project started in 1997, supported by the World Bank, and is providing a useful experience for future privatization.

More autonomy and accountability in hospital management will eventually improve efficiency and effectiveness. Since January 1998, MOHSW has established autonomous hospital boards in every hospital (in UB and in the aimags). The boards, that report to the local government, control personnel, financial revenue and resources allocation.

Contracting-out

Local governments, with the support of MOHSW, have started privatizing non-core hospital services (e.g. laundry, janitorial services, food and catering). Interested non-medical health personnel have left the public sector to join or establish private firms to provide these services.

Specialist services

A few private doctors are already practicing in rooms or buildings rented from public hospitals, in UB and in the aimags. When hospitals are further rationalized, the government will facilitate access to facilities and equipment for private practitioners; for example, by allowing them to rent rooms or surplus buildings, or establishing leasing contracts for equipment. As a condition for the release of the second tranche of the Policy Loan, the Mongolian government will develop guidelines for the lease/sale of public buildings to, and the utilization of public health sector equipment by private health-service providers.

Conclusion

Mongolia has introduced major reforms in the health sector. Many of these reforms are developing or strengthening the participation of the private sector in health services delivery. Other reforms are introducing private sector manage-
ment principles in the public sector. The objective is to improve the quality of services and cost-efficiency, mainly through competition.

The government realizes that the health sector cannot be directed by the “invisible hand” of the market because: (i) the health sector market is a very imperfect market; and (ii) health is a “good” that has many characteristics of a public good. At a minimum, a healthy population is a prerequisite asset for growth and development. This implies that the government will always have a major role to play in the health sector. For this reason, the objective of the reforms in Mongolia is not privatization of health services, but the development of an efficient partnership between the public and private sector, with each sector bringing its strengths and experience to improve service quality, cost-efficiency and cost-containment.
Basic Education in Indonesia: A Partnership in Crisis

Wendy Duncan †

The private sector in Indonesia plays a key role in providing and financing junior secondary education and higher education. This paper identifies the extent and nature of this role, particularly in relation to junior secondary education. It also identifies the key issues for the private sector and suggests ways in which the public-private partnership in junior secondary education (JSE) can be optimized and unfair competition minimized.

The distinction between the public and private sectors in education in Indonesia is not clear cut. Public and private providers all follow the national curriculum (with the exception of some religious schools) and the same national school leaving examinations. Private financing, in terms of family contributions, is critical in public schools, while almost all private schools receive some public funding. The private sector, in this context, refers primarily to ‘not-for-profit’ rather than the commercial private sector.

The Private Sector in Junior Secondary Education

Private schools have played a key role in furthering the expansion of basic education at the junior secondary level over the last half-century, by absorbing the overflow in the demand for school places which could not be satisfied by the government.

Private schools at junior secondary level can be categorized according to the curriculum which they provide. Secular private schools that offer the national Ministry of Education and Culture (MOEC) curriculum are known as SLTP swasta, and will be referred to here as ‘private junior secondary schools’. Those schools that offer a curriculum with more Muslim religious content, often in addition to the national curriculum, are termed Madrasah Tsanawiyah, and will be referred to here as ‘junior secondary madrasah’. The former group of schools come under

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the jurisdiction of MOEC, while the latter are under the Ministry of Religious Affairs.

Most private schools were established by non-profit foundations (*yayasan*), which vary considerably in their philosophies and social aims, constituencies, size, geographic coverage and financial resources. The diversity of the educational sector is one of its main strengths, enabling it to serve the needs of a wide variety of social and religious groups. This diversity, however, is also associated with marked differences among individual private schools in their educational quality and financial viability.

*Provision*

*Quantity*

The size of the private sector in 1997/98 is shown in Table 1. Private schools (secular and religious) account for 65 percent of all junior secondary schools and 40 percent of all enrolments at this level: a significant part of the sector. The disparity between school share and enrolment share is due to the fact that private schools are generally smaller than their public sector counterparts. The participation rate at the junior secondary level in 1997/98 was 70 percent of the 13 – 15 year old population. Public schools provided places to 39 percent of the age-group, while private schools covered 18 percent of the age-group, and madrasah 13 percent.

| Table 1: Number of Schools, Students and Teachers for Public and Private Junior Secondary Schools in Major Regions of Indonesia, 1997/98 |
|---|---|---|---|---|---|---|---|---|---|
|  | DKJ Jakarta | East Indonesia | West Indonesia | Total |
|  | Public | Private | Public | Private | Public | Private | Public | Private | Pub+Priv |
| **Schools** |  |  |  |  |  |  |  |  |  |
| SLTP | 282 | 817 | 2,925 | 2,281 | 6,364 | 7,838 | 9,841 | 10,936 | 20,777 |
| MTs | 27 | 204 | 244 | 1,614 | 870 | 7,731 | 1,141 | 9,549 | 10,690 |
| Total | 309 | 1,021 | 3,169 | 3,895 | 7,504 | 15,569 | 10,982 | 20,485 | 31,467 |
|  |  |  |  |  |  |  |  |  |  |
| **Students** |  |  |  |  |  |  |  |  |  |
| SLTP | 268,435 | 186,285 | 1,061,717 | 335,169 | 3,833,476 | 1,911,304 | 5,163,628 | 2,432,758 | 7,596,386 |
| MTs | 10,459 | 40,641 | 50,960 | 197,094 | 366,316 | 1,112,494 | 427,735 | 1,350,229 | 1,777,964 |
| Total | 278,894 | 226,926 | 1,112,677 | 532,263 | 4,199,792 | 3,023,798 | 5,591,363 | 3,782,987 | 9,374,350 |
|  |  |  |  |  |  |  |  |  |  |
| **Teachers** |  |  |  |  |  |  |  |  |  |
| SLTP | 12,458 | 16,279 | 64,685 | 25,557 | 191,899 | 123,721 | 269,042 | 165,557 | 434,599 |
| MTs | 642 | 3,390 | 4,158 | 28,783 | 24,163 | 70,885 | 28,963 | 103,058 | 132,021 |
| Total | 13,100 | 19,669 | 68,843 | 54,340 | 216,062 | 194,606 | 298,005 | 268,615 | 566,620 |
Within the private sector, secular schools continue to outnumber religious schools, but the gap appears to be narrowing. In 1997/98, students in secular schools (private SLTP) comprised 65 percent of all private JSE enrolments and 53 percent of schools. Madrasah enrolments made up the balance (i.e. 45 percent of students and 47 percent of schools). Girls are slightly under-represented in both public and private secular schools, but girls attend madrasah in greater numbers than boys. This may be because more conservative Muslim families consider the religious orientation of the curriculum, as well as the school’s social environment, to be more appropriate for girls.

Table 2: Trends in Enrolment in Public and Private Junior Secondary Schools, 1984/85 – 1997/98 ('000)

<table>
<thead>
<tr>
<th></th>
<th>84/85</th>
<th>87/88</th>
<th>91/92</th>
<th>93/94</th>
<th>94/95</th>
<th>96/97</th>
<th>97/98</th>
<th>% increase since 91/92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public school</td>
<td>2,932</td>
<td>3,677</td>
<td>3,607</td>
<td>3,914</td>
<td>4,262</td>
<td>5,012</td>
<td>5,164</td>
<td>43</td>
</tr>
<tr>
<td>Private school</td>
<td>2,257</td>
<td>2,745</td>
<td>1,997</td>
<td>1,977</td>
<td>2,130</td>
<td>2,521</td>
<td>2,433</td>
<td>22</td>
</tr>
<tr>
<td>Madrasah (pub+priv)</td>
<td>na</td>
<td>na</td>
<td>1,053</td>
<td>1,353</td>
<td>1,353</td>
<td>1,706</td>
<td>1,778</td>
<td>69</td>
</tr>
<tr>
<td>Total</td>
<td>na</td>
<td>na</td>
<td>6,657</td>
<td>7,244</td>
<td>7,745</td>
<td>9,239</td>
<td>9,375</td>
<td>41</td>
</tr>
</tbody>
</table>

na = not available


Recent enrolment trends show that significant growth has occurred in all three types of schools since the beginning of the nineties (see Table 2). Among public junior secondary schools, enrolment has increased by 43 percent. In the private sector, growth among the madrasah has outstripped secular schools significantly: 22 percent compared to 69 percent (although the base was small). As Table 3 shows, these differential rates of growth have changed the configuration of the sector somewhat. Public schools have increased their share of junior secondary enrolments slightly to 55 percent, private schools have lost some ground (29 percent to 26 percent), while the main winners have been madrasah (16 percent to 19 percent). The declining share of private secular schools is cause for concern, as it is undermining efforts to expand access to JSE. As the public sector has expanded, many private schools have closed, so that the net benefit from the government’s investment has not been as large as expected.
Part One: Dealing with Public-Private Partnerships

Table 3: JSE Enrolments and Percentage Share by Type of School

<table>
<thead>
<tr>
<th>Type of School</th>
<th>91/92</th>
<th>94/95</th>
<th>97/98</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enrolment</td>
<td>% Share</td>
<td>Enrolment</td>
</tr>
<tr>
<td>Public school</td>
<td>3,607</td>
<td>54</td>
<td>4,262</td>
</tr>
<tr>
<td>Private school</td>
<td>1,997</td>
<td>30</td>
<td>2,130</td>
</tr>
<tr>
<td>Madrasah (pub+priv)</td>
<td>1,053</td>
<td>16</td>
<td>1,353</td>
</tr>
<tr>
<td>Total</td>
<td>6,657</td>
<td>100</td>
<td>7,745</td>
</tr>
</tbody>
</table>


Quality

Private junior secondary schools are generally considered to be of poor quality. Scores on the school leaving examinations are lower on average than for public schools. Facilities are limited, instructional materials and equipment are in short supply, and teachers are less qualified than those in public schools.

The pupil to teacher ratio in private schools is higher than for public schools (19.2 compared with 14.7 in 1997/98), but this figure masks the extensive use of part-time teachers in private schools. At least 25 percent of private schools do not have even one full-time teacher (including the head-teacher). A common practice is for teachers in public schools to take on a second job as part-time teacher or head-teacher in nearby private schools. The poor resource base of most private schools results also in inadequate facilities and instructional materials.

The perceived poor quality of private schools is one of the reasons put forward to explain the falling demand for their services.

Equity

The majority of private schools have catered to the needs of the urban and rural poor. Many private schools have also been established to serve remote communities, sometimes providing the only opportunity for secondary education. These schools struggle, however, as poor village parents cannot afford to pay much in the way of fees. Madrasah and pondok pesantren (traditional Islamic boarding schools) play a particularly significant role in catering to the rural poor.

The important role private schools have played in bringing JSE to the poor is illustrated by the fact that about half of the students from the lowest income group attend private schools (World Bank, 1997). The high percentage of poor going to private schools stems from the competition for scarce public school places, and the lack of public schools in rural villages. Contrary to what one would expect, private schooling is actually less expensive than public schooling for low
income earners (see Table 4), probably because the providers have been successful in adjusting the price of their services (and perhaps the quality) to what the local market can afford.

**Table 4: Average Annual Household Expenditure per Student for Public and Private Schools by Type of School and Level in West Java 1994/95 (Rp '000)**

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Primary Public</th>
<th>Primary Private</th>
<th>Junior Secondary Public</th>
<th>Junior Secondary Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Quartiles</td>
<td>83</td>
<td>301</td>
<td>238</td>
<td>337</td>
</tr>
<tr>
<td>Lowest Quartile</td>
<td>48</td>
<td>35</td>
<td>171</td>
<td>162</td>
</tr>
<tr>
<td>Middle Quartiles</td>
<td>86</td>
<td>91</td>
<td>225</td>
<td>272</td>
</tr>
<tr>
<td>Highest Quartile</td>
<td>135</td>
<td>373</td>
<td>292</td>
<td>434</td>
</tr>
</tbody>
</table>

Source: World Bank, 1997

**Financing**

Total government spending on JSE in 1995/96 was Rp1,925 billion, of which Rp1761 billion (91 percent) went to public schools, Rp29 billion (1.5 percent) went to private schools, Rp105 billion (5.5 percent) to public madrasah and Rp30 billion (1.6 percent) to private madrasah. There is a heavy public-sector bias. Even for private schools, however, the resources provided by Government are significant. The only other significant source of income for private schools is the families of students and yayasan. With the exception of the books supplied by the Government, families are the major source of income for the non-salary expenses of all types of schools. The relative sources of funds as reported by schools are presented in Table 5.

The most important source of assistance to the private sector from government has been the provision of government-paid teachers, who currently make up about 15 percent of all teachers in private schools. Not only is a government teacher a substantial subsidy in itself, but it also has a halo effect: it appears that schools with government teachers are able to attract higher contributions from families and yayasan (ADB, 1997a). Provision is uneven, however. Government-paid teachers are concentrated in schools with an average of 4 – 5 government teachers, while 45 percent of schools have none at all. A disproportionate number of those receiving teachers are the better-off schools, located in urban or peri-urban areas. Finally, it seems that the teachers supplied do not always fit the needs of the school in specific subject areas.
The second major source of assistance is textbooks. Cash subsidies are provided to about two-thirds of the poorer schools to support teaching and learning activities, and development and maintenance of facilities and equipment. Private teachers may also have access to publicly-funded training programs. Recurrent budget allocations have generally been given at a maximum of 10 percent of the level of assistance given to public schools by program; insuffi-
cient to cover needs.

Apart from family contributions (covering tuition, miscellaneous fees and voluntary contributions) and regular government assistance, private schools sometimes also receive donations from the community and yayasan, assistance from the provincial administration and other assistance from the development budget.

The general model governing financial management in private junior secondary schools is that the yayasan are responsible for the provision of schooling, employment of teachers, raising of finances and provision of facilities, equipment and materials. However, there is no general model for the financial relationship between schools and yayasan, as these vary widely. In some cases, the finances are managed directly by the yayasan, and school principals have little knowledge of school funding. All fees are paid directly to the yayasan rather than the school. Less commonly, the financial management of the school is left to the principal, and the school is expected to be fully self-supporting.

For public JSE, funding comes from three main sources: development budget allocations, recurrent budget allocations, and contributions of parents’ associations. Fees in public secondary schools were abolished in 1994/95, although many parents regard the voluntary parents’ contributions’ as compulsory. Although the budget for education currently comprises 15 percent (1995/96) of the total government budget, and basic education 62 percent of this, the level of funding is

<table>
<thead>
<tr>
<th>Type of School</th>
<th>Number of Students ('000)</th>
<th>Total Receipts in School</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Government</td>
<td>Family/ Yayasan*</td>
</tr>
<tr>
<td>Public</td>
<td>4,684</td>
<td>1,163</td>
<td>166</td>
</tr>
<tr>
<td>Private</td>
<td>2,262</td>
<td>129</td>
<td>407</td>
</tr>
<tr>
<td>MT-public</td>
<td>355</td>
<td>70</td>
<td>7</td>
</tr>
<tr>
<td>MT-private</td>
<td>1,103</td>
<td>7</td>
<td>95</td>
</tr>
<tr>
<td>% of total</td>
<td></td>
<td>100</td>
<td>63.5</td>
</tr>
</tbody>
</table>

* Families and Yayasan combined for private schools
Source: ADB, 1997c.
still insufficient to cover vital recurrent inputs such as textbooks, paper, and science consumables and equipment. Most such inputs are acquired through the development budget, through projects funded by the government or external sources.

Private Financing Family Expenditures

Total expenditure by families for JSE is high, whether public or private, as Table 6 illustrates. Although families spend, on average, twice as much on private education than public, in both cases it constitutes over 60 – 70 percent of family expenses. Even families with students in madrasah, where fees are low, must devote a similar proportion of the family income to school expenses.

Table 6: Family Expenditures on Education per Student, by Type of School and Type of Cost, 1995/96 (Rp ’000)

<table>
<thead>
<tr>
<th>Type of School</th>
<th>Total Expenditure</th>
<th>Paid to Schools</th>
<th>Out of School Costs</th>
<th>Total</th>
<th>% of Total Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>144</td>
<td>46</td>
<td>103</td>
<td>72</td>
<td></td>
</tr>
<tr>
<td>Private</td>
<td>216</td>
<td>100</td>
<td>125</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>MT-public</td>
<td>131</td>
<td>42</td>
<td>90</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td>MT-private</td>
<td>132</td>
<td>52</td>
<td>81</td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

Source: ADB (1997c).

How Do Schools Use the Funds Received? Efficiency and Public/Private Comparisons

Generalizations about junior secondary schools are difficult, as there is wide variation within all school types in terms of income and expenditures. This is particularly true of private schools, as can be seen in Table 7. Schools with the highest expenditures spent 4.5 times more than those with the lowest. In public schools, high spenders spend only 2.8 times more than low spenders, although this still represents considerable variation in what is meant to be a uniform system. Because of these differences, the median is probably a better measure than the mean for the level of expenditures in a ‘typical’ JSE school. As would be expected, median spending per student is highest in public schools, exceeding private schools and public madrasah by almost 50 percent, and private madrasah by over 300 percent. In all cases, most of the Government funds are used to pay salaries. Even public schools are very dependent on family contributions to support non-salary items.
Table 7: School Expenditure Per Student by Type of School and Total Expenditure (Rp ’000)

<table>
<thead>
<tr>
<th>Type of School</th>
<th>Number of Students ('000)</th>
<th>Mean</th>
<th>Median</th>
<th>High/Low*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>4,684</td>
<td>299</td>
<td>259</td>
<td>462</td>
</tr>
<tr>
<td>Private</td>
<td>2,262</td>
<td>265</td>
<td>193</td>
<td>512</td>
</tr>
<tr>
<td>MT-public</td>
<td>355</td>
<td>234</td>
<td>180</td>
<td>358</td>
</tr>
<tr>
<td>MT-private</td>
<td>1,103</td>
<td>107</td>
<td>78</td>
<td>186</td>
</tr>
</tbody>
</table>

*High/Low = per student expenditures for schools at the 90th and 10th percentiles

Source: ADB, 1997c.

There are very interesting variations in the pattern of the breakdown between salary and non-salary items in public and private schools. In public schools and public madrasah, salaries account for around 80 percent of expenditures and non-salary items 20 percent. In private schools and private madrasah, the breakdown is closer to 60 and 40 percent (see Table 8). These patterns persist whether schools are well-off or poor. Table 9 presents further information about variations in spending. Schools have been divided into ‘low’, ‘middle’ and ‘high’ expenditure schools, according to level of expenditure per student.

Table 8: School Expenditures Per Student by Type of School and Type of Expenditure, 1995/96 (Rp ’000)

<table>
<thead>
<tr>
<th>Type of School</th>
<th>Number of Students ('000)</th>
<th>Mean In-school Expenditure per Student</th>
<th>Type of In-school Expenditure</th>
<th>Total Non-salary Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>4,684</td>
<td>299</td>
<td>226 76%</td>
<td>40,280</td>
</tr>
<tr>
<td>Private</td>
<td>2,262</td>
<td>265</td>
<td>160 60%</td>
<td>25,396</td>
</tr>
<tr>
<td>MT-public</td>
<td>355</td>
<td>234</td>
<td>189 81%</td>
<td>19,698</td>
</tr>
<tr>
<td>MT-private</td>
<td>1,103</td>
<td>107</td>
<td>56 52%</td>
<td>7,658</td>
</tr>
</tbody>
</table>

Source: ADB (1997c).
### Table 9: Public and Private Junior Secondary Schools and Madrasah, Comparison of High and Low Expenditure Schools, 1995/96 (Rp '000)

<table>
<thead>
<tr>
<th>Level of Expenditure</th>
<th>Per School Average</th>
<th>Non-salary Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenditure per Student per Year</td>
<td>Number of Students</td>
<td>Number of Government Teachers</td>
</tr>
<tr>
<td>Public School</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>160 – 190</td>
<td>677</td>
<td>23.1</td>
</tr>
<tr>
<td>Medium</td>
<td>190 – 362</td>
<td>612</td>
<td>27.9</td>
</tr>
<tr>
<td>High</td>
<td>363 – 462</td>
<td>408</td>
<td>25.6</td>
</tr>
<tr>
<td>Private School</td>
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<tr>
<td>Low</td>
<td>110 – 124</td>
<td>201</td>
<td>0.9</td>
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<tr>
<td>Medium</td>
<td>125 – 351</td>
<td>233</td>
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<tr>
<td>High</td>
<td>352 – 512</td>
<td>208</td>
<td>1.7</td>
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<tr>
<td>Public Madrasah</td>
<td></td>
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</tr>
<tr>
<td>Low</td>
<td>98 – 135</td>
<td>719</td>
<td>19.0</td>
</tr>
<tr>
<td>Medium</td>
<td>136 – 288</td>
<td>599</td>
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<tr>
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<td>289 – 358</td>
<td>498</td>
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<tr>
<td>Private Madrasah</td>
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<tr>
<td>Low</td>
<td>53 – 59</td>
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</tr>
<tr>
<td>High</td>
<td>124 – 186</td>
<td>169</td>
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</table>

Source: ADB (1997c).

In conclusion:
- there are more government sources going into public than private junior secondary schools.
- there is less variation among public schools in the amount of resources they receive and in their subsequent levels of spending.
- a larger part of the per student budget in public schools goes into salaries and honoraria than in private schools.
- expenditures per student are higher in all categories of public schools, but it is salaries and honoraria which account for the difference.
- despite much lower levels of total expenditure per student, private schools and madrasah all spend more than public schools on non-salary items.
The Administration and Regulation of Private Junior Secondary Schools

The policy-making body for private education at all levels is the Ministry of Education and Culture (MOEC). The institutional framework for the administration of private schools under the MOEC is complex.

Role of the Center: At the central level, the Directorate of Private Schools (DPS) operates under the Directorate-General for Primary and Secondary Education (DGPSE) specifically to assist with the development of the private school sector. DPS has no formal role in policy development and does not determine the levels on allocation of assistance to private schools. The official functions of DPS are to:

- collect and analyze data relating to private schools;
- accredit private schools and prepare institutional development programs;
- prepare and implement teacher training and staff development programs for school personnel;
- provide financial and other assistance to develop physical facilities and infrastructure; and
- monitor and evaluate private education.

In practice, DPS confines itself to administrative matters, due largely to its lack of capacity in data analysis, policy implementation and program development. As DPS has no coordinating function, inputs to private schools continue to be provided in an uncoordinated manner. With decentralization increasing, the role of DPS as an effective manager and regulator of the private sector will need to be strengthened, moving it away from administrative concerns.

Role of the Province: At the provincial level, private schools are less well-represented than other directorates in the Ministry. Generally speaking, low ranking officers without any decision-making authority are tasked to perform the functions of collection, analysis and dissemination of data, recommendations for assistance to private schools and for requests for accreditation.

Role of the Yayasan: Yayasan are non-profit, benevolent organizations or foundations established to run a school. Ownership of these yayasan is through a variety of organizations. About one-third of yayasan are individual or local in nature, without any religious orientation, and generally operating only one school; about 40 percent are religious in orientation and may operate a group of schools locally or with a wider base; the remainder are yayasan associated with nationalist movements, occupational groups, and the Organization of Indonesian Teachers (PGRI), operating on a provincial or nation-wide basis.

Yayasan are responsible for management of the budget and facilities for private junior secondary schools, and for employment of all school personnel. A
few yayasan have attempted to expand their role by developing standard policies and procedures for schools under their control, and organizing in-service teacher training. For most yayasan, however, these functions would be beyond their capacity.

A Council of Private School Foundations (BMPS) has been established to serve as a channel for yayasan at the national, provincial and district levels to communicate with each other and with the government. In practice, BMPS serves as a coordinating body between private schools and the government in support of private education. It is nominally responsible for providing guidance to yayasan in financial management, training and professional development.

The Accreditation System

Apart from funding, the main means by which the government regulates the private sector is through a government-run system of accreditation. The main objectives of accreditation are to ensure education quality and to encourage private schools to improve.

The evaluation of private schools is conducted by a provincial team comprising local government education officials and one BMPS representative. The evaluation instruments have been developed by DPS to cover school administration, personnel, student characteristics, curriculum and infrastructure. Quality indicators account for 70 percent of the score.

Four categories of accreditation are used to describe a junior secondary school’s educational standard. Schools in the highest group are generally comparable to good public schools and are considered viable and financially self-supporting, while the bottom group is composed of schools that do not meet the minimum requirements and are not considered viable. Schools in the middle groups considered to have somewhat greater potential for financial viability. The distribution of schools across accreditation categories is approximately as follows: level 1 (the highest), 10 percent; level 2, 55 percent; level 3, 20 percent; and level 4, 15 percent. The system has many flaws, however, due to limited resources and capacity for successful operation of the system, and there are probably many cases of schools with outdated or inappropriate accreditation levels.

Issues in the Public-Private Partnership

It is clear that a strong public-private partnership operates in Indonesian junior secondary education. A significant proportion of students attend private schools, although this share has been eroding over time, and financing from private contri-
butions makes up 30 percent of total JSE funding. To ensure that this partnership remains strong in the future, however, there are a number of issues that must be addressed: equity, educational quality, and ‘crowding out’ by the public sector.

**Equity**

The charge is often made that private education is elitist, catering mainly to the well-off. While this may be true for a small number of private schools in Indonesia, the opposite is the case for the vast majority. The remarkable contribution that the private sector has made in bringing education to the poorer sections of society has been well documented. *Yayasan* have exerted considerable effort to establish schools and madrasah in communities which previously had no access to public JSE education. It is not unusual to find *yayasan* who have continued to support loss-making schools over a period of years in order to avert the withdrawal of its education services. Direct subsidies to finance budget deficits are given through cross-subsidization from other profit-making schools or business ventures operated by the *yayasan*. Without these regular infusions to cover losses, there is no doubt that a considerable number of private schools would be forced to close.

The ability of the local community to pay is an important consideration for the *yayasan* when setting fee charges. It was shown earlier that the cost of private education is no greater than for public education among low-income groups. And to further promote equity and participation among the poor, it is common to find that fees have been adjusted even within the same school to reflect the economic circumstances of the students’ families. Schools often make provision for scholarships for low-income students as well. In many schools, up to 20 percent of students are fully exempted from tuition fees and up to 50 percent pay reduced fees.

The issue of equity, therefore, does not arise in connection with the clientele of Indonesian private schools. Rather, the concern is the low quality pervading in almost all of the private JSE system. Some analysts (such as King et al, 1996) have argued that the quality of private schools is the same as public schools once the characteristics of the students are taken into consideration. While this may be true, it does not alter the fact that the JSE sector currently caters in large measure to the poor, who are expected to pay more for an education that all too often gives them less. So, while the private sector in one sense has performed a most valued service to the rural and urban poor over the years by providing educational services to which they might otherwise have had no access, in another sense it perpetuates a type of system-level discrimination that is quite inequitable.
Quality

The low quality of private JSE education has reached the point where it has a detrimental effect on the overall health of the private sector. Numbers are declining as families move their children to lower-cost public alternatives which, even if not of the best quality either, are at least not worse than many of the (more expensive) private options.

Concerns about quality have been raised for the whole basic education system, not just the private sector. The danger, however, is the development and entrenchment of a ‘dual JSE system’ with two different quality standards: one stream of low quality JSEs funded primarily by private funding, and another of better quality funded primarily from public funds. The situation will be compounded by the fact that equity issues will also be involved, as is presently occurring (i.e. different systems for low-high income, rural-urban etc).

Poor quality in private schools has two main causes: under-financing and inadequate regulation.

Under-financing

Private schools and madrasah are chronically under-financed and are constrained in their efforts to increase revenues by parental contributions that are already high. Although the support government gives to the sector is now quite extensive, coverage is not well-distributed and often inequitable. Systematic planning of this support has been difficult because of the wide variety of sources. Better targeting of schools most in need and a centralized database to track the allocated inputs could improve the effectiveness of government assistance. It is difficult to escape the conclusion, however, that the resources going to the private sector will have to be increased if the sector is to be maintained and is to operate at acceptable quality standards.

Inadequate Regulation and Enforcement

The system of accreditation currently in operation is intended to stimulate private schools to improve their education standards, provide government with a means of safeguarding the community, and provide parents with reliable information about local schools. However, the procedure for accreditation is complex and time-consuming. This, combined with its poor resource base, makes it difficult to keep up with the number of applications for new accreditation or re-evaluation. A more streamlined and professional approach to accreditation, coupled with adequate funding for operations, could help rationalize the sector by recommending
school closures and improve the quality of the remaining schools. Another alternative would be the transferring of this function to a semi-independent body or letting the private sector regulate itself. Whatever the system chosen, it will be ineffective unless enforced rigorously.

However, any regulatory system that is proposed for the private sector should not over-regulate. Private providers need to have flexibility in their operations to maximize efficiency in the use of resources and take advantage of opportunities for innovation. The fact that private schools consistently manage to allocate greater resources out of a generally smaller envelope to non-salary items than do public schools is a good example of the efficiencies which can be achieved when independence and flexibility are allowed.

‘Crowding-out’ of the Private Sector

It was shown earlier that private schools have grown over the last 10 years at only half the rate of the entire JSE sector (Table 2), and that this has resulted in a loss of enrolment share over the same period (Table 3). Anecdotal evidence suggests that one of the main reasons for this is increasing competition from the public sector, in a situation where the absolute numbers of students entering JSE are increasing only very slowly. Competition has been particularly fierce with the expansion in recent years of publicly-funded ‘alternative modalities’ for the delivery of JSE. Most successful in this regard have been the ‘open’ schools, which offer junior secondary education at very low cost. In many localities, private schools have been forced to close down as a result of mass transfer of pupils to these newly-opened institutions.

This competition has occurred because: (i) there is a tendency among some local officials to view private schools as competitors rather than partners; (ii) detailed maps showing the location of all schools, public and private, in a particular province or locality are generally lacking; and (iii) there is little integrated school location planning at the local level.

In addition to ‘crowding-out’ by the public sector, there is also some element of ‘crowding-out’ within the private sector itself. Field observations often reveal two or three small private schools in close proximity, all struggling for survival and all competing with the public schools (and each other) for new enrollees among the same, often shrinking, pool of primary school graduates.

This problem will be difficult to tackle. One approach is to let market forces decide, although this will likely lead to further suffering of the competing private schools. An alternative is to develop a comprehensive strategy for the development of the private sector which includes a plan for rationalization. The plan could be implemented in cooperation with the BMPS or, if agreement cannot
be reached, unilaterally by government through targeting of the subsidy and assistance programs. Extensive consultation at community level will be essential.

The Private Junior Secondary Education Project

To attempt to address some of these issues, the Asian Development Bank (ADB) launched two projects during the 1990s aimed at assisting the private education sector to fulfil its role in furthering the government’s policy of universal nine-year basic education (UNYBE). The major problems besetting the sector at the junior secondary level, such as low viability, poor quality, and declining enrolments, had already been identified and formed the focus of the two projects. One project covered private schools, and the other covered madrasah. The following section describes the project assisting private schools.

The project was intended to assist government in upgrading the private education sector. A primary objective was to pilot various approaches for providing assistance to private schools, in order to identify which was the most effective and efficient. The objective of the project was formulated as follows: to enhance the sustainability of schools through quality enhancement, promotion of equity, and strengthening of the institutional framework governing private education. The project is implemented by DPS.

Quality Enhancement. To address the issue of poor education quality, the project aims to improve the quality of teaching through provision of teacher training and additional government teachers; enhance educational resources through provision of facilities such as libraries and laboratories, instructional materials and equipment, and the establishment of local educational resource centers. It also sought to strengthen school management through the training of principals in school budgeting and financial management.

Enhancing Access for Disadvantaged Groups. To remove some of the financial barriers to participation in JSE, scholarships are offered to low-income students.

Institutional Strengthening. Specific activities to improve the capability of institutions involved in the development and regulation of private schools, and to strengthen the capacity of BMPS and individual yayasan to better manage the administrative and financial aspects of their schools, include the establishment of an education management information system (EMIS) in DPS and school mapping.

In all, the project covers around 1,000 schools in five provinces selected for their high concentration of less well-off private schools.
Observations on Progress to Date

The project has now been running for almost four years and has managed to deliver most of the inputs planned, apart from the studies and an incomplete EMIS. Although the results from monitoring and evaluation activities are still preliminary (and relate only to short-term outcomes rather than impact), the major findings pertinent to the present paper can be summarized as follows:

Teacher Development

Although extensive, the teacher training programs appear to have yielded only marginal benefits. The training courses were offered in one block during the first year of the project, without any school-level follow up, and were too academic in nature. The curriculum was driven by the requirements for credit points for professional development, although these points do not benefit privately employed teachers. In addition, the diversity in background and qualifications levels of private teachers was not taken fully into account, resulting in classes that were too diverse to manage effectively. Finally, the environment in most of these poor private schools is not conducive to implementation of new approaches.

Observation: In-service teacher training programs should begin with a thorough needs assessment, since training providers have a 'public sector' orientation and are not familiar with the profile and needs of teachers in the private sector. Formal courses should be offered in shorter blocks, with sufficient time between courses to allow adequate feedback. Courses for particular localities should be planned to coincide as closely as possible with the supply of inputs to schools, such as science kits. Finally, school managers should be introduced to the approaches and concepts to be taught prior to commencement of the teacher training program.

Provision of Additional Teachers

Although this program is very popular with schools, it has also not achieved the desired aims particularly well. The intention was to increase the number of full-time teachers in private schools a critical need but in many cases the teacher nominated by the principal for appointment was already on the school staff as a yayasan employee. In these cases, there was no net increase in the number of full-time teachers. Even though the greatest need for most schools was in English, mathematics and science, it was difficult for principals to identify such teachers for the full-time positions offered under the project. Two solutions were used: the hiring of unqualified teachers (25 percent of those hired were not qualified for the
Public-Private Partnerships in the Social Sector

subject they were teaching), or the continued reliance upon part-time teachers from nearby public schools to cover these specific needs. Finally, the program was not very cost-effective, as it was found that one-third of the teachers are under-utilized, teaching less than 18 teaching periods per week (the minimum allowed). This is mainly a consequence of small school size, compounded by the fact that teachers are trained to teach only one subject.

Observation: The presence of full-time teachers is one of the most critical elements for continued survival and growth of private schools, more important than any other. But given the inefficiencies in this type of assistance, a cash subsidy allowing schools or yayasan to determine the best approach for improving teacher resources may be preferable.

Enhancement of School Facilities

Funds for rehabilitation or construction of facilities were provided to schools on a matching grant basis. Specifications for the laboratories and libraries were supplied by DPS, but otherwise the yayasan were given full autonomy in implementing the program. The results have been generally favorable, and there are few instances where the facilities were not completed successfully. Strengthening monitoring to ensure basic quality standards would be desirable. This was a cost-effective way of delivering facilities to private schools and could be used again in the future.

Provision of Education Resource Centers

Twelve local education centers (LECs) have been constructed with the aim of providing an avenue for training of private school teachers and a resource center for teachers in the surrounding area. The LECs contain several training rooms and dormitory facilities. They were included in the project in response to complaints from yayasan that they rarely had the chance to participate in MOEC-funded in-service teacher training. The intention is that the LECs will be self-supporting, managed and operated by a yayasan. Revenue will be raised mainly through contributions from surrounding ‘member’ schools and payment for training courses, supplemented by other business activities. Ownership of the facility and supervision will remain with government.

Observation: The LECs will require considerable resources to operate, so emphasis is being placed upon income generation as well as educational activities. As the private schools are poor, they will be unable themselves to make significant financial contributions to the running of the LECs. To reduce the costs of training and at the same time make it more relevant to schools, the major part
of LEC training activities will be conducted in small cluster centers. The LEC facility will thus serve primarily as a resource center with supplemental income-generating activities.

An alternative would be to actively pursue integration of the private schools in the training activities offered to public school teachers. These include formal training programs and the cluster school training network. Integration of training activities would ensure that private teachers are exposed to the same materials and teaching approaches as public school teachers. Private school teachers, however, must be provided with the same incentives for training as public school teachers if quality standards are to improve. Currently there are few incentives, since yayasan can rarely cover the costs incurred by teachers, the trainees lose their salary for the time they are away from teaching and there is no clear way in which yayasan-employed teachers can benefit in terms of their career.

Improving Quality and Sustainability

It is still too early to assess the extent to which the project has achieved its main objective to improving the quality and sustainability of private schools but indications are that many project schools will not improve their quality appreciably, and have little chance of achieving financial viability. This has an array of causes. Firstly, quality. Although the project has supplied significant amount of inputs to the schools, the capacity to effectively utilize these inputs is often lacking. This is no doubt exacerbated by the lack of full-time teachers in most project schools. To help ensure the successful integration of project inputs into classroom teaching, and thereby improve the quality of the teaching/learning environment, much more intensive school level follow-up is required. Secondly, since the teacher training programs had limited relevance to the needs of the teachers, there is only a small likelihood that the quality of teaching will improve. Also, the effort to put in place a more permanent resource for in-service training of private school teachers may not be sustainable. Low cost solutions, more relevant to local conditions (and preferably integrated into district or provincial training schemes), would have been more appropriate.

Even more difficult to achieve is school sustainability. The worrying enrolment decline in many project schools is an indication that they are unlikely to achieve financial security in the near future. Stable or increasing enrolments would seem a necessary condition for longer-term financial sustainability. Of the 703 project schools for which data is available, 303 (43 percent) have suffered at least a five percent drop in enrolment since the beginning of the project.

One of the major factors contributing to this situation is the small size of many project schools. Almost 45 percent of the project schools have fewer than 150 students, which is considered to be the minimum size for efficiency (in terms
of utilization of full-time teachers). It is unlikely that a school any smaller than this will ever be capable of financing quality education, as unit costs will be too high. These factors make it very difficult for such schools to achieve viability, whatever project inputs they receive. The declining enrolments, as mentioned earlier, are due partly to increased competition from the public sector.

One question that could be asked is: were the most appropriate schools selected for inclusion in the project? Participating schools were meant to be selected on the basis of a set of specified criteria (including ‘potential for expansion’, but these were vaguely defined. As a result, it is not clear from the final selection what ‘category’ or categories of schools the project was intended to support. One reason for this vagueness and consequent lack of a clear strategy in the selection of project schools is that the current policy on private education, while expressing support for the sector in general terms, provides little guidance in terms of the strategic development of the sector.

To increase the effectiveness of government assistance to private schools and, ensure sustainability of the sector, it is essential that a strategic policy which includes well-defined targets is developed. Such a strategy is essential to provide a rational, sound basis for assistance to the sector, and to guide selection of the schools to be assisted.

Questions to be asked: Is there a need to maintain/support the private sector in basic education? What is the role of private junior secondary schools? How can a supportive environment be fostered?

Initial answers to these questions must be sought firstly in government policy towards basic education and policy statements on the role of the private sector.

**Government Policy on Basic Education**

The policy of UNYBE was introduced in 1989, and its achievement by 2003/4 remains the key government priority in the education sector. As coverage at the primary level is near-universal already, the main priorities are now quality improvements in primary education, and capacity expansion and quality improvement in junior secondary education.

Following a period of slow growth in the late 1980s and early 1990s during which junior secondary enrolments actually declined, enrolments have increased overall since 1993/94. Growth has been rather slow, however, with an annual growth rate of only four percent. In 1997/98, the participation rate at JSE level (public and private) was 70 percent.

Progress towards achievement of UNYBE at the junior-secondary level, in particular, is being hindered by a number of factors, including: (i) lack of places
at JSE level, which contributes to low continuation rates from primary schools; (ii) the financial barriers to JSE enrolment among the poor; and (iii) continuing slow growth in primary graduation rates.

Lack of JSE Places

The government has tackled this issue in recent years through a multi-pronged approach, using conventional public schools, privately-run secular schools, madrasah, and recent initiatives such as quasi-formal ‘open’ schools, small multi-grade schools, Islamic boarding schools and non-formal education programs. In the last few years, ‘open’ schools in particular have undergone a rapid increase in number. As this expansion is relatively recent, its effects may not be reflected in the latest available enrolment figures (1997/98). One unintended consequence of the expansion in the public sector has been a concomitant decline in the private sector, which has undermined overall expansion efforts. This issue will be discussed in more detail below.

Low Demand for JSE Among the Poor

On the demand side, there has also been sluggish growth, particularly among the poor. Enrolments in JSE are markedly lower among lower-income than higher-income groups. In 1994, net enrolment among the poorest one-fifth of the population was only 25 percent, compared with almost 70 percent for the top quintile. Similar disparities are evident for urban and rural areas, as well as among provinces. Costs for JSE are high, estimated by the World Bank (1997) to be three times the cost of primary education and are often prohibitive for poor parents. The long-term effects of the monetary crisis in this regard are probably not yet fully apparent. Other factors constraining JSE enrolments, particularly among the poor, are societal traditions (which keep girls at home after primary school) and long travel or walking times (which also impacts upon girls more than boys).

Slow Growth in Primary Graduation Rates

Completion rates in primary school are rising slowly, but still remain at around 80 percent, where they have been for the last decade. Of the 80 percent or so who complete primary school, about 70 percent currently move on to JSE. This means that there is still room for expansion within the current pool of graduates, but the stagnation in primary graduation rates is constraining significant growth. The number of new JSE entrants to junior secondary has increased only 15 percent
since the mid-80s. In some areas, this has resulted in the closure of private schools as they slowly lose the competition for the new students.

**Government Policy on Private Education**

Government policy does not differentiate between the roles of public and private schools in terms of their role in the education system. Private schools are expected to contribute to national education efforts, but are encouraged at the same time to maintain their own ‘special characteristics’. At the junior secondary level, government policy regards private education as an important partner in the program to achieve universal junior secondary education. Recently (1993), a new policy emphasized the need for improved supervision to further the participation of private schools in the national school system and quality improvement efforts. Government policy also covers provision of assistance to the private education sector within the framework of this overall policy. This assistance is intended to foster enhanced quality and viability, and encourage community involvement in the running of private schools as a form of quality control.

The basis for government assistance is unclear and it fluctuates from year to year depending on annual priorities and the amount of resources available. The policy states that assistance to schools can be in the form of funds to cover operational costs, equipment, maintenance, government-paid teachers and principals, instructional materials and in-service training. The maximum level of assistance has been set at 50 percent of the cost of comparable government schooling. To be eligible for assistance, schools must fulfil certain criteria indicating that they are well-established, viable schools which follow the national curriculum.

Government policy clearly acknowledges past contributions of the private sector, and appreciation of the diversity in educational choices that are offered to the public. It emphasizes that there is a role for the sector in the future development of the basic education system. However, this role has never been spelled out clearly. Up to now, there is no policy that (i) sets out clearly defined strategic targets for the development of the private sector as an integral part of the education system, and (ii) describes how this will be achieved in practice. In the absence of such a policy, the private sector is in a state of ‘downward drift’, struggling to survive in the face of increasing competition from the public sector and lacking a clear sense of direction. It is unevenly supported by an uncoordinated and often inefficient program of government assistance that also has no strategic thrust.
Part One: Dealing with Public-Private Partnerships

Strategies for Arresting the Decline in the Private Sector Share

The budgetary advantages of maintaining the private sector’s share as junior secondary education is expanded are illustrated by projections made by the World Bank (1997) on the financial implications of expanding JSE under two different scenarios: maintaining the current share of private JSE education at 40 percent or allowing it to decline to the primary level of around 17 percent. The difference in cost to the government, over the period 1997-2010, is projected to be Rp4,804.5 billion (approximately $720 million at the current exchange rate). Further reasons for maintaining the private sector are its role in providing education to small, poor communities at low cost (especially true of madrasah), the greater range of educational choices it offers to parents, and the often greater sense of community ownership.

Clear Strategic Policy

The experience of ADB’s Private Junior Secondary Education Project illustrates the difficulty of assisting the private sector successfully in an unclear policy environment. The current policy sets no targets for the development of the sector, provides no basis for determining the types of schools to be assisted, and does not specify a basis for assessing when the assistance to a particular school should be increased, maintained or even decreased. There are large numbers of private junior secondary schools which may never be viable, for reasons including an oversupply of schools (private and public) in certain localities, location in a resource-poor community and small size. Whether or not these schools should receive government assistance, under what conditions, and for how long are matters that need to be clarified in the context of a more explicit policy.

Rationalization of Government Assistance

The current program of government assistance emanates from such a multiplicity of sources within government that coordination of the inputs would be extremely difficult even if arrangements had been made for effective interdepartmental coordination (which they were not). In addition, it appears that the assistance does not always reach the poorest schools as intended. A cash subsidy or block grant system would seem to be a better means for targeting assistance more effectively, and giving principals and yayasan greater flexibility in managing the assistance given. Government is now in the process of introducing block grants to private schools, albeit in the absence of the strategic policy referred to above.
Enforcement of Uniform Quality Standards

Much more stringent enforcement of quality standards is necessary in order to safeguard against the possibility that a dual system will develop. The accreditation system should be strengthened and streamlined, and its operation better resourced. If a suitable agency can be found, consideration could be given to contracting out the accreditation function.

Coordinated School Planning at Provincial and District Level

It has been noted many times before that the planning and construction of new schools appears to proceed at the local level without considering the location of existing private schools. Competition of this nature has become particularly fierce since the major expansion of ‘open’ schools. To avoid this situation, new school building programs should concentrate upon localities where there is currently low public and private provision.

As decentralization progresses, there are expectations that education officials at the provincial and district levels will gradually begin to take a more holistic approach to education planning and management. Private providers often accuse local officials of prioritizing public schools in the allocation of resources, even when there are specific instructions to the contrary. A program of orientation and training for local government officials that exposes them to more systemic approaches to local education planning, in which all of the disparate parts of the system are viewed as elements of a cohesive whole, could be valuable in changing past practices and improving the effectiveness and efficiency of basic education. In-service teacher training and school location planning are two areas where a more integrated approach could be very beneficial to private schools in particular.

Reduced Costs for the Poor

Finally, it is imperative that the costs of junior secondary education are lowered for the poor. Given the present high costs in both the private and public systems, it is unlikely that participation will increase significantly until these financial barriers are addressed. The most promising approaches are provision of scholarships to low-income students, combined with a system of block grants which enables private schools in poor communities to reduce their fees.
References


AMDA: An Introduction

In 1979, a Japanese doctor, Dr. Shigeru Suganami, and two medical students rushed to Thailand to extend assistance to Cambodian civil war refugees. Their good intentions and enthusiasm, however, were not met with welcoming arms. Circumstances did not allow them even the opportunity to visit the refugees. These very circumstances served as the impetus for the Japanese doctor and medical students to eventually reach out to their colleagues in other countries. It dawned on them that things would have been facilitated if they had known some health practitioners in the local communities. Thus the idea of building bridges among health practitioners within Asia was conceived. In 1984, the concept became a reality with the formal establishment of the Association of Medical Doctors for Asia.

In 1994, as the services of the association extended beyond Asia, participants of the Tenth Business Meeting decided to change the name of the organization to the Association of Medical Doctors of Asia (AMDA). A few years before, the association opened its doors to members of the allied medical professions and non-health professions who wished to contribute to the attainment of the organization’s objectives.

Today, the organization simply bears the banner AMDA International. Its vision is global understanding and development. Its mission is to promote the health and well-being of the underprivileged and marginalized people in Asia and elsewhere. These are embodied in its slogan, “Better quality of life for a better future.”

AMDA considers three main obstacles to improving the quality of life of the underprivileged and marginalized people: war, natural disasters and poverty.

† President and Vice-President, respectively, of AMDA International.
Thus, the organization conducts three types of projects to overcome the obstacles faced by communities to achieving a better quality of life. Through the AMDA Multi-national Medical Mission (AMMM), AMDA promotes emergency preparedness and provides assistance to victims of disasters, be they man-made or natural. Community-based sustainable development projects are organized as part of the AMDA Bank Complex (ABC). The ABC concept is based on its experiences in the field.

Realizing the close inter-relationship between ill-health and poverty, it started to complement its health projects with activities that improve the economic productivity of households. Literacy and vocational classes are incorporated as the need arises. Also, AMDA initiates programs that strengthen the relationship among its members and its other networks such as the International Network of NGOs for Emergency and Development (INNED) and the Asia-Pacific Relief Organizations Network (APRONET).

**Partnership: Perspectives of AMDA**

As a humanitarian, non-profit, non-political, non-sectarian and non-governmental organization holding a special consultative status to the United Nations Economic and Social Council, AMDA views itself as an action network that builds respect and trust. Its mission is to build global networks of partnerships for peace through projects with a “sogo fujo” or mutual assistance spirit. Here, the operational word is “partnership”.

But what is partnership? In its relationship with host governments, local organizations and people, AMDA considers three types of human interaction: friendship, sponsorship and partnership. These types can be differentiated simply by the usage of the words “Thank you”. Friendships do not require any thanks. In sponsorship, “thank you” is one-way that is given from the beneficiary to the sponsor. In a partnership, thanks are given both ways, between both partners. AMDA promotes partnership because it believes that, as it extends a helping hand to others, it too receives help from them. This is the concept of mutual assistance or “sogo fujo”.

AMDA believes in a partnership that shares both the benefit and the burden of carrying out projects. Experience has consistently affirmed its faith that even the most financially deprived members of the community would want to be part of the process of cooperation. They, too, have some things to share – their time, their ideas and their commitment. They, too, have the pride and dignity to help themselves.

For partnership to succeed and be sustained, it is important for the partners to have respect and trust. AMDA respects the existing policies of the host
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government and the culture of the local community. Being an organization with membership from over a dozen varying cultures, it fully understands the importance of mutual understanding and respect for diversity. As such, AMDA staffs, at project sites, do not impose their own traditions or value systems on others. On the contrary, they strive to learn from the historical perspectives and practices of the local people, and to work within the prevailing social and political milieu.

**Partnerships of AMDA with the Japanese Government**

If the world is viewed as a dichotomy only, then there is only a public sector and a private one. The private sector would then be further dichotomized into the for-profit and the not-for-profit. In such a world, then AMDA belongs to the private sector, the non-profit type. However, the self-image of AMDA is not that of a private sector. The founders of AMDA dreamt of a non-governmental organization which is distinct from the private sector that puts its commercial interest above all else. This is a preferred view of AMDA because in Japan, the term “private sector” is often associated with enterprises that are engaged in activities that generate profits.

As a non-profit organization with headquarters in Japan, AMDA is governed by the Non-Profit Organization (NPO) Law that took effect on 1 December, 1998. The Law officially recognizes the humanitarian activities of non-profit organizations. It is a general law that provides a mechanism to grant legal personalities to non-sectarian and non-political groups that conduct special non-profit activities. Although it does not directly provide specific benefits to NGOs, the law gives NGOs the official status as a group to promote public interest. Such registered groups can enter into contracts, borrow money and invest these funds. If the registered group holds office only in one prefecture, then they are obliged to submit annual reports and be supervised by the local authorities. All reports are classified as public documents. If the group holds office in more than one prefecture, then they would have to be under the responsibility of the central government.

In Japan, there are a number of policies and schemes that promote the involvement of NGOs in the provision of education or health, locally or in other countries.
Japanese Ministry of Foreign Affairs (MOFA) Programs

NGO Subsidy Program

Annually, the MOFA provides support to Japanese NGOs for their projects in developing countries. The features of this scheme are as follows:

- The subsidy should not exceed 50 percent of the total project cost.
- The administrative cost should not exceed 20 percent of the total project cost.
- The deadline for submission of proposals is May. Although the results of applications are announced sometime in August – September, the project cycle usually follows the fiscal year of April to May. Final reports are submitted in April of the next calendar year.

Grant Assistance for Grassroots Projects (GGP)

The MOFA directly supports NGOs and local government authorities in developing countries through the GGP. The Japanese embassies manage the GGP which provide financial assistance of not more than one hundred thousand dollars (in some exceptional cases, not more than two hundred thousand dollars) for projects in five program areas: namely, primary health care; primary education; poverty relief; public welfare; and environment. The assistance cannot be used to finance salaries, fuel, travel expenses, per diem charges, and other administrative and operating costs of the organization.

Japan International Cooperation Agency (JICA) Programs

Community Empowerment Program (CEP)

Introduced in 1997, this new scheme provides for the joint implementation of a model program, endorsed by the recipient government, between JICA and NGOs, NPOs, community organizations or other private or semi-governmental organizations with at least 2 years of experience in similar activities. The model program would have to be implemented for a maximum of three years. There are seven priority program areas:

- community development
- elderly, disabled, and child welfare support
- health and hygiene improvement
- women empowerment
Public-Private Partnerships in the Social Sector

- improvement of living environment
- capacity building
- promotion of local industries

The components for the model program include the following: technical personnel expenditure related to the project; small-scale machinery, material and equipment; small-scale construction or renovation of physical facilities; training, seminar and workshop; and other costs necessary for program operation.

To implement the program effectively, Japanese experts, including members of the Japan Overseas Cooperation Volunteers (JOCV), may be invited to provide technical assistance. These experts are dispatched at the expense of JICA based upon an official request from the government of the recipient country.

JICA-NGO Partnership Programs

Recognizing the capacities of NGOs to work with communities and directly affect people’s lives, JICA has conducted five pilot studies in jointly implementing projects with Japanese NGOs.

Contracting Out

This is the latest scheme that would allow partnerships among the public and private sector (e.g. academe and other non-profit organizations) in Japan and with their counterparts in developing countries. This has yet to be implemented.

Aside from the MOFA and JICA, the Ministry of Posts and Telecommunications (MOPT) and the Ministry of Health and Welfare (MOHW) have developed partnerships with Japanese non-governmental organizations. Through its post offices nationwide, the MOPT provides some banking services and maintains an international Volunteers’ Fund. If they agree, depositors contribute the interest on their deposits to the Volunteers’ Fund, which is used to finance international cooperation activities of NGOs. On the other hand, the MOHW supports the Disaster Simulation exercises that are held in September to commemorate the Great Kanto Earthquake.

AMDA has had partnerships with the Japanese government through most of the programs discussed. Some examples are as follows:
- NGO subsidy — for both emergency and developmental projects in Afghanistan, Angola, Bangladesh, Bolivia, Brazil, Cambodia, Djibouti, India, Indonesia, Myanmar, Nepal, Peru, Philippines, Thailand, Vietnam, and Zambia
- GGP — Bangladesh, Kenya, Nepal, Pakistan, Rwanda, and Uganda
Part One: Dealing with Public-Private Partnerships

- CEP — Myanmar
- Volunteers’ Fund — Afghanistan, Cambodia, Djibouti, India, Mozambique, and Sudan

Since 1996, AMDA has been the lead organization in disaster simulation exercises in Tokyo and other prefectures in Japan. All previous exercises have been a product of fruitful partnerships between AMDA and the Ministry of Health and Welfare, prefectural governments, the fire department, Self-Defense Agency, telecommunications companies (such as NTT), non-profit or non-governmental organizations (including the Red Cross and motorbike associations) and hundreds of volunteer doctors, nurses and paramedics.

Multi-sectoral Partnerships of AMDA

When launching projects in developing countries, AMDA builds partnerships with national governments, local communities and corporations. It taps several institutions and individuals both in Japan and in the host countries.

The construction and operation of the Siddharta Children’s and Women’s Hospital in Nepal is a case in point. Committees in Japan and in Nepal were established to oversee the project. In Japan, the Mainichi newspaper helped in running the fund-raising campaign. The private architectural firm of a world-famous architect, Mr. Tadao Ando, volunteered its services for the design and site development. In Myanmar, the local government donated the land, improved physical access by constructing a bridge, and promised a monthly subsidy for the operation of the hospital. The local Chamber of Commerce has extended financial assistance for the construction and maintenance of the hospital.

Furthermore, AMDA has established several types of partnerships with Japanese corporations with the aim of mobilizing resources. These partnerships are not project-specific but are general fund-raising arrangements. For example, the partnership with a company operating vending machines would allow AMDA to receive about 5 percent of the gross sales in lieu of the use of AMDA logo for all their advertisements. AMDA’s partnership with a credit card company generates an amount equivalent to 0.5 percent of all the expenses charged to the account of AMDA card members.

AMDA International has actively cooperated also with specialized agencies of the United Nations. Since 1991, AMDA has worked with UNDP, UNHCR, WHO, UNICEF, IOM and United Nations Transitional Authority in Cambodia (UNTAC) to provide medical and other support to disaster-stricken and displaced communities in many parts of the world.

Three cases of partnerships are outlined below to further demonstrate the multi-sectoral nature of partnerships of AMDA.
Case No. 1 — Partnership with the Royal Government of Cambodia and the Asian Development Bank (ADB)

AMDA is tasked with the development of systems and management of a health operational district in Takeo Province, Cambodia. All stakeholders participated in the launching ceremony. Representatives from the central and local governments, the ADB, local health staff, and a multi-national management team also attended. The AMDA Team is a multi-national one. Its strength emanates from the members’ multi-faceted experiences in policy-making, project management and implementation.

The AMDA International Team complements and supplements the capacities of the local health staff in the development of systems. Procedures and guidelines are refined through training workshops.

Case No. 2 — Partnership with the Japanese Government and the Local Authorities in Lusaka, Zambia

In Zambia, the ABC Model has been implemented with the following components: community participation, income generation, education, vocational training, health and, in the near future, disaster preparedness and response.

- **Community Participation.** Community participation was initially demonstrated when the residents and village officials volunteered their services in improving the dirt road that leads to the AMDA project site in the George Complex, an urban slum.

- **Income Generation.** AMDA dispatched Mr. Sasaki under the JICA scheme to assist in designing a micro-credit program for women interested in starting a small-scale enterprise and for those who would like to expand their existing businesses. More than 200 people applied but only 30 were selected for the first group and another 30 for the second. Before loans were extended, borrowers had to undergo a training program that builds team spirit and teach, among other things, basic mathematics.

- **Education.** Adult literacy class was started when some of the Community Health Workers (CHW) under the JICA training program were discovered to have difficulty in reading and writing skills. The goals of the functional literacy class are to enable the CHW to sign, count and read. These are all skills necessary for them to be effective in performing their responsibilities as health workers. The local language is used as a medium of instruction.
Part One: Dealing with Public-Private Partnerships

- **Vocational Training.** A class on tailoring or dressmaking was also introduced to help some of the slum-dwellers help themselves. Twenty women and men enrolled in the program. Using the NGO subsidy, AMDA bought the sewing machines, paid for the trainer and rental of the training room. On their part, the trainees bought the measuring tape, scissors and textiles. On the second month of training, the students were successful in making baby clothes and safari clothes. Upon graduation, some of them would like to set up their own shops in their houses. A few would like to work together and put up a micro-factory.

- **Health.** The initial request for assistance from the Zambian government was in the area of primary health care. Health education is a major component. Some health educators were selected from among community health workers. The training methodology was participatory; didactic teaching was avoided.

Occasionally, a JICA specialist would serve as a resource person. While JICA constructed a water system and community toilets, AMDA was tasked with educating the villagers on the relationship of health, hygienic practices and use of safe water.

To address the problem of malnutrition, the government of Zambia has an existing food supplementation program. On top of this, the development of community gardens was proposed to assist mothers with malnourished children and to serve as an incentive for the CHW. For this project, the local authorities donated about 4 hectares of land in the periphery of the George Complex to the local health board, which then entrusted the area to AMDA for development. Officials from the Department of Agriculture are also members of the Project Committee.

The feasibility of a revolving drug fund was assessed as a strategy to ensure availability and affordability of quality, safe and efficacious essential drugs. Once more, the partnership among several sectors would be vital to make the drug fund sustainable. Research on alternative medicine may be conducted in the future.

**Case No. 3 — Partnership during the Humanitarian Emergency in Rwanda**

AMDA’s ability to dispatch an Emergency Team and organize mobile clinics within the 72-hour window of opportunity can be attributed to its partnership with the Japanese Ministry of Foreign Affairs (MOFA), embassies in Japan and the Nippon Foundation. While the embassies assist in providing up-to-date information about disasters and local conditions, Nippon Foundation and the MOFA provide the grant for the AMDA Emergency Team. Occasionally, AMDA avails of free seats
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from All Nippon Airways and the Japan Airlines. These companies grant AMDA the privilege to transport more than 500 kilos of relief goods to emergency sites.

In all these cases, AMDA would like to underscore the roles played by the local partners and communities in ensuring the success of the programs.

Positive Experiences, Challenges and Proposals

Forming partnerships with the public sector has always provided AMDA with positive experiences. From Asia to Eastern Europe, from Africa to Latin America, such partnerships have helped in optimizing the use of valuable resources while promoting understanding among peoples from various nations.

During emergency relief projects, host governments have facilitated the issuance of visas, updated AMDA with the most recent information about disasters in their countries, and assisted in identifying local counterparts. Despite their tight schedule, local authorities have spent time checking on the safety and welfare of the AMDA Team.

For non-emergency projects, the public sector has been generous in sharing existing materials for information, education and communication campaigns. Many officials welcome partnerships with international NGOs.

The positive experiences we gained are probably due to the mutual respect and trust between AMDA and the public sector. Beyond the complementation and supplementation of our resources and the avoidance of duplication or missing-out on some communities, the public-private partnerships help AMDA propagate international understanding and global peace.

Any type of human relationship encounters difficulties or challenges. In its partnership with the public sector, AMDA has had to face several challenges (Table 1). These difficulties are not so common. Based on our humble history, working with the public sector has been a positive experience for AMDA.
### Table 1: Difficulties in Partnerships with Host Governments and Some Proposals

<table>
<thead>
<tr>
<th>Stage</th>
<th>Difficulties or Challenges (not common)</th>
<th>Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Dispatch</td>
<td>1. Securing visa</td>
<td>1. Study the possibility of granting:</td>
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<tr>
<td></td>
<td>2. Tariff exemption for relief goods</td>
<td>• a blanket visa to recognized NGOs in the field of emergency relief or</td>
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<tr>
<td></td>
<td>3. Identification of local counterparts</td>
<td>• visa at the host country airports during emergencies</td>
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<tr>
<td></td>
<td></td>
<td>2. Issuance of standard procedures for requesting tax exemption for relief goods</td>
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<td></td>
<td></td>
<td>3. When posting an appeal for international assistance, announce the focal agency and its contact numbers.</td>
</tr>
<tr>
<td>Setting up of operations</td>
<td>1. Government having no previous experience in working with NGOs</td>
<td>1. Development of clear and precise guidelines in working with NGOs</td>
</tr>
<tr>
<td></td>
<td>2. Registration of AMDA in the host country</td>
<td>2. Development of user-friendly application forms and supporting documents in the host country’s national language and in English</td>
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<tr>
<td></td>
<td>3. Gap between policy of working with NGOs and the officials’ discomfort in working with NGOs</td>
<td>3. Firm political will and improve deeper understanding of capacities and limitations of NGOs</td>
</tr>
<tr>
<td></td>
<td>4. Government officials’ personal requests</td>
<td>4. Political-will to fight graft and corruption</td>
</tr>
</tbody>
</table>
Public-Private Partnerships in the Social Sector

<table>
<thead>
<tr>
<th>Implementation proper</th>
<th>1. Threat to life of staff when AMDA had to work with both the incumbent government and the opposition</th>
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<tbody>
<tr>
<td></td>
<td>2. Change of policies with change of government</td>
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<td></td>
<td>3. Dependency on the NGO</td>
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<td></td>
<td>4. For governments contracting out projects to NGOs, delayed release of funds due to new or unclear procedures for reimbursements</td>
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<td></td>
<td>5. Requests other than those specified in the agreement</td>
</tr>
<tr>
<td></td>
<td>1. Respect for humanitarian workers</td>
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<td></td>
<td>2. Objectivity in reviewing projects of previous administration; minimizing changes in ongoing programs</td>
</tr>
<tr>
<td></td>
<td>3. Build sustainability and self-reliance measures in project design; prepare for phasing out even as one phases in</td>
</tr>
<tr>
<td></td>
<td>4. Clarity and specificity during the contracting stage</td>
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<tr>
<td></td>
<td>5. Minimize requests that would have major implications on the schedule and resources; otherwise, agreement has to be amended</td>
</tr>
</tbody>
</table>

Concluding Remarks

AMDA believes that privatization of profit-making entities, as commonly practiced, will always improve efficiency, will at times improve effectiveness and quality, but will rarely improve equity. The effect of privatization on equity is only indirect; such as when governments deliberately use the money gained from the sales for the underprivileged or transfer budgetary funds traditionally allocated for maintaining public institutions to the marginalized sectors of society.

Public-private partnership is necessary but is not sufficient to address the issues of quality, equity, effectiveness, and efficiency in education or health. Partnerships among several players seem to be a more appropriate approach. For one, neglecting community participation in the equation of partnerships would be a conceptual blunder that threatens sustainable improvements. As such, multi-sectoral partnerships are recommended.
Some of the key points in partnerships that governments should focus on have already been listed as difficulties in Table 1. Three further points need to be highlighted. First, in many countries, NGOs have replaced governments as agents of public service delivery. However, as far as AMDA is concerned, this role substitution is only temporary. AMDA intervenes only during times of emergencies, great need and when we have the capacities to help. From the very start, AMDA International intends to return responsibilities either to host governments, local authorities, local organizations, or a local chapter of AMDA. In this light, the public-private partnership should have clear endpoints for the assistance of AMDA International. It should have specific schedules and mechanisms of phasing-out while allowing some elbowroom for revisions.

Second, governments contemplating on building public-private partnerships are advised to categorically distinguish between for-profit enterprises and non-profit organizations. The distinction becomes more relevant when governments prepare the requirements and procedures for evaluating these two types of institutions.

Third, governments would have to focus on some administrative issues. Would they be willing to provide tax exemptions for local staff? When they request international assistance from the private sector, what systems would have to be in place to facilitate a smooth flow of up-to-date information, processing of visas and coordination of all types of assistance?

**What is the ideal partnership?** The desirable types of partnership are those that are founded on **mutual respect and trust**. Schemes can come in various forms. The terms of reference, agreements and guidelines may be comprehensive and clearly written. But if partners have even a tinge of doubt, then the partnership may encounter considerable difficulties and may not be able to overcome them. Implementing projects in the social sector would require a lot of flexibility as there are many confounding factors as well as variables that may be beyond either partners’ control. With full trust and respect, the partners can be constructively flexible.

Partnerships that are **inclusive and not exclusive** is desirable, too. The public sector and NGOs have a lot to offer in terms of experiences, expertise and resources. However, achieving the goals of the health and education sectors require the participation of as many members of the community as possible.

Finally, AMDA prefers a partnership that is **integrative**. Insisting on a monosectoral approach can be counter-productive. Improving the household income, the literacy level of mothers or childcare-providers and the community physical environment can improve the country health status in better or equal terms as other medical interventions.
Part Two

Country Experiences
Government Policy and Private Investment in South Ocean Schools in People’s Republic of China

Kaijun Jiang †

Private Sector in China

The economic reform in China over the last 20 years has firmly established the role of the private sector in economic development and social progress. According to recent statistics, more than 2 million private business investors have registered a total capital of over $100 billion, which has led to a very optimistic estimation by the National Industrial and Business Administration Bureau that, “by year 2010, the annual economic output of non-public sectors can reach up to one-third of the national total.” At the same time, the newly revised Chinese constitution proclaims for the first time that “the independent economy, private economy, and the rest of the non-state-owned economy within the sphere of legality are the important component parts of the socialist market economy.” “The central government protects the legitimate rights and interests of private and independent economies.” The conception of private sector is thus clearly defined as independent of public funds from the beginning.

Parallel to this is the picture of China’s educational sector. Though still undergoing an experimental period to become an industry, the structural pattern of schools and educational institutes has already revealed an increased potential for private involvement. In the early 80’s, the first private schools and tertiary institutions were set up in cities like Guangzhou, Shenzhen and Beijing. By the end of 1998, there are about 8.6 million students at private elementary schools, 3.7 million students at the secondary level and 407,200 at the tertiary level. Compared with the huge educated population in China, 300 million at present, the figures illustrate only a small margin (only around 1 percent of elementary and secondary students in private schools). In densely populated places like Beijing,

† Director, Foreign Affairs Department, South Ocean Development Group, PRC.
however, the current student enrollment at the tertiary level, more than 250,000 in 96 private higher learning institutions, equals that of the public universities. The number of graduates over the last 15 years has reached 1.6 million.

Private education has made its way into China’s educational market, transferring the once unitary schooling system into a very colorful one. In helping to meet educational demands, which are bigger than ever before, private educational sector is gaining increased government support. The decision issued at the closing of the 3rd National Education Conference by the central government last week stated that further support should be provided to encourage non-government schools and institutions to develop together with government schools and universities.

**Related Government Policies**

As a priority of the public educational system since 1950’s, China’s tremendous educational mission — from literacy to higher learning for one fifth of the world population — has relied almost solely on government funding for nearly half a century. This single-source input has created a big discrepancy between the funds afforded by the government and the actual needs for schooling. In 1993, the government set out the plan to aim at 4 percent of the GNP to be used as educational funds, a low figure as compared with the world average of 5.1 percent. However, the results of subsequent years did not show quick improvement and the figure remained below 3 percent last year. The public educational system hesitated to expand, as each new school student would cost an extra of US$370 and each new university student, US$1,000.

In contrast with this are the ever-growing demands of families for their only child’s education and the demands from the current labor force, 700 million people with merely 3.2 percent being college graduates, for continuing education. At the same time, the above mentioned social groups are also the potential sources for educational investment. Statistics reveal that their private savings (at bank) currently amount to about US$750 billion. For the majority of these individuals and families, as shown by this survey, education is at the top of their agendas. In Shanghai, the educational expenditure made up close to 3 percent of the average family budget in 1995, and an obvious increase of more than 1.5 percent in 1997. The enthusiasm for private educational investment in China can be proved by the new trend in recent years that families send their children to study at overseas private colleges and universities.

In 1984, Beijing Municipal Government drafted the first Experimental Regulations for schools run by non-government sectors, in recognition of their supplementary role. In 1995, China’s Education Law was issued, specifying that
the government encourages enterprises, non-business organizations, associations and other social groups and individual citizens to set up schools and other forms of educational institutes by law, which should not be for profit. In 1997, Regulations for Non-government Educational Sector was born at the national level. In its effort to support and guide non-government educational development, these regulations direct compulsory education and restrain quick movement into the tertiary level. Not-for-profit purpose is once again stressed.

Early this year, the Action Plan to Vitalize Education towards the 21st Century was drawn up by Education Ministry and approved by the State Council. This trans-century plan serves as a guideline to set educational reform and development in two stages. By year 2000, nine-year compulsory education will be made universal; vocational education and continuing education will be available to different levels of the labor force; enrolment proportion at the tertiary level will reach 11 percent (it was approximately 6 percent in 1998); educational systems will be adapted to meet the needs of China’s economic development. The second stage will be introduced by year 2010. It will include a universal education of 12 years that will be made possible in cities and economically advanced areas (the estimated figure in 1998 was around 34 percent); the percentage of tertiary enrolment will be close to 15 percent; some world-level institutions and a life-long learning system will be established as resources for creative personnel and knowledge contribution.

South Ocean Schools

It was against the above-mentioned social and educational background that South Ocean Development Group got involved closely with the private education. Originally, South Ocean Group was a private industrial and commercial company. Its business covered real estate, tourism, mining and high-tech products. In 1994, when the first South Ocean School, a K-12 private boarding school, was set up in Taiyuan, Shanxi Province, Mr. Ren Jingxi, President of South Ocean Development Group, did not see it as a beginning of a chain of schools. His company was still occupied with multiple business activities then. However, two years later, realizing the incredible market demand for private education and with the success of his first school, three more similar schools followed up with the recruitment of 4000 students. The company became concentrated on private education. A vision of ten schools and one university was molded. After a short halt of school building due to policy uncertainty, Beijing South Ocean Management Company was registered in 1998 to ensure the schools’ management quality. By September 1999, South Ocean educational consortium hoped to expand into a chain of six schools and two universities. The number of students will be 8000 in all, not including

185
3000 students who are part of a university taken over in May 1999. The annual turnover of 1999 will be around US$11 million. South Ocean Development Group is a private education company in its full sense now.

There are many factors contributing to the success of South Ocean Schools in the past five years. Among them are several major ones — sufficient capital input, efficient school management, highly qualified teachers, enriched curriculum design, and optional higher learning opportunities.

The average financing cost of each South Ocean School is about US$10 million, which varies a little as schools differ in size. The enrolment capacity ranges from 1500 to 2500, with US$5000 for each student. Such high input has guaranteed students with modern infrastructure for learning and living. All South Ocean Schools are boarding schools from pre-school upward. The campus has to be catered to the needs of parents who are busy with their work and business or who prefer to have their children stay most of the time with professional teachers. Smaller classes and a central-heating dormitory obviously relieve the parents from the headache of seeing their precious ones in big crowded classes and from transporting them to and from schools four times a day.

Each school is under the direction of the school board, which is composed of representatives from both the company and school. The principal reports to the board for school management and for the implementation of the annual budget. Such a mechanism makes it easier and more direct for the principal to understand the needs and requirements of parents, students and teachers, and to get assistance and support from the board to solve the problem. There are principals’ meetings held every three months among South Ocean Schools for discussion about and decisions on school issues. In this system, the principal shoulders more responsibility while enjoying more power at decision making, unlike public schools where the principal usually does not have the power to hire or fire staff members. For this reason, the school board has turned to use principals from the South Ocean system who are usually young and energetic people.

The high quality of the teaching staff is another pride of the South Ocean system. Far-sighted educational goals and attractive job offers have lured excellent teachers both locally and nationally. In terms of educational background, 59 percent of South Ocean teachers hold Bachelors degrees and 6 percent Masters degrees, and 25 percent with two-year college diplomas. Teachers for preschools and lower-elementary are all professionally trained, making up the remaining 25 percent. Among them, almost half have been accredited with ‘super qualification’ and ‘senior qualification’ by the government educational committee, together with another 52 percent of first-class teachers who making up, overall, a highly competent K-12 teaching staff. When asked why they decided to send their children to South Ocean Schools, 49 percent of the parents answered that the qualifications of teachers is one of the major reasons.
Part Two: Country Experiences

A national outline for school curriculum design guides both public and private schools in China for the past decades. The textbooks are uniform for major courses in order to prepare students for entrance examinations after Grade 9 of senior high, and then in Grade 12 for university. As South Ocean education aims at a comprehensive and healthy development of students’ full potential, and boarding schools provide more time for students with their teachers, extra-curriculum study and activities are created to enrich students’ learning experience. This relies heavily on the five centers at each campus — the library, science lab, multi-media lab, arts and gym center and health education center. Each school’s broadcasting station, cable TV and Intranet also facilitate students’ learning processes by familiarizing them with modern technological development.

South Ocean Schools also help prevent parents from worrying about their children’s opportunity for university study, especially given that the proportion of high school graduates continuing into university is currently only 17 percent. South Ocean students have the option to study for long periods or a short term in different countries as there are connections with overseas schools and universities. At the same time, South Ocean system is increasing college funding for its graduates as more and more are coming out each year: 300 last year and 600 this year. One approach is the recently developed South Ocean College associated with Sichuan Normal University; and another is has been established after taking-over of a 16 year-old private university in Beijing. South Ocean Group is seeking international cooperation to develop in its new area – higher education.

Relationship with the Public System

Government policies and regulations at the local level serves as a decisive factor in the company’s decision to start a school. A supportive attitude from the local government can make the whole process smooth, thus reducing costs and gaining efficacy. South Ocean Schools have benefited from such favorable local environments. So far, most of its schools started and finished building new campuses within the same year of the school’s opening. Unlike many of the private schools in China where classrooms are initially rented, South Ocean Group set up schools by purchasing the usage right of the land, building the infrastructure, applying for a school license, and gaining permission to enroll students within certain administrative boundaries. They also hire teachers from both private and public schools, invite education specialists as members of the supervising boards for new schools, form exchange relations with good private and public schools, and pass inspections to hire foreign-language teachers. All these paved the way for the school to operate at a high standard once it commenced. And all these require a close relationship with the government and the public educational system.
During the process of school management, local government provides inspections and accreditation at a regular or irregular pace. South Ocean Schools welcome such quality control provision and believes it is the authority of the government to grant such service. Government supervision of such a nature not only helps the schools maintain and improve their education and management quality, but also links private schools with the public system, thus making it possible to share the accomplishments of academic research and innovation. South Ocean Schools take pride in forming good working relations with public schools as well as with government organizations.

While the policy environment was getting more supportive, South Ocean Group’s commitment to the education industry is gaining more recognition. When schools meet the needs of the community, the brand name has become widely known. Since last year, government officials and educational organizations have approached South Ocean Group to explore the possible expansion of the school chain in different cities. Chengdu and Qingdao are good examples of South Ocean Schools being warmly supported by the municipal and provincial education committees from the beginning. In Sichuan Province, one of the most populated areas, Chengdu South Ocean School is being used by the provincial educational committee as a model for other high-standard schools to stimulate local interest in the education business. The new investment of South Ocean into a private university in Beijing is the result of government assistance and support in policy consultation and regulatory information.

South Ocean Group started financing the school from 1994 and the capital input has accumulated to US$64 million in 1999. By year 2002, the planned total investment will reach US$100 million in the realization of its ambitious education industry vision. However, this commitment is more or less hindered by the uncertainty and denying statements of the regulations and policies by both central and local governments relating to property ownership, profitability and a free flow of human resources. And when the time comes for a need of financial support, the availability of either government money or state bank loans will definitely make a difference, though South Ocean Group has been raising expansion capital most often on a self-reliance basis.

Interaction of Public and Private Systems

Over the years of experimentation and progress, private education in China has not only alleviated the shortage of education supply to a certain degree, but has also shed light on the last remaining part of the planned economy in China — the public school system. It is undergoing a dramatic change now. Instead of staying purely public (that is, government financed, compulsory education, low
Part Two: Country Experiences

tuition charges and district school attendance), some schools have turned into high-standard boarding schools that charge comparatively higher tuition, especially after nine-year compulsory phase, and satisfy parents with the quality service of experienced teaching staff. A high percentage of university-placement rates earn credit for these schools. Some new public schools have gone even further to recruit students with more flexibility while charging higher. These schools are granted land, have teachers wages paid, and are initially invested in by the government. More often than not, government officials are also the members of the school board.

Since last year, there has been a tendency for many public schools to adopt private school mechanisms. Elementary and junior high schools are put together as a nine-year system for compulsory education, leaving the senior high open to the public as paid schooling. These schools are of a mixed nature with both state-owned and privately-run. Once they become such, they lose government support. The principal of the school is responsible for making ends meet. The main source of funding comes from the student tuition. As such, quality and efficiency become the pragmatic pursuit of the school. Thus, instead of receiving instructions from administrative authorities, the schools now make decisions for themselves regarding recruiting students, hiring teachers, curriculum modification, and making an annual budget. So far, the result of such transformation seems to be satisfying to all. It not only reduces the burden of government funding, but also allows schools more operational freedom and meets the needs of parents to prepare their children for college education. The only problem is that they have a confused conception of ownership.

Public schools gaining easy permission from the government to be transformed can be categorized into three types at the initial stage: low standard schools, special training schools and new schools. However, the obvious advantage of being transformed into a new mechanism attracts more schools to apply and some well-established public ones are attempted to join the trend. With the market shares being divided by more schools, the private sector is facing a stronger challenge than ever before to strive for education excellence and management efficiency, and at the same time, trying very hard to get more government support within and beyond the policy sphere.

As the contribution made by private sector in educational area becomes even more apparent and important, the public sector feels an obligation to assist. It was reported lately that Beijing Municipal Government granted an amount of RMB 3 million (approximately US$360,000) to three private universities in Beijing to help improve their infrastructure. In Zhejiang province where private education has advanced rapidly in past years akin to the private sector in other economic areas, the provincial government recently issued five new measures to make the investment climate more inviting. They include:
Public-Private Partnerships in the Social Sector

1. tax-free status for educational investment from individuals or enterprises for school infrastructure;
2. investment into schools can come in the form of shareholding;
3. student families are allowed to invest into school construction;
4. schools can charge tuition fees according to the actual per capita costs; and
5. the land used for education is entitled to favorable conditions as a public interest and is given priority.

These are just some signs of movement towards a very promising partnership between the public and private sectors, which present a real solution to China’s great educational demands now and in the years to come.

Education Equity

Before the appearance of private schools in China from the early 80’s, education equity was simplified to mean “equity before academic marks.” In practice, such understanding went to extremes so that public “key schools,” from preschool to higher learning, selected students with top examination scores only. Equity lost its real meaning and test-oriented assessments dominated the whole teaching process, leading to a disastrous situation whereby both parents and students regarded academic examinations, particularly the university entrance examination, as the only goal at which twelve years of schooling was aimed. When the percentage of high school enrollment was only one third of the applicants, and university enrollment was as low as 6 percent, such inequality was dramatically rationalized. The consequences are still keenly felt as far as education remains to be a “seller’s market” in China. The expansion of education opportunities by the private sector provides options for families and students who could have been squeezed out by a series of exams and lost the chance to become a Grade 12 student or a college student.

Early research of one of the South Ocean Schools in 1996 showed that 56 percent of the students in the school are from comparatively high socio-economic groups, with 68 percent of the parents being enterprise managers and business people. The school is aware of the special attention required for students’ moral education and sense of social equity in recognition of the high-profile family background of most students. In addition to its strict discipline of study and living on campus, the school designs programs and activities for students to associate with the community and the outside world. By participating in these regular year-round activities, students have the opportunity to experience different living and learning environments. Each school has an exchange relation with a school in a
remote and mountainous county. Students’ social understanding is enhanced with visits to such exchange schools every semester and by making long-time friends with their counterparts. Books and stationary are often donated to help these exchange schools and students.

South Ocean Schools are aware of the difference in students’ family socioeconomic status. There is an Excellence Program at each South Ocean School for academically oriented students from low-income families to study for higher education. The result is two-fold. The students are financially supported by the school to accomplish one of their life goals and the school benefits from the good influence they exert upon their schoolmates. Although such students are only four percent of the total student population, the program has been well accepted by all parents and the schools are confident to keep it as a long-term program. There are scholarships for students with outstanding school performance. More often than not, such students are from less wealthy families. Last year, two students in Luoyang school were awarded the scholarship and sent on an exchange program with an American public school for three months’ study abroad. As they are from ordinary salary-earning families, the result is very encouraging for those from a similar socio-economic group. Each year, approximately 1.5 percent of the students in South Ocean Schools find it hard to pay full tuition fees. When they are recognized as unaffordable, a tuition waiver is granted on the condition that they do well in school.

The private sector has provided options for education consumers. This “choice” education is positive in meeting certain needs of the market when the education supply has a sizable shortage. Comparatively higher school tuition has certainly created a threat to education equity. However, it reduces the pressure on public expenditure when it can not afford a universal education at certain levels. South Ocean Schools are operated with the belief that more educational opportunities and better quality will certainly lead to educational equity in a real sense.

A Cause with a Vision

After six years of experiment in theory and practice, South Ocean Group has seen its educational ideas take form. It operates as a company investment with chain schools under expertise management with ambitions of gradual expansion: all conducted in the conception of an education industry. In its ambition to become a leading education company in China, South Ocean Group is exploring the following possibilities:
1. Mechanisms of private education investment that coincides with Chinese social and economic development. It aims to utilize individual and social-sector sources to find multiple investment channels to promote an increase educational consumption and to alleviate the pressure on education development caused by seriously inadequate educational funds.

2. Effective and efficient private-school management system with the school principal directly reporting to the school board. It also hopes to improve school regulations in order to guarantee healthy development.

3. Provision of innovative curriculum to serve the need of a potential-stimulating education instead of test-focused training; combining universal education with quality education to find a way for ideal educational service.

4. Excellence education realized by adopting advanced education theories, international methodology and technology innovation for the purpose of producing modern and world citizens to face the challenge of the coming century.

5. Highly competent teaching staff trained and motivated by the belief that they are the valuable human resources needed for the sustained development of an educated workforce while knowing that their proper living conditions are guaranteed and their social status respected.

6. An education industry that caters to the need of China’s social and economic development, which takes into consideration the nature of education being a public service and consumer goods at once. It also seeks to foster an education industry that understands the special rules governing education while operating with market rules.

More than ever before, China’s education is being seriously reflected upon and studied. Privatization and marketization of education has been revolutionizing this traditional and gigantic system to a certain limit, preparing it for the requirements of the new ‘knowledge economy’ era. South Ocean Group has clearly anticipated this and has prepared itself to achieve the goals already set with government assistance and with all possible private and public partnerships. At the same time, South Ocean Group seeks international cooperation in the areas of extension campuses, diploma programs, finance projects and joint-educational ventures.
On June 17, the Central Committee and State Council issued a decision for further educational reform at the Third National Education Conference. Clause 12 states:

Encourage further mind liberation and change of concepts to support non-government sectors in setting up schools of different types in order to meet the rapidly increased mass-demand for education. This will thus shape an educational pattern with government schools functioning in a major role, with public and private schools developing together. All forms of schools can be actively experimented through state laws and government regulations. A bigger step is needed in the development of non-governmental education. Private involvement in education from Grades 10 -12 and in vocational education at the tertiary level is encouraged. The private sector can set up higher learning institutions with the permission of state educational administration. In areas where public primary- and junior high-schools are available, private primary- and junior high-schools are allowed to provide opportunities for choice education, but there should not be one school with two systems. Preschool education should develop with both public and private measures to serve the community. There should be flexible and favored policies to support private education, such as favored land-usage and the waiver of certain fee charges.

Clause 24 also states:

Using effective measures to increase educational input to meet the government annual fiscal expenditure for education of four percent of GNP. People’s government at all levels should carry out the China Education Law to make sure that education expenditures increase substantially. The Central Committee decided that the central government will increase its fiscal education expenditure by 1 percent each year, from 1998 to 2002. The government at the provincial level should also increase its educational expenditure in accordance with the local status quo.

Government money earmarked for education is mainly used for universal compulsory education and as a major source for higher education.

Serious measures should be taken to implement regulations for educational savings, educational insurance, student loans and the improvement of scholarship regulations. Active measures should be taken to utilize fiscal, financing and taxation policies to encourage individuals, enterprises and social sectors to donate for and finance education. A system of multiple channel investment should be constantly improved.
Remarkable changes are taking place in China’s education. It is optimistic to look ahead for a better partnership between public and private sectors, which will enable the world’s largest educational system, with its glorious tradition, to make great contributions to worldwide improvement. We know there is a long way to go and we have confidence.
Country Experience of Samoa

Frances Gerry Brebner †

Population

The most current population census was carried out in 1991. This census recorded a population of 161,298, of whom 52.5 percent were male and 47.5 percent female. It was estimated that by 1996 the population was 165,195. The Samoan population remains largely rural with 80 percent of the population in outlying areas of the two main islands, Upolu and Savaii. Three quarters of the population live on Upolu where the capital and administrative centre, Apia, is located.

Land Area

The total land area in Samoa is 2,785 square kilometers. The overall population density is 58 persons per square kilometer, although in urban Apia the population density is 565 persons per square kilometer.

The Economy

Economic growth in early 1993 was positive after a cumulative decline of about 12 percent in the period 1990-1992. Growth was led by a strong recovery in agricultural production and the service-industry led by tourism. However, the expansion in agricultural production was brought to a halt as a result of a viral-leaf blight that destroyed taro production (a major export and food staple). Two punishing cyclones in 1990 and 1991 also devastated the economy.

The government made a commitment to reform the public sector in order to revitalize the economy. These reforms focused on introducing performance-based budgeting, a commitment to forging partnerships with the private sector, right-sizing the public sector and introducing sectoral strategic-planning (focus-

† Principal Planning Officer, Treasury Department, Samoa.
ing on transparent dialogue with other service providers and stakeholders in each sector in major government departments). Structural reforms and deregulation programs were also initiated. These major reforms were initiated in 1996.

The government has targeted the private sector to be the engine of growth while the government provides a neutral balanced budget. This has been on-going in tandem with a committed government budget strategy that prioritizes education and health in an effort not to penalize social sector development as a result of such reforms.

Role of the Economic and Planning Division of Treasury Department in the Reforms

As a result of the above, the government has committed to strengthening the central planning division housed in the Treasury Department with assistance from the ADB. The Sector and Project Planning Division of this institution decided to promote decentralized strategic sector planning. They encourage the process of setting priorities in developing sectors via dialogue with stakeholders and linking this directly to financial mechanisms available to government, primarily to the government budget and external bi-lateral and multilateral financing facilities. A reference manual has been compiled in an attempt to co-ordinate these efforts in a manner that is consistent and sustainable throughout the government.

Reforming the Education Sector: A Partnership between Government and the Private Sector

Background

There are mainly four basic provider groups in the education sector. An annex of statistics on the education system in Samoa has been provided. A breakdown of major functions of Government and Private Sector/Community Groups are as follows:

Government

- Provides teachers to community primary and junior secondary-schools
- Provides curriculum to all schools
- Provides in service training for teachers
• Provides basic teaching materials to all schools
• Provides all college education (with the three colleges in Samoa).

Community Primary Schools

The community provides the infrastructure for their schools while the government provides teachers, most materials, etc.

Private Schools

There are also three private schools and a number of church schools that communicate with the government in terms of curriculum and teaching standards.

Partnership through Dialogue

Government is encouraging greater dialogue with stakeholders to determine areas of priority and focus for educational development because resources are limited.

There are three basic forums for encouraging dialogue and transparency for development in the sector:

1. During the review and implementation process of the National Statement of Economic Strategy;
2. During the yearly Donors Co-ordination Meetings; and
3. In the preparation stages for the education sector plan.

All these processes feed into one another and into the national budget planning process.

Government Priorities in Developing Education in Samoa

• Expansion of classrooms, vocational training, laboratory and other facilities to support the implementation of a higher quality curriculum in all secondary schools.
• Upgrading school buildings and support facilities in the Government Primary School (Malifa Compound), specifically taking into account the need to alleviate current overcrowded conditions.
• Provision of a properly designed and suitably sited Education Department training and administrative support facilities.
• Specifying an investment program covering the foregoing infrastructure priorities.
• Reviewing the structure of the government system and strengthening the governmental institutions.

These agreed-upon national priorities are in line with education sector priorities contained in the government’s Statement of Economic Strategy (SES) for 1998-1999, and the ED’s Strategic Plan. These priorities are: (1) upgrading and restructuring schools in the Malifa Compound; (2) refurbishing both primary and secondary schools to meet minimum infrastructure requirements; and (3) implementing a single curriculum in all secondary schools and subsequently upgrading Junior Secondary Schools to make them 5-year colleges. Priority (3) would include a much stronger vocational education program than now exists in the secondary schools.

In identifying these priorities, the government undertook extensive dialogue with stakeholders in line with the finances available to government in its budget as well as through aid and soft-term loans from bilateral and multilateral institutions.

Summary of Schools

Primary Schools

The ED’s Strategic Plan and government’s SES both address the need to upgrade school and administration facilities within the Malifa Compound. The Strategic Plan also notes the need to lower student-teacher and student-classroom ratios to specified standards and to control enrolments that have become excessive, resulting in overcrowded classrooms and hazardous traffic conditions.

The Strategic Plan emphasizes the need to provide a healthy learning environment through the provision of adequate physical facilities. Such facilities are those that meet established minimum standards with respect to buildings, furniture, equipment, playground areas, toilet and water supplies. In reviewing the status of Strategic Plan implementation of minimum standards for school buildings, toilet and water supplies, and other facilities, the IPP surveys found that these standards have not been established for primary or secondary schools.

The Government is currently looking into establishing appropriately equipped demonstration (model) schools to provide practical teaching facilities.
Model schools are also intended to serve other important functions, including: (a) providing an enhanced learning environment for students, (b) testing the use of innovative teaching practices and materials, (c) incorporating school management best practices, (d) promoting the development of resource materials by the school’s teachers and students, and (e) accommodating pre- and in-service training for teacher trainees.

Secondary Schools

The secondary school system in Samoa is a two-tier system consisting of government owned Senior Secondary Schools (referred to as Colleges) with Grades 9-13, and Junior Secondary Schools (District Schools) that are owned by the villages in the school district, which include only Grades 9-12. The four government colleges are situated in Apia (3) and in Savaii (1) and currently emphasize academic studies aimed at preparing students for entering university. The majority of the Junior Secondary Schools (JSS’s) are situated outside the Apia urban area, and though offering some vocational training, currently do not have programs that provide any significant level of vocational skills needed in either formal or informal employment. Relatively few Junior Secondary School graduates move directly into full-time post-secondary vocational or tertiary education.

Urban

There are two JSS’s situated in the Apia urban area, called Faleata and Vaimauga JSSs. A strategy to lower student enrolment at Leifiifi College in Malifa would likely require a significant diversion of students to these two schools. Situated closer to Malifa, Vaimauga may constitute a more attractive alternative than Faleata for students that would have been destined to Leifiifi. Infrastructure, equipment and materials are in better circumstances at Vaimauga. Both schools should add Grade 13 and the associated teachers and curriculum expansion needed to become full secondary colleges.

The three government senior colleges located within the Apia urban area include Avele, Leifiifi and Samoa Colleges. Traditionally, the latter is considered the premier college, attracting the most talented applicants from all areas of the country. Samoa College offers the most complete curriculum of all government schools. With 49 teachers, computer and science labs, and a library, Samoa College has considerable resources compared with all other government secondary schools, both senior and junior. In comparison, Avele College has a more limited curriculum, no library, and no computer lab.
Rural Upolu has 11 JSSs but no government senior secondary schools nor vocational (applied) subjects. Grade 12 had begun to be offered in virtually all JSS’s within the last 2 years, but in most schools only one class of grade 12 is being taught.

Grade 12 students in government senior secondary schools begin specializing in subjects, such as science (taking biology, chemistry or physics), geography, accounting, economics and other subjects, which support an academic program aimed at qualifying students for post-secondary education. However, the lack of qualified teachers, materials and/or equipment in Junior Secondary Schools typically prevent them from offering more than a couple of specialized courses. Very few schools had properly equipped facilities with appropriate materials, particularly with respect to courses in industrial arts (wood technology, drafting, and mechanical/metal working), agriculture, and home economics (health and nutrition).

In regard to facilities maintenance, school fees collected by the school district management committees were either not enough or insufficiently allocated to enable adequate, timely maintenance needed to keep facilities in proper working order. In some cases, this may be the result of not efficiently collecting and managing funds, or lesser priority being placed on maintenance compared with other uses of funds.

Junior Secondary Schools are managed by committees that typically have representation from a number of villages that comprise the district. The fact that a secondary school is situated in a particular village, however, often means that the representatives of that village have the most influence in managing the school. In general, committee members have not received sufficient training or instruction in following the ED’s school management guidelines, or the committee has consciously opted to operate according to distinct procedures of its own. The result has been an apparent uneven quality of management from district to district, with consequential uneven impacts on the ability of school principals to maintain education standards and the support of parents, teachers and students.

Rural schools experience particular difficulty in attracting and retaining teachers. Teachers prefer to be in or near the Apia urban area. Lack of housing also contributes to the difficulty in obtaining and retaining teachers. In comparison with government colleges, other factors such as lack of materials, equipment and generally inferior facilities make it difficult to attract teachers to rural district junior secondary schools, particularly in cases when teachers have taken further education to upgrade their teaching or subject skills.
The Grade 12 curriculum in the JSS’s has not been equivalent to that of either the government colleges or mission/private schools. Students completing Grade 12 usually sit the national school certificate exam (Samoa School Certificate Examination). Even if they attain a satisfactory score on the exam, however, they have little opportunity to complete Grade 13, the level of schooling needed to do well on the regional Pacific Senior School Certificate (PSSC) examination. A satisfactory score on the PSSC is needed to gain entrance to the National University of Samoa (NUS), or to be accepted into an overseas university.

Limited opportunity to enter and complete Grade 13 is mainly due to lack of capacity in government senior secondary schools. Only the four government senior secondary schools (Avele, Leifiifi, Samoa, and Vaipouli Colleges) currently offer Grade 13. During the period 1995-1998, average annual Grade 9 intake of the then existing three schools amounted to only 320 students. Enrolment in Grade 9 at one of the senior colleges is the primary way for students to access a full 5-year senior secondary education in the government system. In the last 3 years, Avele and Samoa Colleges (mainly the latter) have each added additional Grade 13 classes, but the number of students completing Grade 12 at other schools and entering Avele and Samoa Colleges is only about 120.

Savaii Secondary Schools

In Savaii, there are eight Junior Secondary Schools and one Senior Secondary School —Vaipouli. The entire island is considered rural. In addition to the eight district junior secondary schools and one government senior college, there are five private secondary schools situated within or in close proximity to the Salelologa area at the eastern end of the island. Distance between secondary schools is generally further than is the case on Upolu, as might be expected given the larger size of the island of Savaii.

The Junior Secondary School facilities, equipment and furniture in Savaii are owned by the villages of the district in which they are located, as is the case in Upolu. The government provides teachers and most teaching materials including subject texts and stationary supplies. In contrast to Upolu, the one government senior college, Vaipouli, is located in a sparsely populated area away from Salelologa, which is considered a developing urban area.

Vaipouli College is the only government secondary school in Savaii offering the full secondary curriculum, Grades 9 through 13. With nearly 300 students enrolled in 1998, there are two classes each of Grades 9-11, 3 Grade 12 classes and 1 Grade 13 class. Although a substantially full curriculum is offered, some specialized courses such as chemistry and computer studies are not available.

Conditions and circumstances in the JSS’s in Savaii are generally similar to those of the rural Junior Secondary Schools in Upolu. Perhaps an even more
severe problem on Savaii is attracting and retaining teachers, particularly in those schools at the furthest distance from the Salelologa area.

**Malifa Compound**

The student population within the Malifa Compound at the beginning of school year 1999 totalled 4755, clearly an excessive number of students in a relatively small urban section of Apia Town. Limiting enrolment intake has remained a problem at Malifa even though some progress has been made in lowering the number of students. Classrooms, toilet facilities, water supplies and other school facilities were found to be generally in poor condition, as detailed in an Architect-Planner’s report.

Options for eliminating or alleviating overcrowded conditions at Malifa are detailed in the Policy Analyst’s Stage 1 Report (Sections 6 and 7.2.1). The recommended option is to renovate existing intermediate school facilities to consolidate the primary school into a single school having grades 1-8 and maximum enrolment of 750 students. Likewise, existing facilities occupied by the college would be renovated to provide well designed structurally and functionally sound classrooms, labs and shops. The renovated college would also be designed to accommodate a maximum of 750 students.

Other compound facilities would include an in-service training complex and a new administration building to house the CDU/Examinations Division and management and clerical staff of the department.

**Processes in Developing an Investment Program**

A major government priority with regard to the investment program has been to link as closely as possible a policy framework that reflects ED and stakeholder development objectives and priorities. An education Mini-Summit co-ordinated between the Treasury Department, the Ministry of Foreign affairs and the Education Department was held May 5, 1999 and was intended to start the process of obtaining stakeholder participation in reviewing and revising the Department’s sectoral plan. A summary of the Summit is being used to review the education sector plan, the national SES as well as to prioritize government programs to be presented at a round-table donors meeting.

The government, therefore, is doing the following to foster a partnership program with the private sector in education:

1. Has declared that the development of both education and health sectors are priorities to the government at the national level;
2. Introducing the concept of stakeholder dialogues as a process of strategic planning through the Planning Division in the Treasury Department (links to the budget and external loan facilities, World Bank and ADB); and

3. Holding donor round table meetings through the Treasury and Foreign Affairs that utilize data from the strategic planning process. This helps identify and prioritize development projects to be financed via external finance in line with what the budget could support as well as the country’s absorptive capacity.

The process of open and transparent dialogue is central to the government’s partnership theme so that all providers are aware and understand the role of each party in the provision of education to the Samoan community. As the head of a developing country, the government is also aware of its role is to ensure that education is available to all students.

At the Post Secondary Education level the government is also encouraging dialogue with the employers to identify areas in which skills are needed to ensure that school graduates are able to obtain employment. A Post Secondary Education Committee is currently being set up to advise the government on issues relating to the Post Secondary Education System.

### SUMMARY INFORMATION ON SCHOOLS IN SAMOA

**Table 1:** Student Enrolment by Year, Grades 1-8 and 9-13, All Schools: 1994-1999

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<th>Year</th>
<th>Grades 1-8</th>
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<th>Grades 9-13</th>
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Table 2: Student Enrolment by Year: 1994-1999 for Government, Mission and Private

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<tr>
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Table 3: Student Enrolment in April 1998 by Education Level: Government Versus Private

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<th>Mission and Private Schools</th>
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<td>Senior Secondary</td>
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### Table 4: Enrolment by Year and by Area: 1994-1998

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Public-Private Partnership in the Philippine Education Sector

Adriano A. Arcelo †

Introduction

Public-private partnership in education is a scheme designed to achieve improved efficiency in the delivery of educational services to targeted clientele, responding to equity concerns without sacrificing quality consideration. Within this framework, this paper aims to define the private as against the public sector and draw the parameters of the relationship, taking into consideration national policies governing the provision of educational services.

This paper highlights the experiences of the Fund for Assistance to Private Education (FAPE) and its affiliate institutions in administering various educational projects commissioned by the government, taking into account institutional characteristics, nature and areas of partnership as well as successes achieved and constraints encountered. Lessons learned in the process have also been identified with some suggestions to develop efficient and effective administration in the quest for world-class quality education.

Definition of Public vs. Private Sector

The public sector covers institutions owned and managed by the government. All public sector employees are governed by the rules and procedures of the Civil Service Code of the Philippines and other laws, policies and procedures pertaining to recruitment, training, employment, pay scale, promotion, retention, disqualification or dismissal, among others. Social security is provided to government employees by the Government Service Insurance System (GSIS) while those employed in the private sector are covered by the Social Security System.

The terms of employment for the private sector are set in accordance with Philippine labor laws and contractual obligations between the employee and the

† President, Fund for Assistance to Private Education (FAPE) and Educational Capital Corporation (ECC), Philippines.
private sector employer. Employment parameters consistent with labor laws are operationally defined in each employee’s job contract. In companies where there is a labor union, the terms and conditions of employment are stipulated in the collective bargaining agreement.

For auditing purposes, public sector institutions comply with the rules and procedures of the Government Auditing Regulations implemented by the constitutional body called the Commission on Audit (COA). Private sector institutions, on the other hand, are audited by certified public accountancy firms.

Parameters of Relationship of Public-Private Partnership

Getting a job contract from the government usually entails public bidding wherein the proponent institution submits a bid together with a performance bond in a form of a deposit. The performance bond is money meant to demonstrate the seriousness of the bidder in securing a particular contract.

Not all government contracts are awarded through public bidding. This usually happens when a job or a project is so highly specialized that only a particular institution is capable of executing the project or discharging the job.

Once an institution is hired for a project, the parameters of relationship for the public-private partnership have to be set based on COA regulations and the terms and conditions entered into by the contracting parties. Depending upon the total value of the contract and existing laws governing such transactions, contracts entered into by any government agency should have prior approval by the Office of the President of the Philippines as processed and ascertained by the Presidential Management Staff (PMS). In some cases, a cabinet official or head of a government office may be delegated to enter into a contract with a private sector partner.

As for the accounting procedures, it is important that the private sector partner fully understands the operational nature of the COA to avoid any disagreement and to ensure the smooth release of funds required for the project. It is also advisable for the private sector partner to discuss the project’s accounting and auditing requirements with the assigned COA auditor before project implementation starts. Such discussions may prove advantageous to the private sector partner since auditors can exercise their discretionary power in drafting implementation guidelines for the project, resulting in improved relations between the two parties. The reports required by the COA should be specified well before the implementation of the project. This is to ensure that all reports necessary for the release and liquidation of funds or for the preparation of the terminal report of the project are produced consistent to COA requirements and specifications. Failure to conform to such requirements can cause serious delays in the release of the fund and hamper the completion of the project. Inabil-
ity to fully comply with COA requirements could even be a cause for a public inquiry on the project.

National Policies Concerning Private Sector Participation in the Provision of Social Services

Since the term of President Corazon C. Aquino from 1986 to 1992, privatization has been one of the guiding principles of the government. As a response, the private sector became active partners in implementing government-funded projects. However, some government bureaucrats, uneasy with this arrangement, perceive private sector participation as erosion of their power. But, there are still more enlightened officials of the government who agree that having a private sector partner is a way to enhance operational efficiency and facilitate the immediate implementation of projects.

The private sector’s participation in government projects is not without its drawbacks. The government’s untimely release of funds often results in delay in the implementation of the project. Such delays are oftentimes conveniently blamed on the private sector partner.

To check this practice, legislation has been enacted that states provisions for the sub-contracting of government-funded projects to the private sector. Such legislation serves as an affirmation of the private sector’s role as a partner in accelerating development in the country.

Institutional Characteristics and Nature of Public-Private Partnership

Institutional Characteristics

The Fund for Assistance to Private Education (FAPE) is a private education foundation mandated to manage education assistance programs for private education, serving as a partner of the Department of Education, Culture and Sports (DECS), the Technical Education and Skills Development Authority (TESDA) and the Commission on Higher Education (CHED). In spite of the millions of pesos worth of assistance provided to the private education sector, FAPE’s initial trust fund of Ps 24.06 million in 1968 still grew to more than Ps 136 million in 1999.

One of FAPE’s major assistance programs is institutional building. Under this program, a highly credible and professionally run testing agency - the Center for Educational Measurement (CEM) was established. As a testing agency, CEM
administers the National Medical Admission Test (NMAT) to all students applying for admission to all medical schools in the country. CEM also has a battery of tests covering almost all aspects of testing in all levels of education.

Another institution established by FAPE, with the support of the private education sector, is the Private Education Retirement Annuity Association (PERAA), a pension fund organization. PERAA is the largest pension fund in the private education sector with assets estimated at Ps 1.5 billion in 1999.

In enhancing excellence through an accreditation system, the Federation of Accrediting Agencies of the Philippines (FAAP) was set up to manage support programs in enhancing quality through voluntary accreditation. FAAP has been utilized by the Commission on Higher Education to discharge its supervisory function and manage the corresponding funding in enhancing the accreditation of educational institutions in the country.

Since 1992, FAPE has been initiating the establishment of institutions as a means to mobilize resources for the education sector, as well as maximize the use of existing resources in private education. Some institutions established as a result of FAPE’s resource mobilization efforts include: the Educational Capital Corporation (ECC), the first and only investment house for the education sector, and its affiliate corporations, namely ECC-Growth and Income Fund (ECC-GIF); ECC Asset Management, Inc. (ECC-AMI); ECC Triple A Property Ventures, Inc. (Triple A Property); ECCNet; FAPE-ECC Retirement Plan Services (FERPS), and the savings and loan association project.

With capital of more than Ps 300 million, ECC as an investment house provides loan syndication, acts as financial advisors to a number of affiliate corporations, and performs other ancillary investment services.

The ECC Growth and Income Fund (ECC-GIF) is a mutual fund company which enables investors, especially those from the education sector, to participate in the capital development of the country. Accepting investments of at least Ps 5,000 per certificate, ECC-GIF to date has Ps 80 million worth of investment funds. Managing the ECC-GIF is the ECC-AMI. The ECC-AMI is an asset management company with a paid-up capital of Ps 10 million.

Triple A Property Ventures is a real property company that has an ongoing subdivision development in Bacolod City, providing low-cost houses for teachers from the private education sector. Triple A Property Ventures also assists private colleges and universities in identifying the best use of existing institutional resources to generate non-tuition income that will support the operation of the education sector.

The ECCNet is an Internet service provider with more than 80 member institutions coming from the private education sector. The national backbone of the ECCNet services the need of the education sector to link up with the world of knowledge available in the Internet.
Besides being an institutional builder and fund provider for the various assistance programs for private education, FAPE is also known for its research work. Many of its research reports in the governance, financing and economics of education also serve as sources of reliable and comprehensive data for policy formulation of the government. Some of the reports were also featured in books published by FAPE such as the first Philippine Atlas that won a prize in the 1976 Frankfurt Book Art International Fair; the book which chronicles the contribution of private education to national development entitled Building a Nation: Private Education in the Philippines by Dr. Isagani Cruz; and the Private School Accounting, School Planning and Manual of Regulations for Private Schools, Colleges and Universities.

In 1999, FAPE spun-off its research and development office into a wholly-owned, independent subsidiary called the Infosearch and Ventures Development Corporation. Its latest project is the production of forty-seven titles of maritime books to be used for the implementation of the project on Enhancing Maritime Education and Training of the Commission on Higher Education. With permission from the publisher and authors, Infosearch has also reprinted a valuable book for maritime training entitled An Introduction to Global Maritime Distress and Safety System (GMDSS), written by Jann M. Olsen and Tor R. Kristensen and published by POSEIDON of Norway. In 1998, FAPE acquired the Educator’s Press as a wholly-owned printing company to serve as the foundation’s printing arm.

**Nature and Areas of Partnership**

FAPE implements two types of projects: scholarship administration, and research and development work.

**Scholarship Administration**

*College faculty development fund*

With funding from the College Faculty Development Fund of CHED, the program provides scholarships to college faculty members of private educational institutions. The CFDF scholarship program was established by virtue of Republic Act 6728 and has been in existence since 1992.

For the first two years of the program’s implementation, i.e. from 1992 to 1994, it was under the management of the Department of Education, Culture and Sports (DECS). The program benefited 30 scholars with funding worth Ps 4 million.
In 1994, the management of the CFDF scholarship program was transferred to FAPE. Under FAPE’s management, the number of scholarships granted rose to 396 applicants with budgetary requirement reaching over Ps 25 million. Because of the increase in the number of applicants and the inadequacy of CHED’s funding support which only amounted to Ps 7,267,500, FAPE had to shoulder the cost of scholarship support from its own fund enabling the continuation of the program. However, in the succeeding years, government was able to provide the budgetary requirements needed to support the scholars such that in 1998, a total of 2,853 scholars and 217 thesis and dissertation grantees benefited from the program with a total funding of Ps 238.514 million.

Post graduate scholarship program and scholarship abroad

By virtue of CHED Resolution No. 802-96 dated March 6, 1996, pursuant to Republic Act No. 8147, the post graduate scholarship program (PGSP) was established. The PGSP was initially administered by the Office of Student Services of the CHED in 1996 and was later on transferred to FAPE in 1997. To date, the program has a total of 474 grantees with 70.46 percent in their master’s program, 28.90 percent in Ph.D. and 7 percent in their thesis or dissertation writing stage.

The PGSP grants scholarships abroad. At present there are 22 PGSP scholars studying abroad with seven being in the United States, five in Australia, three in the United Kingdom, three in Thailand, two in Netherlands, and one each in Israel and Canada. Funding for the PGSP amounted to Ps.80 million for the entire period.

Educational service contracting scheme (ESC)

The ESC is a scheme that enables displaced public school students to enroll in a private school. Government pays the tuition fees that, as a condition, should not exceed the per capita cost in public schools. DECS manages the ESC program with FAPE as its implementing agency. ESC was first pilot-tested over a five-year period by FAPE. The project proved to be a success and was found to be effective as reflected in the higher learning outcomes and lower cost per pupil than that achieved in the public secondary education sector.

In view of the program’s success, President Aquino made ESC in 1986, a federal government project. It was, likewise, incorporated in the Medium Term Development Plan of 1987-1992 as a strategy to provide Filipinos equitable access to education.
The objectives of ESC are:

1. To operationalize quality secondary education in the private education sector, consistent with the mandates of Republic Act No. 6728;
2. To maximize the use of resources in the private education sector;
3. To generate substantial savings for the government through lower ESC costs compared to the “per student costs” in public schools, and through reduced requirements for additional school buildings and new teachers;
4. To operationalize the integration of the private and public education in fulfillment of the Philippine constitution’s mandate of establishing an integrated system of education;
5. To enhance the viability of private schools through the maximum use of private school resources.


In 1998-99, the cost per student in public schools amounted to Phs 3,333.54 while the average cost in the ESC participating school was only Phs 2,742.24. Government’s per capita support to ESC students amounted to a maximum of Phs 1,700 which is much lower than the per capita cost in ESC participating schools of Phs 2,742.24. With the government paying such a low support to ESC students in the private education sector, the government was able to save Phs 346.232 million per year.

In spite of the low per capita support to ESC students, learning outcome was far better than that in the public secondary education as shown by the performance of students in the National Scholastic Aptitude Test (NSAT). In 1996, the average NSAT score of ESC participating schools was at 128.7 compared to the average public school performance of 106.23. In 1997, NSAT score of ESC participating schools went up to 138.08 with public secondary schools registering an average NSAT score of only 114.25.

**Tuition fee supplement (TFS)**

The tuition fee supplement (TFS) scheme is a project wherein pupils enrolled in a private school charging Phs 2,500 per year or below are provided with a tuition fee supplement of Phs 290. This scheme minimizes the pressure on families in bearing the burden of tuition fee increases.
The number of TFS beneficiaries declined from 334,397 in 1996-97, 224,009 in 1997-98, and 165,188 in 1998-99. The reason for the decline is the increase in tuition fees in many private secondary schools beyond the Ps 2500 limit, depriving the pupils enrolled in that particular school the benefit of tuition fee supplement. The Ps 2500 tuition fee limit has been in effect since 1996 and has not been changed to meet present situations.

Research and Development

*Tracer study of graduates*

In 1997, CHED commissioned FAPE to conduct a tracer study of graduates of 1995. A total of 6,701 respondents were interviewed and the results of the survey generated meaningful data that could guide college-bound students in pursuing courses suited to their academic preparation. The earnings profile of employed graduates showed certain variation across curricular programs, occupation, accredited status of the institution and the typology of higher education institution where the graduates completed their studies. Some comparative analysis of the findings with similar studies abroad was also incorporated in the report. The study also identified transition problems and institutional mechanism involved as one moves from the academic to working world. These include the waiting period in getting a job, the means of looking for a job and the linkages between the field of education and the world of work. Study results showed that many of the respondents considered financing a hindrance in getting into their preferred higher education courses. With the unemployment of college graduates continually being a serious problem, the study concluded that this would have been minimized if the right choice of academic course was pursued, the professional licensure requirement was fully complied with, the salary offer had been commensurate to expectation and the place of work was closer to residence.

*Textbook development program in maritime education*

Accelerated reforms have been instituted to enhance the field of maritime education given its contribution to the development of the country by providing employment to more than 150,000 Filipino seafarers worldwide and generating approximately US$2 billion worth of foreign exchange inflow each year. It also serves as compliance with the STCW Convention to which the Philippines is a signatory. As part of the reforms, the country’s maritime education curriculum has been aligned to meet international standards. However, implementing the new curriculum would require the production of updated maritime books. FAPE’s affiliate corporation, Infosearch and Ventures Development Corporation, has been
commissioned by CHED’s Enhancing Maritime Education and Training (CHED-EMET), a project funded by its benefactor, the Norwegian Shipowners Association (NSA), to produce forty-seven titles of maritime books for massive distribution to over a hundred maritime institutions in the country. Slated to cover the period 1999 to 2000, the project will have an initial phase wherein experimental editions of the maritime books will be distributed to selected maritime colleges for evaluation. After this phase, the books will then be distributed in its final edition format.

Testing program

In the field of test and measurement, the Center for Educational Measurement (CEM), an affiliate of FAPE, has had a track record of providing its expertise to DECS. Before the establishment of the National Educational Testing and Research Center (NETRC), FAPE was selected to administer the first two examinations for admission to college called the National College Entrance Examination (NCEE). In addition, CEM’s battery of tests was used in evaluating the impact of the World Bank-funded project in elementary education in the 1980’s. With the mandatory requirement for an admission test to all medical schools, CEM was tasked to administer the test starting from the mid-80s up to the present.

Successes and Constraints

College Faculty Development Program

Alumni of CHED-funded CFDF project have continually expressed their gratitude for the scholarship they received from the program. The attractiveness of the scholarship program to a number of institutions is reflective of FAPE’s strength in reaching out to scholars throughout the country. Before the scholarship was turned over to FAPE in 1992, there were only 30 scholars from a few institutions. Under FAPE’s management, the program to date has granted scholarships to 2,853 beneficiaries.

The CFDF beneficiaries, after finishing their programs, received increases in salary and promotions to higher academic positions when they returned to their respective institutions, giving them greater sense of fulfillment in being in the education sector.

In his inaugural address during the ceremonies marking the conversion of Ateneo de Naga into a university, Fr. Raul J. Bonoan acknowledged FAPE’s sup-
port to the university and said, “I would like to thank FAPE, through Dr. Adrian Arcelo, for these grants as well as for FAPE’s efficient administration of the CFDF.”

In spite of the laudable success of the CFDF, it still encounters funding constraints. For instance, there are far more applicants than there are available funds for the program. Also, the stipend and dissertation and thesis grant have not been sufficient enough to meet funding requirements. Often, offers were turned down because of the inadequacy of funding support, especially for research requirements of those in the science field. Over the years, the quality of applicants too has also declined. To remedy this, faculty scholarship applicants are provided with qualifying courses first before allowing them to take master’s programs.

There is also a significant demand for studies abroad. Thus, there is need to secure more funding for this purpose, especially in crucial fields of studies such as sciences and mathematics. Because of funding constraints, cheaper means in offering master’s or Ph.D. programs from abroad have to be explored, including the possibility of a distance mode of delivery of graduate courses. Corollary to this demand is the need to improve the capabilities of graduate applicants for studies abroad.

*Educational Service Contracting Scheme and Tuition Fee Supplement*

Before the ESC-TFS projects were turned over to FAPE in 1996, the DECS encountered a lot of problems in its administration. Obligations to some of the participating private high schools were unpaid while some received partial payment with DECS unable to assure when the balance will be settled. Also, some schools did not comply with the reportorial requirements.

Under FAPE’s management, steps were taken to remedy the situation. Enrollment slots for ESC and TFS programs were streamlined to justify financial requirements. So as not to increase the magnitude of funding required, no new private high schools were selected to service the program while new participating students were enrolled only to replace first year students who have been promoted to second year.

Periodic consultations with the participating private high schools were also conducted to keep them informed of the status of the project, especially on such critical problem areas as payment of obligations. To fast track the delivery of the programs, FAPE negotiated with concerned government agencies to increase budgetary allocation and accelerate the release of the approved budget. Compliance with COA requirement was of utmost concern in securing the smooth release of the much-needed funds. Budget proposals were prepared early in order to secure better leverage in sustaining the increases in budget. To gain greater support for the project, public information campaigns were launched focusing on the implication of the non-continuity of the ESC and TFS programs, as well as, the non-
payment of obligations, especially from the standpoint of credibility on the part of the government.

Undertaking the activities discussed in this paper can only be possible in a private organization because of its flexibility, unlike in a government organization where each activity is so fragmented across offices. This is especially evident in government’s lack of a concerted effort to sustain the ESC and TFS projects, often leading to neglect of vital program requisites. A case in point, the DECS is so preoccupied with the support it has to provide the public education sector that programs of assistance beneficial to private secondary education, such as ESC and TFS, are treated as minor concerns. Moreover, whenever there is a need to save on budget allocation because of low cash inflow from the government, salaries and wages will be left intact, leaving the budget for maintenance and operating expenses as the usual source in reporting mandatory savings. Since the ESC and TFS budget is under this category, the release of the allocation for these programs is often delayed until the end of the fiscal year when the cash flow situation of the government is expected to improve. If it does not, obligations are then carried over to the next fiscal year, prolonging further the waiting period for ESC participating private institutions.

After three years of implementation, the ESC and TFS projects achieved the following:

1. All obligations of prior year’s payables were paid during the second year of FAPE’s management of the project.
2. All current obligations were paid before the start of another academic year.
3. There is now an increasing desire of many private high school institutions to participate in ESC and TFS.
4. Performance indicators were generated comparing the learning outcomes between public and private secondary education. The results showed that the private secondary education sector had a high performance rating as reflected in the scores achieved by ESC participating private secondary schools, the significant reduction in the drop-out rate and the low cost per student. The low cost per student ratio translated to huge savings with DECS paying only Ps 1,700 per student under the ESC program as against the cost of maintaining public secondary education which is much higher at Ps 3,333.54.
Research and Development Projects

The outcomes of the research and development projects managed by FAPE have been used extensively in the formulation of various policies of DECS, other government offices and international organizations that have education projects in the country; with some receiving citations in a number of books and academic journals. Two books dealing on higher education and the labor market were published by the International Institute for Educational Planning (IIEP) of UNESCO. Papers written by prominent economists on the economics of education in the Philippines also utilized, extensively, data generated by FAPE-commissioned researches.

Being a private organization, FAPE is able to contract the services of top consultants and experts in the conduct of its various researches. This is not possible with the government since the pay scale in the public sector has to conform to public wage standards and position classifications, as well as, the auditing regulations of COA.

Equity, Quality, Effectiveness and Efficiency Considerations in Implementing Publicly-funded Projects through Private Sector Partners

Turning to the private sector in the implementation of publicly-funded projects enhances the effective delivery of public service, especially in the field of education. There is a greater sharing of responsibilities with the private sector partner and, in the process, synergistic effects are achieved. While the government pays for the management fees in the implementation of projects, such fees however, compensate for the hidden costs that will be incurred if the projects were to be implemented by government departments.

In the case of FAPE, from the management fee of roughly five percent that it receives, two percent is allocated to financing its grant-giving function to the private education sector, while the balance of three percent is used to cover the operating expenses in implementing the project. Thus, by chartering FAPE in administering various projects, the government is, in the process, assisting the private education sector.

Based on the experiences of FAPE in administering government-funded projects, the following are some of the suggested guidelines in assuring the quality of outcome, equity, effectiveness and efficiency in a public-private partnership:
1. Performance indicators must be clearly defined and effectively monitored. Achievement of such indicators must be one of the conditions for renewal of contract or conversely, its possible termination.

2. The project’s per unit cost must be agreed upon during the negotiation stages and contingencies for cost escalation must be incorporated in the contract.

3. Periodic analyses of performance indicators in relation to per unit cost must be performed.

4. A profile of the target clientele must be outlined and the report on the beneficiaries of the project must be consistent to the defined clientele profile.

5. Before the project reaches completion, a preliminary analysis of the impact of the project in terms of achieving its objectives and reaching out to the targeted clientele must be made.

Conclusion

As stated in the objectives of this paper, public-private partnership in the delivery of educational services, indeed, proves to be cost efficient. It has achieved laudable successes in spite of certain constraints encountered.

The experiences discussed in this paper provide insights as to how the effectiveness of public-private partnership can be further enhanced. Consequently, such advancement of public-private partnership will ultimately redound to its beneficiaries — the people, empowering them to face the challenges of the next millennium.
Promoting Public-Private Partnership in Health and Education: The Case of Bangladesh

Manzoor Ahmed †

Introduction

Bangladesh is chosen as the subject of this case study because of the rich experience it offers on public-private partnership, especially in respect of the scope and diversity of NGO activities in social services. The case study attempts to examine the Bangladesh experience with the aim of highlighting the issues in relationships and interaction among multiple actors in both public and private sectors. It also aims to draw conclusions regarding strategies for promoting effective partnership with the aim of expanding the reach and improving the quality of health and education services. The case study is not meant to be a comprehensive review of health and education sectors of Bangladesh. Nor is it an extensive survey of programmes and activities of the well-known NGOs and various other actors in public and private sectors. Information about health and education sectors and about the different actors in these areas have been presented to the extent these have been considered necessary to throw light on the nature of cooperation and partnership among stakeholders in public and private sectors.

Building a strong alliance among all those who can contribute to meeting the needs of people in respect of basic social services is a concern shared by the Asian Development Bank and UNICEF. It is expected that the case study, besides being used in the ADBI workshop, will be relevant for both organizations in carrying out their development cooperation activities. UNICEF in Bangladesh is engaged at present in preparing a new five-year programme of cooperation with Bangladesh. Among questions that have to be addressed in the course of programme preparation are: what the roles and obligations of different actors are in fulfilling the rights of children and women, including the rights in respect of basic health and education; and how the necessary conditions can be created for these actors to discharge their responsibilities effectively.

† Director, UNICEF Office for Japan.
A case study is an inductive methodology of enquiry that allows exploration of issues in a specific context with the aim of gaining an understanding of more general principles and concepts. This study has been undertaken in this spirit — to assist in exploring issues by the participants of the ADBI workshop and others who are interested in the subject. It is expected that other case studies and research under the auspices of the capacity-development project of ADBI will help build a body of knowledge and deepen the understanding of partnership for effective social services. The author is responsible for the content of this case study. The views expressed in it are not necessarily those of ADBI or UNICEF.

Premises and Definitions

The case study of partnership in health and education sectors are based upon three premises:

1. Health and education are critical areas of activity for national development;
2. The “public good” character of health and education and the scale of effort required to meet society’s needs in these two areas call for close cooperation of all stakeholders in both public and private sectors;
3. The current status and future prospects of public-private partnership are contingent upon country-specific circumstances.

Improving the health and education status of the population is both the end of national development and the means to achieve and sustain development. The Human Development Index (HDI) used in reporting and assessing progress of nations in the annual Human Development Report of UNDP consists of health and education as the major components, in addition to income indicators. The health component of HDI is represented by average life expectancy, as a proxy for the health status of the population. The education indicators include adult literacy rate and gross enrollment ratio in the first, second and third levels of education. (UNDP, 1998). The strategy advocated by the World Bank for tackling extreme and large-scale poverty is to combine three major elements — poverty-reducing economic policies, investment in health and education to build people’s capabilities to participate in economic opportunities, and the creation of social safety nets for highly disadvantaged groups in society. Another key element of social safety nets is the guarantee of access to basic health care and basic education (World Bank, 1990). Assurances of access to basic health care and education opportunities are so critical to protecting human well-being and promoting human dignity that these have been proclaimed as human rights in several international legal instruments, including the International Covenant on Economic, So-
Public goods are described in the economic literature as “non-rivalrous,” when something can be consumed by an individual without detracting from its consumption by others; and “non-excludable,” when benefits of a good offered to one are impossible or costly to withhold from others. These characteristics of a product or a service are also described as “externality” in economic jargon, which refers to positive or negative effects on others besides those directly involved in an economic transaction. Economist Paul Samuelson provided the classic definition of public goods in his article “The Pure Theory of Public Expenditure,” in Review of Economics and Statistics, 36, 1954.

Most, if not all, of education and health activities are archetypal “public goods,” in the sense that these are collectively consumed resulting in individual and collective benefit.1 Because of their very nature, satisfactory provisions for public goods cannot be made through market competition. Adequate supply of public goods requires cooperation of all agents or stakeholders involved in contributing to or benefiting from these goods. An alternative to cooperation can be a coercive arrangement for providing and rationing public goods controlled by a dominant state.2 However, from both a pragmatic and ethical point of view, cooperation is preferable to coercion. Another pragmatic justification for cooperation and partnership is the scale of the needs (if universal and equitable participation in health and education is the aim) and the limit to the states’ resources and management capacity for meeting these needs, especially in developing countries. The state needs to enter into a partnership relationship with all who can contribute, and delineate for itself the roles and functions in which the state has a comparative advantage.

The global trend in the 1990s of questioning and seeking to redefine the relationship between the state and civil society has influenced thinking in developing countries including Bangladesh. In fact, in many countries concrete steps have been taken to open the door wider for public-private partnership in areas hitherto regarded as the domain of the government. Increasing acceptance of NGOs in many areas of social sector activities is a case in point. The degree of openness and the nature of the relationship, however, vary considerably even among countries in South Asia. The manner the relationship has developed and the future course it will take are dependent on factors and circumstances specific to each country. Important variables include the history and tradition of provisions for social services, the tradition in respect of civil society organizations, the state of development of the private sector and the NGO community, the public administration structure, and the

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organizational culture and behaviour in the civil service system. In other words, the specific circumstances have to be taken into account to understand the status of public-private partnership and to promote appropriate forms of partnership. Hence, a case-study approach is regarded as particularly useful.

The case study approach begs several questions which have to be answered, at least provisionally:

1. What is partnership in the context of the responsibilities of the government and other actors in health and education fields?
2. Who are the principal actors in the potential partnership on either side of the public-private divide?
3. What are appropriate criteria for judging the effectiveness of partnership?

The Spectrum of Relationships

A range of relationships and interaction between the public and private actors is possible and exist in reality. This can be placed in a spectrum from no relationship or interaction between the public and private actors to a very close and multifaceted relationship of collaboration as shown below.

**Parallel activities:** Public and private activities are carried out without any contact with each other or acknowledgement of the existence of each other.

**Competitive activities:** The activities in the public and the private sector are carried out with same or similar objectives, targeting common clientele and competing with each other, which may mean either wasteful duplication of activities or enlargement of choices for the beneficiaries.

**Complementary activities:** Activities or services from the public and the private sectors complement each other in terms of nature and content of services or geographical and population coverage, either by design or incidentally.

**Contractual services:** The government contracts private sector for providing specified services for agreed fees, with the contractor being accountable to the government authority.

**Cooperation and collaboration:** Public and private actors work together on the basis of shared objectives, strategies and agreed criteria regarding assessing process and outcome; the partners also cooperate in de-
veloping common objectives and strategies and criteria for assessment of activities.

The above are not necessarily mutually exclusive categories. A collaborative relationship may include elements of contractual, complementary or even parallel arrangements when such a combination is mutually agreed for advancing the shared objectives. There is also no value judgement implied in these categories. Parallel activities by different actors are not a model of partnership, but this may be appropriate and efficient in certain circumstances.

Who are the Partners?

Neither the state nor the private sector is monolithic. The private sector clearly includes multiple actors engaged in various ways in the health and education services. By the same token, the government, even in a relatively centralized structure, includes many geographically and functionally separate components with differentiated roles and authority. An empirical enumeration in the context of Bangladesh is given below:

**Public Sector Partners**
- National government
- District administration
- Municipal authorities
- Local government bodies
- Para-statal corporations
- State universities and research organizations

(In larger countries and a less centralized structure, the state/provincial government would be an important actor especially in the social sector; since under the constitution, the social sector in many countries is a state/provincial responsibility.)

**Private Sector Partners**
- Commercial for-profit enterprises
- Development-focused voluntary non-governmental organizations (NGOs)
- Cooperative societies
- Community-based organizations
- Religious organizations
- Professional organizations
- Trade unions
Research and academic institutions
Households

(Households are generally consumers rather than providers of services. But they are the source of a major part of the national expenditure on health and education. They also need to be informed and active decision-makers regarding the quality and availability of services, their management, and their utilization. Households, therefore, are key actors and need to be brought into the fold of an effective partnership of all stakeholders.)

Judging Effective Partnerships?

The “public good” character of health and education means that the market does not provide answers regarding distribution of the goods and efficiency in their production. The nature of partnership involving multiple actors, the spectrum of partnership relationships, and the influence of the socio-economic context in which partnership is shaped all point to complexities and nuances of partnership. Criteria for assessing the efficiency of partnership, therefore, have to be based on normative and pragmatic considerations.

The principles of “non-rivalry” and “non-exclusion” of public goods logically point to the criteria of universality and equity in judging the value of partnership. Given the competing demands on scarce resources in developing countries, efficiency in terms of optimal benefits from a given cost must be an important criterion. Accountability to various stakeholders regarding objectives, process and outcome in basic social services also is a key consideration, which, in fact, ensures that equity and efficiency criteria are applied. In other words, four sets of criteria for judging the design and the results of partnership can be identified. These are universality, equity, efficiency and accountability of basic services.

*Universality* refers to access for all who are eligible to a type of service; for example, universal primary education for all children in the primary-school age group.

*Equity* is an elaboration of the universality criteria in terms of ensuring acceptable quality of service for all; sharing of costs equitably when a cost is necessary to be imposed; and special attention to groups disadvantaged due to historical, economic or cultural reasons.

*Efficiency* has two aspects. Internal efficiency in terms of operations and management of an activity to achieve maximum output for the least cost;
and external efficiency in terms of achieving best results in terms of objectives of the activity for the least cost.

Accountability refers to holding the providers of services answerable to the beneficiaries and other stakeholders regarding both process and outcome of a program. Openness and transparency in management and a participatory approach in planning, making key decisions, and evaluation are necessary conditions for accountability.

An Overview of the Health Sector

The Health System

With 125 million people packed in an area of 147,000 square kilometers, Bangladesh is one of the most densely populated countries in the world. It would be comparable to have the whole population of Japan live in just one-third of Japan’s territory. The per capita income of about $250 makes Bangladesh, as a country, the largest geographical concentration of poverty in the world. These facts have many profound implications for health services in Bangladesh.

Less than 40 percent of the population has access to basic health care beyond immunization and family planning (Abedin, 1997). Two-thirds of children under five years of age are malnourished. Estimate of infant mortality rate for 1997 is 81 per 1000 live births compared to the average of 65 for all developing countries. The life expectancy is 58 years compared to 63 years for developing countries (UNICEF, 1998).

Of the approximately 20 million children in Bangladesh under five years old, 380,000 die each year, mostly from causes which are readily preventable or treatable, such as pneumonia, diarrhea, measles, and neonatal tetanus. Maternal mortality rate of 4.5 deaths per 1000 live births is one of the highest in the world. This translates into at least 15,000 pregnancy-related deaths every year. Ninety-five percent of all deliveries still take place at home rather than in a medical facility.

Some glimmers of light can be seen when this bleak picture is placed in a historical perspective. Some remarkable advances have been recorded in recent years. As one observer put it, “Few countries in the world have improved their reproductive health care and child health services to the same extent in such a short time as has Bangladesh” (Perry, 1999).

In the past two decades, the total fertility rate has fallen from 6.3 to 3.3 births per woman of reproductive age (Mitra et al., 1997). Modern methods of contraception use among women of reproductive age has risen in two decades from 5 percent to 42 percent by 1997. Infant mortality rate has declined from 129
to 81 deaths per 1000 live births. Immunization coverage of children against com-
mon preventable diseases increased from 2 percent to 70 percent in a decade. As a part of the global effort to eradicate polio, National Immunization Days held
twice yearly have been reaching with oral polio vaccines more than 90 percent of
the 20 million under-five children. Vitamin A is given to children at the time of
immunization and through a Vitamin-A week campaign. As a result the number of children going blind each year has dropped from 30,000 to 6,000 and resis-
tance against common illness is bolstered for children. The percentage of house-
holds consuming iodized salt has increased four-fold in four years to 78 percent
by 1998, reducing the ratio of mental retardation in general and perinatal mortal-
ity in hyper-endemic areas.

Progress on these several fronts is impressive, but it does not add up to a
strong system of basic health care of acceptable quality and with wide access and
participation of people. A consensus has now emerged that further reductions in
child and maternal mortality, endemic and infectious diseases among the general
population, and the fertility rate will require effective provisions for a package of
essential health care services which meet acceptable quality standards and which
are accessible universally. It is also being accepted that the fertility rate can con-
tinue to decline only with progressive reduction of infant and child mortality and
the assurance of survival and healthy growth of children.

The Health Network

There exists an extensive rural health care and family planning network in the
country (Table 1). However, only a small minority of the population uses these
facilities. Studies indicate that less than one in 12 rural villagers who are ill re-
ceive treatment in a government facility (BBS, 1995a). In contrast to the small
proportion of the population seeking help from government facilities when ill, the
proportions served by outreach activities such as child immunization and family
planning are substantially higher, because of the special intensive effort made for
this purpose.

Studies and observations regarding the causes of the low utilization of
government rural health services suggest the following:

- Frequent absence from post of personnel or unpredictable presence for
  only short hours; large unfilled staff vacancies in many facilities.
- Absence of essential supplies, medicine and equipment.
- Rough and unsympathetic behaviour of staff with patients.
- Demand for unofficial payment and other forms of mismanagement and
corruption.
Table 1: Public Sector Health Care Services Unit (1996-1997)

<table>
<thead>
<tr>
<th>Facility</th>
<th>Unit</th>
<th>Services/Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Referral Hospitals (78)</td>
<td>64 districts (Average pop. 2 million)</td>
<td>Clinical and hospital services with 50-200 beds and staffed by professional medical personnel</td>
</tr>
<tr>
<td>Thana Health Complex (370)</td>
<td>460 Thanas (Average pop. 250,000)</td>
<td>Outpatient services and limited hospital services; Medical Officers assisted by paramedics.</td>
</tr>
<tr>
<td>Union Health and FW Centers or Rural Dispensary (3250)</td>
<td>4700 union (Average pop. 25,000)</td>
<td>Base for out-patient service and health and family welfare education and outreach – 2 paramedics – (a pharmacist in one quarter of facilities)</td>
</tr>
<tr>
<td>Satellite Clinics For Family Planning Advice (34,000)</td>
<td>8 per union (Average pop. 3,000/clinic)</td>
<td>Clinic held once a month by paramedic from Union</td>
</tr>
<tr>
<td>EPI outreach station (108000)</td>
<td>24 per union (Average pop. 1,000/unit)</td>
<td>Clinic held once a month by paramedic from Union</td>
</tr>
</tbody>
</table>

Number of government & private medical college/institutes 19  
Number of government specialized hospitals 23  
Number of other teaching, referral hospitals 18  
Number of government health field workers (Family Welfare Assistants/Health Assistants) 43,500  
Number of NGO field workers in Family Planning services 7,000  
Number of government paramedics (Medical Assistant/Family Welfare Visitors) 10,000  
Number of registered nurses 11,200  
Number of registered doctors 25,000  
Population: doctor ratio (active doctors only) 6,500:1  
Population: nurse ratio (active nurses only) 20,000:1  
Population: hospital bed ratio 3,300:1  

(Sources: Bangladesh Bureau of Statistics, 1996 and 1997, HEU+Data Int’l, 1998; Perry, Table 3.2)
Public-Private Partnerships in the Social Sector

• Poor supervision, lack of accountability and continuing atmosphere of “rivalry” between Directorate of Health Services and Directorate of Family Planning.
• Highly centralized style of management, with limited authority and accountability at the local level (e.g., transfer and recruitment of the lowest level of personnel decided at central level, which takes a long time and often done without regard to circumstance at the local level.)

Resources for Health

In 1996-1997, US$1.30 billion (Tk 5,470 crore) was spent for health and family planning services in Bangladesh. This amounted to 3.9 percent of GDP and a per capita expenditure of US$10.60 (Tk 443). Only 34 percent of national health expenditure was made from the public sector, 63 percent came from households, and 3 percent from other sources including NGOs and employers.

Of the total health expenditure, almost half (46 percent) is spent for drugs at retail drug outlets, about one-fifth (19 percent) for hospital services, 8 percent for medical practitioner’s services, 6 percent for diagnostic services such as x-rays and lab-tests, and the remaining one-fifth (21 percent) on educational, research and training activities. Less than one percent of all household health expenditures are made at government facilities or services.

The financial overview of the health sector shows that the government is responsible for about one-third of the national expenditure for health and that from the standpoint of household expenditures for health and access to benefits government services have a marginal position (HEU and Data International 1998).

Non-Government Involvement in the Health Sector

NGOs in Health

The major financial involvement of households and the large expenditures incurred through private sector drug shops and non-government service providers and practitioners have been noted. In addition to these actors in the health sector, the non-governmental voluntary organizations (NGOs) also play an important role. Over 4,000 non-governmental voluntary organizations including several international NGOs and large national NGOs are active in the health, family planning and nutrition activities.

NGOs are estimated to provide family planning services to about one-quarter of the eligible couples (World Bank, 1998b). USAID and the World Bank have supported close to 200 NGOs which together have been providing almost
one-fifth of all family planning services in the country. The community-based outreach and distribution of contraceptives carried out by NGOs contributed significantly to the success of the Bangladesh Family Planning program.

BRAC: The health activities of BRAC,\(^3\) perhaps is the largest non-sectarian and national private development organization in the world, illustrate the nature and significance of NGO involvement in the health sector. BRAC’s multi-sectoral development activities including health, education, credit, income generation, and organization of rural self-help groups are carried out through an elaborate structure through 20,000 full-time employees and 34,000 part-time teachers. It reaches 50,000 of the 86,000 villages in the county, serves some 38 million people and has an annual budget of over US$100 million. Health and family planning activities are an integral part of its development program. BRAC has offered its services to pilot or implement special national health drives such as child immunization, child nutrition, use of oral rehydration therapy for diarrhea and community-based diagnosis and treatment of tuberculosis. It has also promoted the primary health care approach including maternal and child health, nutrition and reproductive health for the communities it serves. A system of voluntary community health workers called Shasthya Sevika or health volunteer, trained and supported by BRAC’s local organizations, to serve as a health promoter in her own neighborhood, is a key element of BRAC’s approach. BRAC is now engaged in developing and expanding a system of rural primary health care centers more widely (BRAC, 1998).

Grameen Kalyan: While BRAC is the largest of the NGO actors in health, it is by no means alone. Grameen Bank, with its 11,000 employees and its network of over two million beneficiaries of small credits in 34,000 villages, has earned international acclaim for pioneering the “micro-credit” approach to assisting the poor. It has learned from its own experience that ill health and health hazards are a catastrophe that can befall a poor family struggling to escape poverty with the help of Grameen’s small credit. The Grameen Group has launched a system of primary health care called Grameen Kalyan (rural well-being) with community health centers in communities served by it.

Gonoshasthya Kendra: The Gonoshasthya Kendra (GK or Peoples Health Center), although operating on a smaller scale than BRAC or Grameen, has pioneered the employment of female paramedics in Bangladesh and emphasizes

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\(^3\) Born as a relief and rehabilitation organization during the Bangladesh war of liberation in 1971, the Bangladesh Rural Advancement Committee, has emerged as a multi-faceted development organization which is not exclusively rural and is now known simply as BRAC.
self-reliance and community involvement in a health and family planning pro-
gram that is effective and equitable. It operates in 12 areas in the country,
serving a population of 600,000 through health centers and sub-clinics in each
area. The headquarters of GK based in Savar, for example, operates four sub-
centers in the Savar and Gazipur Thanas serving a total population of 165,000.
Paramedics, who are visited by a physician from the Centre twice a week,
staff the sub-centers. The paramedics also make home-visits bringing basic
health care and health knowledge to each family. The Center at Savar, equipped
with necessary hospital facilities, handles referrals from the sub-centers. Use
of adequately trained and supervised paramedics for managing all routine treat-
ments, emphasis on prevention and health education, and a community risk-
pooling arrangement with a small fixed monthly payment for guaranteed speci-
fied services are key features of the GK approach. Payment from the villag-
ers covers about half of the total cost of the health program. GK leadership
appears not to have fully explored the potential for expanding the model
more widely. Instead GK has moved on to other important health issues
including establishment of a modern manufacturing plant for essential ge-
neric drugs and setting up a medical university and hospital in order to in-
troduce medical education in line with its philosophy of “people-centered”
health and development.

Dhaka Community Health Trust: The Trust, begun in 1987 by a group of doc-
tors previously associated with Gonoshasthya Kendro, aims to provide a self-
sustaining, low-cost and quality health care to low-income people. It operates a
60-bed hospital including an outpatient department and a 24-hour emergency
room as well as 18 rural primary health care clinics serving a population of
300,000.

An active role by the community in financing and managing the clinic and
its services is a distinctive feature of the DCHT program. A community risk-
pooling system is used for rural clinics. By paying Tk10 (US$0.20) per month,
members receive household visits and free consultation at the clinic and medi-
cines at low price. Costs are kept low by buying generic medicines in bulk and
keeping services “low-tech.” About 60,000 households are enrolled in the risk-
pool. A children’s health-check and referral service is offered to 10,000 children
at Tk5 ($0.10) for each child per month. An Industry Health Insurance Scheme
has enrolled 17,500 workers, many of whom are women in garment factories,
served by clinics on the work sites.

The Trust also operates a training program for community-based health
workers, provides family planning services, organizes annual health camps
in rural areas, and supports a health research and publication effort. The
Trust is unique in adopting the principle of full self-reliance and not being
dependent on external donor assistance. It is a model that has important
lessons for developing an effective and sustainable health care program with access to it for all.\textsuperscript{4}

\textit{Other NGOs:} Close to 200 NGOs of varying size have received substantial assistance from USAID and the Bangladesh Population and Health Consortium (consisting of UK Dept. for International Development, the Canadian International Development Agency, the Swedish International Development Agency, and the Netherlands Government) since the late 1980s to carry out family planning and maternal and child health services. All together these NGO activities have served over 20 million or about 15 percent of the population in the country. The activities have been aimed at supporting, intensifying and complementing the national public program of family planning and maternal and child health care. BRAC and Care International between them undertook major responsibility for social mobilization for child immunization in over 300 Thanas, covering over two-thirds of the country’s population.

It is generally reorganized that the efforts of the NGOs have contributed significantly to the reduction of fertility rate and the decline of infant and child mortality achieved over the last two decades. While contraceptive prevalence rate among married couples is around 40 percent in the country, it is reported to be close to 60 percent where NGOs are more active (Poptech, 1995). One evaluation reported that 67 percent of women in the catchment areas of NGOs supported by Bangladesh Population and Health Consortium have visited Health and Family Welfare centers or clinics compared to the national average of 25 percent. There is a significant amount of cost recovery and a much higher attendance generally in NGO-managed rural health clinics compared to negligible cost-recovery and well-documented under-utilization of services in the government rural health centers and clinics.

There is a general agreement that an important strategy for reaching the population effectively with family planning and basic health care services and promoting peoples’ utilization of the family planning services is to develop and deploy a cadre of community health volunteers to assist the full-time paramedics and health workers. The public system has taken several initiatives to launch a system of community health volunteers under various projects, such as LIP (Local Initiative Programmes in over 100 Thanas), TFIPP (Thana Functional Improvement Pilot Project — in 55 Thanas in 60 districts) and the Jiggasha project (aimed at training of informants and discussion group leaders for local family planning target groups, active in 18 Thanas). Typical assessments of these efforts range from inconsequential to negative (Poptech, 1995) in terms of their impact.

This negative evaluation is in sharp contrast to the positive assessment of community volunteers of NGOs such as Shasthya Sevika of BRAC. This is not unexpected in view of the organizational culture and management environment of the government and NGOs. One observer notes that “one of the most important lessons learned from the Thana Functional Improvement Pilot Project is that the provision of additional financial and material resources to government health care services system is not an appropriate strategy for reforming the system when the dysfunction in the system is largely due to excessive centralization and bureaucratization” (Perry 1999, p.259).

Private Practitioners: Non-certified private practitioners are most commonly the first contact for people in need of medical attention. These contacts include a wide variety of people ranging from traditional doctors practicing medicine originating from ancient Indian tradition (Ayurvedic), or from Central Asian origin brought to South Asia hundreds of years ago (Unani), to those offering allopathic and homeopathic treatment; local healers or holy man claiming special healing power, and the local pharmacy owner. According to one source, there was one self-employed private health care practitioner per 1000 people in the 1980s (Claquin, 1981). If this estimate is still valid today, and there is no evidence to the contrary, there are approximately 120,000 private health care practitioners of all sorts today in Bangladesh. The largest group (estimated to be about 40 percent) consists of those who are mostly self-taught or have gone through some form of paramedic training and who usually prescribe modern allopathic drugs. The registered medical practitioners trained in recognized institutions constitute barely 20 percent of the total private practitioners.

The government has not seriously considered training, certifying, regulating or bringing into a coordinated system of health care the large number of self-appointed medical practitioners who actually provide some sort of service to the large majority of people in need of medical help. Only once in 1978, the Government launched a training program for “barefoot doctors” in line with the Chinese model. One year of training in curative and preventive care was given. Although the medical skills and the benefit they could offer, especially in the villages, was regarded favorably, this program was abandoned.

Pharmacy-owners: There are some 85,000 drug retail outlets in the country, approximately one for every 15,000 persons (Poptech, 1995). They not only sell drugs, but are also the source of medical advice and treatment. Most stores have physicians on duty. These stores have been an important vehicle for making family planning supplies and oral rehydration salts available widely. It was noted earlier that half of all household expenditures for health (and one-third of total national expenditure on health) are made in these stores. The drug stores, therefore, have become the most widely accessible and ready
source of health care service to the people of Bangladesh. By the same token, they are also the common source of misuse and abuse of drugs, leading sometimes to serious health hazard, and often-tragic waste of the meager funds of poor families.

Key Features of Non-Government Involvement

The brief overview of the provisions for health services indicates key features of the involvement of the private and the public sectors.

1. In the total national effort to provide for health services, the government is a minor actor in terms of the total health expenditures and peoples’ utilization of services, contrary to general impressions. As noted, roughly one-third of the total expenditures is in the public sector. People’s reliance on services provided in the public sector parallels the relatively low proportion of public sector resource outlay.

2. When certain preventive services, especially family planning and child immunization, have reached a large proportion of the eligible population, non-governmental organizations active in health and family planning have been engaged in a major collaborative relationship with the public sector services or have run their own complementary programs.

3. Although an extensive network of public sector health care and family planning services exists in the country, their quality does not generally meet a minimum acceptable standard; they have widespread reputation of mismanagement, corruption, inefficiency, and of being devoid of a friendly service-provider attitude. The public facilities are utilized considerably below their expected capacity.

4. Preventive and basic curative care provided by NGOs are generally regarded as more effective, more client-friendly and utilized more frequently than public facilities. However, their coverage is relatively small, and they do not often offer comprehensive services for the entire population of an area. Although some of the NGO programmes have demonstrated a record of partial cost recovery, their overall dependence on external donations make their sustainability uncertain.

5. The private sector service providers in health, besides the NGOs, include the certified and non-certified practitioners, the retail drug outlets, and the private diagnostic test facilities, and account for three-quarters of all health sector expenditures. However, these providers are the sources of major misuse, abuse and wastage of the health expenditures in the country, as reflected in the poor health care services and poor health status of the population.
6. Although health expenditure through the public sector is relatively small and may remain so in the future, there is no substitute for a strong public sector role in setting policies and priorities for the nation, protecting public interest, establishing and enforcing regulatory mechanisms, and mobilizing and directing resources to national priorities. In a democratic society, people have a say and exercise their control over policies and priorities in a vital area of national interest through active public sector involvement. In protecting public interest, the government also has to be the provider of last resort for vital public goods, if these are not provided by other means.

7. At the same time, effective protection of public interest demands that the large and important role of NGOs, households and the other actors are recognized; that they are taken into account in maintaining an overview of the sector by the government and in guiding policies and priorities; and that the policy and regulatory environment is created for all actors to play their collaborative, complementary, parallel or competitive role. The first step in this direction is to recognize the place and role of various actors in shaping national policies and priorities in the sector.

Policy about Partnership in Health

Important recent documents of the government — especially the Fifth Five-year Plan, the draft of the National Health Policy, and documents related to major new health development initiatives provide an indication of official thinking regarding the role of partnership.

Fifth Five-year Plan

The Fifth Five-year Plan (1997-2002) prepared by the Planning Commission of the Government as the guide to national investment in development programs included several statements about the nature of involvement of NGOs and the private sector in health:

“Involvement of the private sector and NGOs will be promoted with a view to achieving the spirit of participation and ownership in health development. Private sector and NGOs will be encouraged to set up hospitals, policlinics, pharmaceutical industries and to develop human resources and produce equipment. Mechanisms to enhance private sector financing will be explored through incentives for investors in health sector. The role of the government will be mainly limited to policy setting, monitoring and control.” (p.463)
“Concerning the provision of tertiary health care to the public, the government recognized its limitations… [It would support] promoting the private sector to provide tertiary health services with the government playing a monitoring and regulatory role.” (p.463)

“The basic health needs of the population, especially the need of children, women and the poor will be met [by public services] …other health services will be expanded and improved through partnerships with or contracting out of services to NGOs and private not-for-profit hospitals and through a larger and better regulated role for the private sector…” (p.464)

In respect of population programs, the Plan aims:
   “…to enhance collaboration between government and NGOs delineating specific functional areas, where necessary, and to involve NGOs in a larger scale to help achieve demographic goals and other social objectives…” (p.466)

   “The share of NGOs’ contribution to the recruitment of total contraceptive users in the next five years is projected to progressively increase from 2.6 million in 1997 to 6.5 million in 2002.” (p.473)

In the area of human resource development:
   “…[Plans] will be implemented through the concerted efforts of the institutes and facilities of the Ministry of Health and Family Welfare. However, these institutes will also collaborate with those in the private sector and operated by NGOs.” (p.470)

In respect of monitoring, research and evaluation it is expected that:
   “…the existing research institutes …will be strengthened …collaboration of private organizations/institute and NGOs will be fostered and encouraged.” (p.471)

The Plan anticipates and encourages private sector investment in health, in general:
   “…Business organizations/institutions in the private sector should be encouraged to involve themselves in population sector activities. They can invest in production of FP/MCH commodities and equipment… The private hospitals and clinics can provide reproductive health care and charge for services…” (p.473)
“The Government is planning to further encourage the participation of private investors in the health sector … The government will gradually promote private sector investment in health facilities with a view to eventually increasing per capita national expenditure on health up to an appropriate level and to introduce in phases, health insurance schemes for all employed persons.” (p.480)

“It is expected that private sector will come in a big way to supplement public sector efforts in health care. Total investments by the private sector for development of health care facilities in the Fifth Plan is expected to be at least 30 percent of the public sector investment i.e., Tk18,182 million. Besides other NGO and voluntary organizations investment is expected to be 10 percent, i.e., Tk6,227 million. Investment by the private sector and NGOs is expected to be canalized for establishment of medical colleges, polyclinics, hospitals, nursing homes, pathological laboratories, x-ray clinics, etc.” (p.484)

National Health Policy

A decade ago in 1988, the government at that time proposed a national health policy which emphasized decentralization of the public sector health and family planning activities, integration of the dual structure of health and family planning programs, and the elimination of private practice by physicians in government hospitals and medical college. A strong protest and lobbying campaign launched by the medical establishment and the Bangladesh Medical Association not only forced the government to retreat, but the protest contributed to the downfall of the regime (Z. Chowdhury, 1996).

In 1998, another government appointed panel of officials, professional experts and NGO leaders has prepared a health policy draft which is under consideration by the government. The policy calls for continued efforts in line with the “health for all” strategies and goals initiated by WHO two decades ago in 1978. The policy reaffirms principles of universality and equity of access to health services by making an “essential services package” available through “one-stop shopping” at health centers throughout the country. The policy recognizes the need for partnership for achieving the health goals of the nation. The policy emphasizes several principles regarding fostering partnership as summarized below.

- The policy recognizes the need for an integrated effort between the government and NGOs in carrying out health policy and improving coordination between them. Under the policy, NGOs and other private voluntary organizations are encouraged to work as “complementary forces” to the
government’s efforts. The government is called upon to actively support and encourage the involvement of NGOs and private entrepreneurs in health service delivery activities that are commensurate with the standards established by the government.

- The policy document proposes the creation of Health Care Policy Councils at national, regional and local levels to guide implementation of the health policy with “transparency.”
- The policy recommends creation of mechanisms to ensure accountability of all personnel in the health system to “restoring credibility” in the government health services.
- The policy calls for involvement of all types of practitioners (modern and traditional) and their professional associations in strengthening the availability and the quality of health services.
- The policy proposes a “clients’ bill of rights” in the health system in order to protect the recipient of services and claim to appropriate and safe health care of acceptable quality at a reasonable price.
- The policy calls for changes in the existing National Drug Policy to ensure quality, appropriate use and availability of drugs at affordable cost. It also supports production of family planning supplies in the country rather than continued reliance on imports (GoB, 1998).

Major large-scale initiatives in the development of health services with the support of international donors require the consideration and adoption of policies and strategies including those on the role of various actors and partnership. Two important development efforts of a nationwide scope currently under implementation are the Health and Population Sector Program (HPSP: 1998-2003) and the Bangladesh Integrated Nutrition Project (BINP: 1995-2001). In addition, an Urban Primary Health Care Project (1998-2002) aimed at the urban poor has been initiated in 1998.


This is an ambitious sector-wide program that aims at moving towards comprehensive and coordinated national health sector development overcoming current fragmentation consisting of over 105 externally-driven projects. It expects to mobilize and effectively utilize external resources of about US$1 billion (through a World Bank-led group and other separate bilateral contributors) which would complement over US$2 billion allocated by the government over the five year period. Its goal is to ensure universal access to essential health care services of acceptable quality which will reduce infant, child and maternal mortality and morbidity; improve the nutritional status of chil-
Public-Private Partnerships in the Social Sector

dren and mothers; and reduce fertility further to reach replacement level around 2005.

Recognizing the importance of partnership building, HPSP aims to support and implement:

➢ Establishment of a national Steering Committee for Community and Stakeholder Participation consisting of clients, legal experts, academics, representatives of community organizations, women’s organizations, professional associations and the Ministry of Health and Family Welfare.
➢ Development and introduction of regulatory frameworks for private sector contribution and participation.
➢ Establishment of mechanisms for local level planning and participation in the implementation and monitoring the delivery of the essential services package.
➢ Expansion of the resource base for the health sector through public sector allocation of an increased proportion of GDP as well as cost-sharing and cost-recovery including health insurance and community risk-pooling.

The Bangladesh Integrated Nutrition Project (BINP: 1995-2001)

The six-year project supported by World Bank and UNICEF with a total cost of $67 million aimed at improving nutritional status of children so that “malnutrition would cease to be a public health problem.” A community based nutrition intervention including growth monitoring of children with the participation of the community and non-governmental organizations is a key strategy of the project. Another component of the project is the inter-sectoral nutrition program development in order to undertake supportive actions that have nutritional impact, such as raising poultry and expanding vegetable production, with the involvement of other concerned sectors of the government and NGOs.

An active role of NGOs and communities is seen in both community-based intervention and the inter-sectoral activity. Implementation of the project in communities is seen either to be led by a selected NGO or to be facilitated and supported by NGOs when government authorities take the lead. In initial conceptualization, development and piloting of the project, NGOs, particularly BRAC, have played an important role. BINP is regarded as an example of an effective approach for fostering partnership between the government structure, NGOs and the community. The initial evaluation of results of BINP shows that the community-based approach can make a rapid and significant impact on nutrition of children and that the approach is feasible to be replicated more widely.
By early 1999, the community-based nutrition component has reached some 1 million households in 23 Thanas. Being implemented with the assistance of NGOs contracted by the government, it has become one of the largest and most promising among large-scale community-based programs in the world aimed at reducing childhood and maternal malnutrition. Prevalence of severe malnutrition under two has declined after two and a half years by about half — from 26 percent to 14 percent. There has been also virtual elimination of iodine deficiency disorders and Vitamin A deficiency and reduction by half of iron deficiency anemia among children and pregnant and lactating women (World Bank, 1999). The evaluation concluded that with the expansion of BINP to 60 Thanas and more NGOs being involved in implementation, the project should encourage capacity-building and learning among NGOs with sharing experience and information, as well as contacts and partnership between more experienced and less experienced NGOs (World Bank, 1999, BINP, Mid-term Review “Draft Aide-Memoir”, March, 1999).

The promising BINP experience has become the basis for a larger National Nutrition Program (2000-2010) now under development in Bangladesh.

The Urban Health Partnership (1998-2002)

The health situation of the urban poor — living in extremely crowded slums in flimsy housing and with few services for sewage, garbage and clean water — is worse than in rural areas. The government health facilities do not exist in most slums, in part because these are often “squatter settlements” without legally recognized rights. Consequently, NGOs have attempted to provide rudimentary services to the urban poor. USAID has supported NGO health care activities in 101 municipalities in different parts of Bangladesh.

An Urban Primary Health Care project assisted by the Asian Development Bank aimed at improving basic health care in four major urban areas of Dhaka, Chittagong, Rajshahi and Khulna. The five year project (1998-2002) costing US$60 million expects to serve 9.5 million urban poor, representing about 40 percent of the urban population in the country.

The project plan is to offer a package of basic services through 190 health centers, each serving a catchment area of 50,000 inhabitants. The distinctive feature of the project is that the operation of the centers is to be contracted out to NGOs or private sector groups by competitive bidding. Independent firms plan to undertake the monitoring of population and health indicators, and quality of services through a bidding process.

The project puts a high premium on private sector contractual arrangements recognizing the usual public sector inefficiencies. It is a commercial model of contracting for services rather than a broader partnership between public and private sector stakeholders, although the contract is described as a partnership
agreement. How a narrowly defined contractual arrangement, given the circumstances of the urban slum-dwellers, including the question of the legal recognition of their existence, will work is still to be tested.

An Overview of the Education Sector

Bangladesh faces formidable challenges in the education sector:

1. It has to make primary education of acceptable quality available to all children. At present under one-third, perhaps only a quarter, of primary-school-age children benefit from a full cycle of primary education — when non-enrollment, dropout and extremely poor learning achievement are taken into account;

2. Based on a strong foundation of primary education, secondary and tertiary education has to be expanded and improved to meet labour market demands as the national economy shifts towards global market-oriented manufacturing and services and confronts the transition to the new “knowledge economy,” where knowledge is the key economic resource; and

3. In the face of 60 percent adult illiteracy, non-formal, literacy and continuing education opportunities have to serve different objectives. This includes equivalence of primary education for older children and youth, especially girls; functional literacy and numeracy for adults; wide access to knowledge for youth and adults that empower them to be effective in their family and as citizens; and improvement of livelihood skills of youth and adults.

The Education System

Intensified efforts in the 1990s have raised gross enrollment in primary education to over 100 percent of the primary school age group. However, the net enrollment is estimated to be about 75 percent because of a high proportion of over-age children in school. The most serious problem in primary education, though, is the unacceptably poor learning environment, classroom practices and physical facilities, which lead to a very high dropout rate. About 60 percent of those who begin the first grade complete five years of primary education. Only about a third of those completing this primary cycle acquire a functional and sustainable level of literacy and numeracy. Some 6.3 million children between ages 5-14 years are working children who do not attend school. The net effect is that perhaps only a
quarter of the children benefit from effective primary education (CAMPE, Education Watch Project, 1999).

The secondary system comprising 7 years from Grade 6 to 12 is relatively small for the size of the population. Less than 30 percent of the 12-16 year age group are enrolled in Grades 6 to 10. Participation in higher secondary level (grades 11-12) is less than 10 percent of the age group. In spite of the very limited access to secondary education, the system is characterized by low completion rates, low attendance, and high wastage reflected in the failure rate of about 50 percent in Grades 10 and 12 public examinations.

Vocational and technical education opportunities at the post-primary level are even scarcer than general secondary education. Less than two percent of those who complete secondary education graduated from vocational and technical education programs. One reason for the low numbers is doubts about the quality of training and employability of graduates.

With about than 1 million people enrolled in tertiary education including general and specialized universities and colleges, the sector remains very small. While some pockets of excellence exist in higher education, many problems of management and inadequate resources have led to a high level of internal and external inefficiency.

As an over-crowded developing country with limited natural resources, Bangladesh has to rely more than other countries on taking full advantage of the potential of its human resources to achieve its development goals. Effective partnership of all actors and stakeholders in education, therefore, becomes a special challenge for Bangladesh.

The Educational Network

The usual public discussion, debate and planning of the education sector are confined to the public sector. The public sector is dominant in the educational system. The Fifth Five-year Development Plan (1997-2002) and the report of the Government-appointed Committee on National Education Policy make references to the non-government and private role in education. They do not visualize, however, a strategic partnership or recognize fully the potential of such an alliance in achieving the educational objective of the country. Basic statistics and information about non-governmental contribution and involvement are neglected by the statistical apparatus of the Ministry of Education and of the government. Available information about the education network is summarized in Table 2.

The primary education network consists of over 100,000 institutions of all types with a total enrollment of over 18 million children. The government runs sixty percent of some 60 thousand formal primary schools that cater to 64 percent
of all primary school children. NGOs have played a significant role in primary education by serving some 2 million children in 1999, especially from the most disadvantaged families. Many of them have also introduced creative non-formal approaches in their primary education programs.

The government pays for the capital and running costs of government schools and 80 percent of teacher salaries in registered non-government schools. Free textbooks are provided to both government and non-government schools. NGOs generally do not receive government subvention and many also provide their own textbooks and learning materials although these are based on the national curriculum.

The positive aspects of the primary education system in Bangladesh include:

- A high degree of government commitment to primary education reflected in budget allocations and investment plan for the medium-term.
- Diversity of approaches including strong NGO involvement with innovative approaches in primary education.
- Progress in gender parity in recent years.

The major weaknesses are:

- Large class size with an average of 70 children, sometimes surpassing 100 children in a classroom, and generally poor learning environment in the formal public system characterized by dark and crowded space, with minimal furniture and sometimes not even equipped with a chalkboard.
- Very short effective learning time with designated teaching time of only two to three hours per day, but actual “time-on-task” considerably less in the public system.
- No systematic learning assessment and poor overall achievement in learning: only about one-third of children in primary school achieve basic competency in literacy and numeracy skills.

Secondary Education

Secondary and higher secondary education consists of a 7-year cycle (3+2+2 years for junior secondary, secondary and higher secondary levels respectively). A unique feature of the secondary education system in Bangladesh is that 95 percent of all schools are non-governmental, which are managed by local school managing committees, but receive substantial subventions from the government. Public examinations conducted by Secondary and Higher Secondary Education Boards are held at the completion of Grades 10 and 12.
### Table 2: The Education Network

#### I. Primary Education 1996

<table>
<thead>
<tr>
<th>Category of Schools</th>
<th>No. of Schools</th>
<th>No. of Teachers</th>
<th>Enrollment (millions)</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Schools</td>
<td>37,710</td>
<td>161,460</td>
<td>11.76</td>
<td>64.2</td>
</tr>
<tr>
<td>Non-govt. (registered to receive subvention)</td>
<td>19,680</td>
<td>78,730</td>
<td>3.56</td>
<td>19.5</td>
</tr>
<tr>
<td>Non-govt. (unregistered)</td>
<td>3,960</td>
<td>14,700</td>
<td>0.57</td>
<td>3.1</td>
</tr>
<tr>
<td>Ebtedayee Madrassahs (religious schools)</td>
<td>12,260</td>
<td>49,270</td>
<td>0.84</td>
<td>4.4</td>
</tr>
<tr>
<td>Community Schools</td>
<td>1,410</td>
<td>3,480</td>
<td>0.16</td>
<td>0.8</td>
</tr>
<tr>
<td>Total (Formal)</td>
<td>75,020</td>
<td>307,640</td>
<td>16.89</td>
<td>92</td>
</tr>
</tbody>
</table>

**Non-formal Primary Education**

<p>| | | | | |</p>
<table>
<thead>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.4</td>
<td>8</td>
</tr>
</tbody>
</table>

#### II. Secondary Education 1995

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Number of Schools</th>
<th>Number of Students</th>
<th>Number of Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt. Secondary Schools (Grade 6-10)</td>
<td>317</td>
<td>246,799</td>
<td>7,631</td>
</tr>
<tr>
<td>Govt. Cadet Colleges (Grade 6-12)</td>
<td>10</td>
<td>2,155</td>
<td>254</td>
</tr>
<tr>
<td>Non-govt. Secondary Schools (Grade 6-10)</td>
<td>11,695</td>
<td>4,868,662</td>
<td>132,428</td>
</tr>
<tr>
<td>Madrassahs (Religious Schools equivalent of Grade 6-10)</td>
<td>4,121</td>
<td>1,150,472</td>
<td>51,142</td>
</tr>
<tr>
<td>Govt. Intermediate &amp; Degree Colleges (Grade 11-12)</td>
<td>9</td>
<td>5,122</td>
<td>145</td>
</tr>
<tr>
<td>Non-govt. Inter &amp; Degree Colleges (Grade 11-12)</td>
<td>594</td>
<td>193,796</td>
<td>10,493</td>
</tr>
<tr>
<td>Madrassahs (Grade 11-12)</td>
<td>871</td>
<td>283,816</td>
<td>14,457</td>
</tr>
</tbody>
</table>
III. Public Sector Vocational and Technical Education 1997

<table>
<thead>
<tr>
<th>Degree Level</th>
<th>No. of Institutions</th>
<th>No. of Students</th>
<th>Student/Teacher Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutes of Technology (4 yr. Engineering Degree)</td>
<td>4</td>
<td>2,500</td>
<td>10:1</td>
</tr>
<tr>
<td>Textile and Leather Institutes (Degree Program)</td>
<td>2</td>
<td>300</td>
<td>8:1</td>
</tr>
<tr>
<td>Diploma Level (i.e. Higher Secondary)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polytechnics</td>
<td>20</td>
<td>15,100</td>
<td>16:1</td>
</tr>
<tr>
<td>Monotechnics</td>
<td>3</td>
<td>900</td>
<td>11:1</td>
</tr>
<tr>
<td>Agricultural Training Institute</td>
<td>12</td>
<td>7,000</td>
<td>—</td>
</tr>
<tr>
<td>Certificate Level (Secondary Level)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocation Training Institutes</td>
<td>51</td>
<td>5,700</td>
<td>10:1</td>
</tr>
<tr>
<td>Technical Training Centers</td>
<td>12</td>
<td>6,100</td>
<td>12:1</td>
</tr>
<tr>
<td>Commercial Institutes</td>
<td>16</td>
<td>4,900</td>
<td>40:1</td>
</tr>
<tr>
<td>Technical and Vocational Teacher Training Institute</td>
<td>2</td>
<td>700</td>
<td>—</td>
</tr>
</tbody>
</table>

IV. Higher Education 1996

<table>
<thead>
<tr>
<th>Institutions</th>
<th>No. of Institutions</th>
<th>No. of Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Universities</td>
<td>11</td>
<td>65,300</td>
</tr>
<tr>
<td>Private Universities</td>
<td>16</td>
<td>4,200</td>
</tr>
<tr>
<td>Govt. Degree Colleges (4 year)</td>
<td>233</td>
<td>505,000</td>
</tr>
<tr>
<td>Non-govt. Degree Colleges (4 year)</td>
<td>1,041</td>
<td>769,000</td>
</tr>
<tr>
<td>Open University (Courses of varying duration, Government-run)</td>
<td>1</td>
<td>74,300</td>
</tr>
</tbody>
</table>

Source: Bangladesh Bureau of Educational Information and Statistics; University Grants Commission
Some 6 million children in the appropriate age-group, or about 30 percent, attend secondary schools.

Strengths and problems: The secondary education system largely managed by local managing committees, but receiving substantial government support, and school performance validated by public examinations, in principle represent an ideal form of public-private partnership. In practice, the system is highly dysfunctional. Roughly, a little over half of those who start Grade 6 complete Grade 10. And then, on average in recent years, half of those who completed these years passed the Grade 10 (Secondary School Certificate) public examination and an even a lesser proportion passed the 12th Grade (Higher Secondary Certificate) public examination.

Overcrowded classrooms, inadequate physical facilities, and deficient learning materials are the norm. The recruitment process and remuneration of teachers generally attract poor performers in the educational system into secondary teaching. The teacher-training course (B. Ed) is offered only in separate teachers’ colleges rather than in general universities and colleges, keeping better students away from education courses and secondary school teaching.

The most serious obstacles to improving secondary education are poor management and chronic under-financing. Government subvention and tuition and fees paid by parents, two main sources for school budgets, added up to about Tk2,500 (US$50) per secondary student in 1995 — resulting in crowded and poor facilities and inadequate incentives for teachers (WB, 1999, p.85). Although most schools are privately managed, the public service norm of low fees irrespective of the ability to pay prevails. The managing committees, often headed by the administrative chief of the area and members selected on the basis of political and economic influence rather than their concern for education, have not been able to enforce performance standards and accountability in schools or mobilize adequate resources for them.

Vocational and Technical Education

Six degree-granting institutions and about 110 institutions offering diplomas and certificates for middle level skills in the public sector enrolled about 50,000 stu-

\(^5\) Government expenditure was Tk1200 per student. Parents on an average, secondary and higher secondary levels taken together, spent Tk2500, about half of which went for fees and learning materials and the rest was spent for private tutoring, which did not count as educational resources available to the school. (Bangladesh Bureau of Statistics, Household Education Survey, 1996, cited in World Bank, “Education Sector Review Draft” p.90)
dents in 1996/97. These numbers are obviously small for the size of the population and the economy. A wide array of non-formal/informal training and apprenticeships offered by the private sector and NGOs, and formal courses in a small number of private institutions complement the public sector to help keep the economy going.

The overall certificate level output of vocational/technical training is only 1.8 percent of graduates at SSC level. The diploma-level output equivalent of higher secondary education amounts to only 1.4 percent of general higher secondary graduates. The certificate and diploma-holders add up to a miniscule fraction of the total skilled workers. Yet they have a poor record in respect of placement and employment. Only about 40 percent of trainees from vocational training institutes run by Ministry of Education, and 60 percent of Technical Training Centres run by Ministry of Labour and Manpower find employment in jobs related to their training.

About 200 private trade schools of varying size and capacity are reported to exist. The vocational technical education authorities of the government do not have information about their quality or capacity. The vast majority of peoples who have acquired technical skills — such as welding, turning, carpentry, bricklaying and construction, and repairs of small engines, electrical appliances, bicycles and automobiles — have done so through informal apprenticeship or on-the-job training. This situation points to the important role of the unorganized and informal private sector and the weakness of the public sector programs. But it also points to the inadequacy of skill training for an economy aspiring to modernize and develop itself.

Tertiary Education

The general higher education system consisted of 11 government-financed and 16 private universities and 233 government-managed and 1,041 privately managed 4-year degree colleges in 1995-96. Of 70,000 university students, 90 percent were enrolled in public universities. Out of 1.3 million college students, 0.5 million attended the public colleges. In addition, the Bangladesh Open University offers practical courses in business, education, social sciences, agriculture and science and technology. In early 1998, it had a cumulative enrollment of 125,000.

Most observers are of the view that higher education in Bangladesh calls for a fundamental change in governance and a major improvement in efficiency and quality. The public university system has become a hotbed of partisan politics, manifested routinely in violence, physical assault, demonstrations, boycotts of classes, frequent and extended shutdowns, financial and
administrative corruption, and mismanagement of academic and administra-
tive affairs.

The degree colleges also are of poor to indifferent quality. A review by UNDP in 1992 listed the reasons for low quality:

1. inadequate professional preparation of teachers in both subject
   matter and teaching methods;
2. lack of academic supervision;
3. inadequate attention to research;
4. lack of appropriate textbooks in Bangla and English


The Ministry of Education exerts inordinate control over tertiary educa-
tion, true to the tradition of centralized control of governance in general. The Ministry, by controlling the purse-string for public universities and both government and private colleges (which depend on government subvention), gets involved in many decisions formally or informally, which should be or can be internal to each institution. This involvement (or interference) is in part prompted by the desire of the ruling political party to strengthen its support among students and teachers. In this atmosphere, a system of electing university functionaries by the teaching staff, instead of promoting academic autonomy, has produced perverse consequences.

The University Grants Commission (UGC) set up to coordinate, plan, allocate resources and promote quality in universities, is in reality dictated by the government in respect of resource allocation. It also does not have the professional strength or authority to perform its other functions.

The National University, which has the responsibility for setting the curriculum, approving accreditation and conducting degree-granting examinations for degree colleges, does not have the professional capacity and resources to offer professional support, and monitor or enforce performance standards in over 900 colleges under its control. The National University’s weakness is the result of inadequate resources provided by the government and the government’s scant effort to support professional and academic autonomy. But the weakness of the National University is seen as a justification for stronger Ministry of Education control over allocation of finances, appointments of personnel and other management decisions. Unfortunately, the exercise of centralized authority has not contributed to improvement in educational quality and enforcement of academic standards.
Non-formal Education

The main non-formal education programs in Bangladesh include programs run by the Directorate of Non-formal Education (DNFE), literacy and post-literacy education for youth and adults offered by NGOs and programs equivalent to primary education offered by NGOs, such as BRAC. The DNFE programs for literacy include a center-based and pedagogically somewhat rigorous approach implemented with the collaboration of NGOs, which serves some 4 million learners.

In addition, a campaign approach of literacy called the Total Literacy Movement (TLM) targeted at 30 million adults is being carried out by the government, the results of which in terms of functional and sustainable skills are yet to be established. While a high level of completion and passing of tests were reported by DFNE, independent studies reported that less than one third achieved passing level in literacy and numeracy when tested after a period of time had elapsed. (WB, 1999, pp.27, 28) Another initiative in basic education including literacy, numeracy and vocational orientation for “hard-to-reach” adolescents carried out by NGOs but funded through DNFE is planned to serve about 350,000 learners (See Box 3).

The non-formal primary education programs of BRAC and other NGOs has an extensive network of close to 40,000 centers serving about 2 million older children who have dropped out of primary school or have never enrolled. The aim is to direct most of the children back into formal education system and may not be regarded, strictly speaking, as “non-formal.” With at least 40 million or about half of the population between 8 to 35 years illiterate and over 6 million children engaged in harmful child-labour, non-formal programs of education are a major and vital component of the national effort to achieve “education for all.”

The government-supported non-formal education program began in 1991 as the Integrated Non-formal Education Program to coordinate and support the diverse activities of non-governmental and community-based organizations. But gradually it has transformed into a Directorate of the Ministry and has assumed the characteristics of a typical government apparatus with corresponding bureaucratic constraints and behaviour patterns. In supporting and funding NGO activities, the preoccupation has become compliance to official procedures rather than accountability for learning results. Moreover, the government has decided that the largest effort of DNFE, the Total Literacy Movement, would be carried out by itself rather than in cooperation with NGOs.

The problematic performance of government non-formal programs in respect of learning achievements and management issues have led to the suggestion of reorganizing DNFE as an independent foundation that would pro-
vide funding and monitor results of programs actually managed by NGOs and community organizations — an idea endorsed by the National Education Policy recommendations. No decision has been taken so far about accepting or implementing this idea.

Resources for Education

In 1998, government expenditure in education amounted to 2.7 percent of GDP, compared to 1.8 percent of GDP a decade earlier. This is, however, low compared to India’s 3.7 percent, Sri Lanka’s 3.4 percent and Nepal’s 2.9 percent. Out of the total government budget, an average of 16 percent was devoted to education between 1995 and 1998, about the same as the average for developing countries. Significant inefficiency and wastage characterized educational spending as described above (Also see World Bank, Public Expenditure Review Update, 1997).

Adequate information is not available on non-government spending on education. The large number of non-government institutions, especially at the secondary and tertiary levels, clearly suggest that non-government expenditure is very substantial, even though non-government high schools and colleges are beneficiaries of sizeable government subventions. There is also significant household expenditure for education at all levels and in both government and non-government schools, although the amount by level and type of schools vary considerably. A household survey in 1995-96 shows that average direct household expenditure at the primary level was Tk500 per annum (a little over $10.00), Tk1500 ($40.00) at the secondary level, and about Tk3500 (US$85.00) for higher secondary level (Bangladesh Bureau of Statistics compilation of Household Economic Survey, 1995-1996 data).

An important issue is the effect on equity of education expenditure. World Bank’s 1996 Public Expenditure Review estimated that poor households, which are close to half of the total, received only 15 percent of public spending on higher education. The same review also estimated that the bottom 20 percent of rural households received only 13.8 percent of the public expenditure on education whereas the top 20 percent had 28.8 percent of the expenditure. The Public universities, which favor the elite who do not dropout and pass the screening-out processes of primary and secondary education, charge only nominal tuition fees and offer subsidized accommodation. The high cost of private tutoring, regarded as essential by parents for ensuring that children have the opportunity to move on to the next level of education, in view of poor quality of instruction in public institutions, exacerbates the equity problem. The governments’ financing policy clearly does not address the equity issues, especially at the secondary and tertiary levels.
Non-Government Involvement in Education

An overall estimate of total national expenditure on education including government and non-government contribution is not available as it is in the health sector. This itself is symptomatic of the lack of appreciation of policy-makers for the need for a comprehensive view of the nation’s educational effort and the importance of a coordinated approach and partnership embracing all stakeholders and contributors.

A rough picture of government and non-government shares in educational expenditures can be formed from the information about direct household expenditures per student at different levels noted above and government expenditure per student, as well as programs and institutions of different types managed outside the public sector.

Household Contribution

At the primary level, government spending per primary school student amounts to $20 per year (total government spending, including development and recurrent expenditures, divided by children enrolled in all formal primary schools). Against this, household expenditure of $10 per student in the formal system and some 2 million children at the primary level taught in programs financed by NGOs add up to a non-government contribution of about 40 percent to the total national primary-education expenditure.

At the secondary level, non-government expenditure is of the order of two-thirds of total national expenditure given the fact that household expenditure, including school fees, private tutoring and learning material costs, is roughly double the government expenditure per student. For degree colleges, or non-university tertiary education, most institutions being privately managed with government subvention, non-government contribution surpasses government expenditure.

Only in the highly subsidized public universities, government expenditure would exceed private contribution to the direct cost of education. However, for university education as a whole, the growth of private universities financed almost fully from tuition and fees, indicate that private contribution will increase to the extent private universities are allowed to expand. In the relatively small formal vocational and technical education field, again high government subsidy reduces the proportion of private contribution to total costs. The picture would change if large informal apprenticeship and on-the-job training efforts were taken into account. However, reliable quantification of the size and costs of these activities are not available.
NGO Participation in Primary Education

The contribution of NGOs in partially compensating for the unfulfilled needs in primary education, especially in serving the most disadvantaged children, is well recognized (M. Ahmed, 1993).

BRAC, with its distinctive single-teacher, single-class non-formal model now serving 1.2 million children in over 30,000 centers has pioneered a low-cost and effective approach which is being adopted or adapted by other NGOs. At a unit cost roughly equal to that in government primary schools, BRAC has demonstrated that the problem of high dropout and poor learning achievement in the primary system of Bangladesh can be overcome by strong supervision of and support to teachers, attention to performance accountability, and greater responsiveness to community and learner circumstances (See Box 1).

GSS (Gono Shahaijo Shangstha or People’s Aid Organization), another NGO known for its educational activities, has concentrated on improving the quality of teaching and learning in the existing primary school structure by introducing changes in classroom practices and environment, training teachers and getting the parents more involved.

While BRAC and GSS have earned prominence for their innovative work in primary education, there are others such as Proshika and Dhaka Ahsaniya Mission who have sizeable education programs. Over 400 NGOs are actively involved in children and adults’ education in Bangladesh. BRAC and GSS efforts are illustrative of hundreds of large and small NGOs involved in primary education. CAMPE, a federation of NGOs active in basic education, lists over 400 organizations as members.

NGO Involvement in Non-formal Education

The major NFE effort in the 1990s began with the premise that NGOs would carry out the activities with government financing. At external donor’s urging, some 250 NGOs were provided funds by 1995 to carry out non-formal primary education modeled after the BRAC approach under the Integrated Non-formal Education Program initiated in 1991. However, since mid 1990s, the Government began to scale down funding of non-formal primary education through NGOs.

The formal establishment of the Directorate of Non-formal Education in 1996 paralleled the shift to a greater emphasis on adult literacy programs. A center-based approach managed by NGOs and a campaign approach called Total Literacy Movement organized through the government administration were initiated in 1996 targeting some 34 million adults. Only one project somewhat equiva-
Primary education programmes of two NGOs illustrate the contribution NGOs can make in expanding and improving access to primary education, especially for children poorly served by the present public system, and in introducing efficiency and quality measures in a cost-effective way and on a large scale.

BRAC’s primary education programme enrolls 1.2 million children in 34,000 one-room-one-teacher schools, with about 30 children of 8 to 11 years in each, from under-served groups in poor rural communities. Employing young women with high-school education from the same community as the learners, supporting the teachers with practical on-the-job training and close supervision in classroom management, and providing relevant and well-prepared learning materials to the children, BRAC schools offer effective schooling to children who generally do not survive long in the public system even if they are enrolled. At a unit cost comparable to that of the regular primary school, BRAC schools manage to have 95 percent of the children complete the three-year course. The large majority of them then go on to join the formal school in the fourth or a higher grade. Over 70 percent of the BRAC learners are girls, who in poor families have a lesser priority than boys for schooling.

GSS, in contrast to BRAC, follows the usual organizational structure of the primary school in the country with five classes for grades one to five in the same school. GSS teaches the standard primary school curriculum and textbooks, supplementing them with learning materials prepared to its own design. It emphasizes an active, child-centered teaching method, group activities, and strong achievement in communication and self-expression skills. It offers hands-on training and supervision to teachers with this aim. In over 700 schools with 130,000 children, GSS has demonstrated how children in primary school can succeed and be achievers, rather than fail and drop out. In GSS schools, both in slums of Dhaka and in the rural countryside, a much higher proportion of children complete the primary cycle on time, and have a higher level of learning achievement than in other primary schools.

lent to primary education for older “hard-to-reach” adolescents and youth is now supported by DNFE through NGOs (See Box 3).

The government went on to decide in early 1999 that it would not only cease providing funds to NGOs for adult literacy activities, but the NGO Affairs Bureau would no longer allow NGOs to run adult literacy courses with external assistance. This was because the Government of Bangladesh itself “has extensive programs on Adult and Non-Formal Education, especially literacy
programs” (CAMPE, “Discussion Note on recent PMED advice to NGO Bureau discouraging NGO participation in non-formal education programmes,” March 1999).

The government decision is based on several debated presumptions that:

1. the government has found a successful model for achieving adult literacy based on recent TLM experience;
2. the Government does not need the help of NGOs in mobilizing the support of the community, in recruiting adult learners into the program and motivating them to actively participate and not drop out; and
3. the government machinery can effectively provide technical support and supervision for a large-scale nationwide effort and monitor its implementation without any involvement of NGOs. The decision seems to brush aside the critical issues raised about the performance and results of on-going TLM in Bangladesh and the cumulative lessons of the history of literacy campaigns in South Asia and other parts of the world. The irony of a “total” nationwide movement excluding the participation of an active group that has a lot to offer to the movement seems to escape the decision-makers.

While the decision has been taken to exclude NGOs from the adult literacy program, they would be permitted to continue (with resources they mobilize) non-formal primary education for children and adolescents, post-literacy and continuing adult education, early childhood education and non-formal education linked with vocational training. The exclusive approach to one particular area of NFE, which is being financed without external assistance, and thus not subject to external pressure, indicates a degree of ambivalence and inconsistency on the part of decision-makers regarding partnership with the stakeholders and the role of the government in general.

Private Contribution to Secondary Education

The largely non-governmental management of secondary education is a distinctive feature of the Bangladesh education system. In all developed countries and in most developing countries, general secondary education is largely a public sector enterprise and is recognized as a public good that should be equitably and widely accessible. Should the special characteristic of Bangladesh secondary education be regarded as a strength or a weakness?
Regardless of the practice in other countries, it is unrealistic to recommend a shift to a government take-over of the system, given the large additional public spending and probable diversion of resources from other sectors of education this would entail. Moreover, the performance and outcome of the existing public sector institutions do not inspire confidence in such a move. At the same time, the results from the present system can hardly be considered satisfactory. The question, therefore, is how the present arrangement can be turned into strength and the potential of the partnership that exists in the system can be fully realized.

At present, five key government actors are involved in secondary education:

1. the Directorate of Secondary and Higher Education (DSHE) which administers government subventions; manages teacher training and offers general supervision;

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**Box 2**

**An Overview of NGO-Managed Non-formal Education**

- A September 1995 Directory of NGOs published by CAMPE shows that over 550 NGOs have approval of the government for their non-formal education activity.
- A total of 250 NGOs have received DNFE (Directorate of Non-formal Education) funds for NFE programmes.
- Some of the larger NGOs have provided financial and technical support to smaller local NGOs in the latters’ NFE activities. For example:
  - BRAC has assisted 257 small NGOs with financial and technical support to run NFE activities;
  - FIVDB (Forum of International Volunteers for Development in Bangladesh) has assisted 131 NGOs;
  - Action-Aid Bangladesh has assisted 30 NGOs;
  - Proshika has assisted 75 NGOs and 80 community-based organizations;
  - Ahsaniya Mission has assisted local voluntary organizations.
- NGOs have offered a variety of NFE programmes, including:
  - Pre-schools for 1-4 year olds;
  - Feeder schools for 4-5 year olds;
  - Non-formal primary education for 6-14 year olds;
  - Adult literacy for 15+;
  - Education programme for hard-to-reach groups in urban slums with DNFE funding;
  - Post-literacy and continuing adult education;
  - Literacy programmes for ethnic minorities;
2. the five Boards of Intermediate and Secondary Education, which administer public examinations and overseas accreditation of schools;
3. the National Curriculum and Textbook Board (NCTB), which sets the curricula and approves textbooks;
4. the Directorate of Inspection and Audit (DIA), responsible for ensuring compliance with procedures and financial rules, and
5. the Secretariat of the Ministry of Education, which has overall policy and planning responsibilities.

There is inadequate coordination and articulation in carrying out respective tasks of the various units, which are clearly related to each other. The units are understaffed and professionally ill-equipped for the complex tasks affecting a large number of institutions. The attitudes and culture of extreme centralization permeate the whole system; so much so that minute and mundane details regard-

<table>
<thead>
<tr>
<th>NGO</th>
<th>Number of Centers/Schools</th>
<th>Number of Learners</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRAC</td>
<td>34,175</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Proshika</td>
<td>6,750</td>
<td>420,464</td>
</tr>
<tr>
<td>GSS</td>
<td>727</td>
<td>131,952</td>
</tr>
<tr>
<td>Caritas</td>
<td>314</td>
<td>31,112</td>
</tr>
<tr>
<td>Dhaka Ahsaniya Mission</td>
<td>70</td>
<td>21,000</td>
</tr>
<tr>
<td>FIVDB</td>
<td>85</td>
<td>12,000</td>
</tr>
<tr>
<td>RDRS</td>
<td>212</td>
<td>6,360</td>
</tr>
<tr>
<td>BACE</td>
<td>76</td>
<td>4,338</td>
</tr>
<tr>
<td>GUP</td>
<td>63</td>
<td>3,600</td>
</tr>
<tr>
<td>CCDB</td>
<td>150</td>
<td>3,015</td>
</tr>
</tbody>
</table>

Source: CAMPE, March 1999
Box 3

Basic Education for Hard-to-Reach Urban Children (HTR)

HTR is an attempt to tackle the difficult problem of at least 6 million children engaged in hazardous and harmful child labour and, consequently, deprived of their right to education and other basic rights. A non-formal basic education programme of 2-year duration, implemented by NGOs, but financed through the Directorate of Nonformal Education, aims to provide:

• Basic literacy, numeracy, and life skills in health, nutrition, sanitation, and disease awareness, especially HIV/AIDS;
• Skill training and job placement;
• Development of capacity and experience to address the child labour problem; and
• Social mobilization for the elimination of child labour.

Some 350,000 children between 8-14 years who are domestic workers, street children, sex workers, leather and tannery workers, machine-shop assistants and in similar occupations in 6 urban centers are expected to be enrolled in the program. By July 1998, some 3,400 learning centers in cooperation with 66 NGOs were opened. By early 1999, 3000 additional centers were planned to be opened. DNFE by then would have contracts with some 100 NGOs to run over 6,000 centers with enrollment of about 30 children in each. The $18 million project, supported by UNICEF, DFID and SIDA, illustrates both the potential and problems of the model of partnership between the government and NGOs being practiced.

A review of the project in mid-1998, one year after its inception, pointed out some of the problems:

• The project made a slow start, utilizing 28 percent of the allocated funds for the first year, in part, due to government procedures for contracting NGO services.
• Attendance in the two-hour a day course was around 60 percent and 17 percent had dropped out. Dropout of teachers and supervisors in the first year was even higher at 26 percent.
• So far only literacy and numeracy component of the curriculum has been introduced; little progress is evident in respect of skill training;
• It proved difficult to recruit sufficient numbers of children in most hazardous situations such as street children and those engaged as sex workers;
• There was wide variations in capacities and performance among the large number of NGOs involved and the performance of the centers each managed;
• DNFE’s concerns at the end of the first year of the project included: insufficient manpower; need for more posts of deputy and assistant directors, computer op-
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operators and monitoring associates; more funds for its field office premises, furniture and transportation; since it “has to monitor a large number of centers, learners’ achievements, and teachers’/supervisors’ performance… a large amount of money is disbursed… staff has to check and analyze the accounts received from NGOs and contractors every month.”


The problems cited in the review could have been anticipated. HTR aims to reach, by definition, children in the most difficult circumstances including “shady” and unrecognized categories of occupations such as street children, sex labour, and domestic help, some of whom are virtually in bonded labour. An effort to reach and serve children in these circumstances sometimes require extricating them from an unacceptable situation and offering them social, psychological and economic support. It requires contacts with and the cooperation from adults and community members who can help.

Skill training and directing children to legitimate income earning opportunities must be an important component of the programme, but are difficult to implement effectively and require larger investments, creativity, assessment of economic opportunities, and collaboration with potential employers.

The project requires a differentiated and individualized approach for children in varying circumstances. It calls for a higher level of effort, dedication, subtlety and sensitivity on the part of staff than demanded in other education projects. More than ever, the project requires freedom of NGOs to develop their own project ideas and strategies, to experiment and be creative, rather than simple compliance with standard procedures and rules.

Instead of “equal opportunity” contracting with all bidders, DNFE need to work with a few NGOs who have management strength, demonstrated capacity and proven commitment to education. The agreement with these NGOs should be for demonstrating results and outcomes. There should be flexibility in budgets taking into account needs of children in varying circumstances rather than standard costs and detailed compliance with right official procedures.

The $20.00 per child per year budget, which is the same amount in regular primary schools, is low for those who are “hard-to-reach.” The undifferentiated, standard approach for all children irrespective of what educational and social support they need is inadequate and inappropriate.
ing projects originating from the professional staff of the DSHE has to pass through the bureaucratic channels in the Ministry’s secretariat before these end up at the desk of the Secretary and the Minister responsible for final decisions. More critically, even though most of the secondary schools are privately managed, the official structure behaves and is organized to behave as if it runs the schools. The distribution of government subventions becomes the rationale for wide-ranging requirements of compliance to procedures, rules, and formalities; but accountability and incentives for outcome in terms of performance and learning achievements by students are largely neglected.

It is necessary to strengthen the structure and professional capacity for management of the government structure. It is even more important, though, to change the role and behavior of functionaries so that the government structure from the capital to the local level facilitates and supports, in a spirit of partnership, the school managing committee, the headmaster and the community to manage the school effectively. This would mark a significant departure from the present practice on the part of government to attempt to micro-manage and thus undermine accountability of those who should be responsible for performance and results.

The Asian Development Bank is the single most important external partner for secondary education development in Bangladesh. It has provided significant financial support in recent years and is currently cooperating in developing and implementing a sector-wide assessment and investment plan. The government and ADB now have the opportunity and the responsibility to promote the unique potential of partnership in the system by identifying and overcoming its weaknesses.

Two areas of strategic importance call for special attention:

1. developing a management model that can facilitate and strengthen the government and community partnership for introducing and applying performance standards and accountability in each school and in each community; and
2. developing and demonstrating successful experiences and models of implementing quality improvement, effective use of resources, equitable access and cost-sharing and accountability at the school level with the involvement of NGOs with proven commitment to education and management strength.

Given the tradition of bureaucracy and centralization, the absence of a participatory environment, and demoralization and corruption both in the bureaucratic structure and in local communities, the reforms and innovations needed in the
system face difficult obstacles and high risks of failure. A link-up of NGOs with school managing committees and a defined role involving NGOs in introducing performance standards and accountability may inject new energy into the reform effort and serve as a counter-weight to the deficiencies in the official structure as well as the inequitable power structure in the community. Such an approach can be tried out at least in some locations under the Secondary Education Sector Development initiatives supported by ADB. NGOs with demonstrated management strength can help the government to use two potent tools in the hands of the government — subventions and public examinations — to offer incentives for performance and to identify and remedy problems in individual schools.

Private Sector Vocational and Technical Training

Over 100 NGOs are reported to be offering vocational training directed at the poor. The Association of Private Non-profit Trade Schools (APNTS) serves as a forum of these NGOs (ADB, “Vocational Training for the People’s Republic of Bangladesh, September 1995). The Department of Technical Education of the Ministry of Education recognizes about 160 non-profit small vocational schools and makes token contributions to them. Courses are typically for four to six months in such areas as tailoring, embroidery, bamboo and cane works, radio/TV repair, refrigeration, electrical work, welding and carpentry. Total capacity of such courses is reported to be about 36,000 learners.

Some 200 commercially-run private trade schools are estimated to have sprung up in response to prospects for exporting skilled and semi-skilled workers to Middle East and South-East Asia. They offer non-formal courses of short duration, but information about their quality and total capacity is not available.

On the whole, recognized vocational and technical training is offered essentially in the public sector, as noted earlier. One notable exception is the Underprivileged Children’s Education Programme (UCEP). (See Box 4)

Private University Education

The Non-governmental Universities Act of 1992 allowed the establishment of private universities to be managed through non-profit foundations under government approved Boards of Trustees. Private universities also need to place a security deposit of about $1 million, reserve 5 percent of student places for free tuition, secure their own premises within five years of initial operation, and subject curricula, teaching staff and financial plans to the review of the University Grants
Established in the early 1970s as an NGO, UCEP seeks to offer poor urban children non-formal education that combines basic education and income-earning skills. An accelerated programme of basic education for adolescents and youth, many of whom may be already working, covers the equivalent of eighth grade education in four years. This is followed by part-time skill training of varying length, which also includes work experience in industries and enterprises. UCEF helps trainees in placement and follows them up on-the-job. In 1997, there were 18,000 learners in 30 schools of basic education and 1,400 trainees in skill course in 3 centers. About 95 percent of UCEP learners complete the education and training programme and are placed in jobs — a very high rate compared to the record of formal training programmes in respect of both completion of training and placement.

UCEP attributes its success to key features of the programme:
- The target group is underprivileged children with “blue-collar job” aspirations;
- There is a close link with industries and potential employers;
- Training focuses on knowledge, skills and attitudes sought by employers;
- Instructors carry out a highly structured and well-planned instructional programme;
- Supervised and individualized “hands on” instruction is emphasized, with “block release” work on shop floor;
- Instructors and supervisors are well-trained and accountable for fulfilling clear performance standards;
- A large measure of the success is due to local management decisions in each centre based on labour market surveys — the opposite of the centralized management of public institutions.

The cost per student of UCEP skill training is Tk14,000 per year compared to about Tk20,000 to 40,000 in public Vocational Training Institutes and Tk60,000 in Technical Training Centres.

Commission. By 1997, 16 universities were in operation with about 4,500 students. In contrast to heavy government subsidy for public universities, private universities received no government financial support. Their revenues came mainly from student fees ranging from $500 to $4,000 per year.

Private universities relieve pressure on public universities in meeting social demand for university education. They inject an element of equity in university education by requiring well-off beneficiaries to pay full cost. They offer opportunities for innovation, diversity and a degree of competition in university education. In contrast to the unrest and indiscipline in public universities, private universities appear to be a haven of academic tranquility.
The official attitude toward private universities remains ambiguous. There has been reluctance to approve the establishment of new ones. The government approves not only the head of the university, but also deans and department chairmen. There appears to be a lack of appreciation of the potential of partnership with the private sector in the sphere of higher education. In spite of the failure to move away from the inequity in cost-sharing for public university education and to tackle turmoil and indiscipline in universities, the government plans to establish a dozen more public universities. Creative partnership with the private sector perhaps could be a more promising approach to confronting the intractable problems of university education in Bangladesh.

Policies Regarding Partnership in Education

The Fifth Five Year Development Plan, a draft national education policy prepared by a committee appointed by the government, outlines development objectives, strategies, and priorities in resource allocation. Objectives and strategies reflected in major investment programs in education also provide an indication of the government’s position and preference regarding partnership and cooperation with all stakeholders in the education system. The major investment programs include:

1. The Primary Education Development Program (PEDP) for the years 1997-2002 supported by the World Bank, Asian Development Bank, Norway, Germany, UNICEF and DFID. The cost of the program will be US$740 million with about 53 percent provided by donors;
2. The Secondary Education Sector Improvement Project for the years 2000-2010 financed with the support of the Asian Development Bank, the first phase of which will cost US$86 million (ADB providing 70 percent of the budget); and
3. Non-formal Education Projects (1996-2001) costing approximately, US$250 million dollars, with over 70 percent to be financed by the government and the rest by various donors.

Primary Education

The draft education policy underscores the importance of one unified system of primary education with the “same standard and characteristics” for all children, ending “present disparities” in the system. The policy also advocates the extension of the primary stage up to eighth grade, a recommendation the government has pledged to implement. It also recommends decentralization of the manage-
ment of primary education, devolution of responsibility to the local government structure and establishment of non-government schools, (complementing government schools), “ensuring through regular supervision and cooperation that all schools have the same standard.”

The policy mentions the constitutional obligation of the state to make provisions for primary education of “appropriate standard” for all children; but notes that “the cooperation of all citizens and all government and non-governmental organizations is essential to fulfil this great responsibility.” The Policy statement fails to note specifically the significant contribution of the NGOs in terms of numbers served and innovations introduced or their future role. (GOB, “Draft NEP”, 1997)

PEPD emphasizes the strengthening of the relationship of government and NGOs as a key strategy for achieving the objectives of the investment program. In the context of PEDP, World Bank has proposed a “Learning and Innovation Loan” (LIL), the purpose of which is to introduce in government schools improved classroom environment and teaching methods found commonly in successful NGO schools. (World Bank, “Education Sector Review draft”, p.19)

Non-formal Education

The Education Policy statement recommends an active role of non-governmental development organizations, various departments of the government, local government bodies, mass organizations, civic bodies and others in the coordinated literacy campaign and the Total Literacy Movement with the aim of launching a movement in each geographical area to remove illiteracy. The policy mentions that about 415 non-governmental development organizations have been making a contribution in different ways to eliminating illiteracy. It advocates for the continuation and expansion of the centre-based literacy programs of NGOs.

The Policy recommends a legislative framework for fulfilling the constitutional requirement to expand opportunities for mass-education and non-formal education. It suggests an expanded role of the Primary and Mass Education Council headed by the Prime Minister, enlargement of its membership, and representation of the apex NGO bodies in the Council.

The policy recommends the formation of an autonomous Mass Education Foundation. The Foundation is expected to mobilize and allocate resources for adult literacy, non-formal primary education and professional skill development; ensure accountability and transparency in the operations of the organizations supported by the Foundation; and build a database for mass education. On the whole,
the policy statement favors a stronger non-government role in non-formal education than in formal primary education.

The Fifth Five-Year Plan aims to increase the adult literacy rate to 80 percent by the year 2002. The principal means to achieve this goal is seen to be the area-based Total Literacy Movement with significant voluntary contribution from the community. The Plan documents says that “Non-governmental organizations will be involved in eradicating illiteracy.” (FFYP, p.431)

Actual implementation of the stated policies leaves much to be desired. The main government-financed project for the Total Literacy Movement, as noted earlier, plans to exclude NGOs from the literacy training phase of the “movement.” Inexplicably, the government also seeks to prevent NGOs from mobilizing their own resources for offering adult literacy courses. There appears to be a contradiction between the position taken in the draft Education Policy and the Development Plan document and the approach being followed by the government in implementing the non-formal education programs.

Secondary Education

Policy discussion and expressions reflected in the draft education policy, the Five-Year Plan and the Investment Plan are based on the presumption that present arrangement of an overwhelming non-governmental management role of institutions at the secondary level will continue.

A major thrust of the recommendations on secondary education of the National Policy on Education and the Fifth Five Year Plan is about the structure – combining Grades 6 to 8 with the primary level and designating Grades 9 to 12 as the secondary level. How the change in the organogram will make existing schools, classrooms and teachers perform better is not self-evident. The cost and management implications of the structural change and its effects on the public-private interaction, given the fact that 95 percent of the institutions teaching Grades 6 to 12 are privately managed, also remain to be analyzed. A pragmatic approach would be to:

1. concentrate resources and energy on improving performance of students and teachers where they are, without taking on the added burden of physical and administrative shifts;
2. introduce the structural change slowly and with a large degree of flexibility in the light of local circumstances; and
3. allow local communities including concerned school managing committees and local NGOs involved in education to develop and implement the plan for structural change at their own pace, keeping foremost the
educational interest of children, especially, widening access and improving quality.

The Secondary Education Sector Development Project assisted by ADB emphasizes strengthening management of secondary education, performance standards and accountability in the context of a structural shift to the 8-4 system. It does not explicitly address the issues of transition to the new structure or the implications for partnership of this transition among the principal actors and stakeholders. The neglect of this aspect can seriously impede the management reform and quality improvement envisaged in the sector development project.

Vocational and Technical Education and Training

Both the draft National Education Policy and the Fifth Plan call for a major expansion of the system. The draft policy recommends a major shift of the education budget towards TVET — with all secondary schools offering vocational stream, non-formal skill training for all school dropouts, and upgrading of skills for those employed. Individuals and private enterprises are expected to share the costs of training, although how this may be done is not indicated. The Fifth Plan also calls for a greater range of course offerings, private involvement in training, and better labour market analysis.

The policy statements touch on critical problem areas; but in indicating solutions, they fail to be hard-nosed enough about the weaknesses of the existing system and rely on a major expansion of the system with public financing without ensuring the implementation of the needed reforms. For instance, it largely doesn’t address the centralized management that impedes interaction with the local employment market, and the rigidity in the curriculum and course planning which are unresponsive to changing market demands. Nor does it confront the under-financing of institutions and possibilities for at least partial self-financing, and the absence of collaboration with NGOs and antipathy to harnessing them to broaden the range of options for skill training.

The challenge in skills training is formidable. The present training system only scratches the surface of the needs in respect of the vast majority of the population who live in the countryside and the growing numbers in urban slums eking out a living in the informal economy. There is need for a much greater openness than at present to collaboration and partnership among the government, NGOs and the private enterprises to widen and diversify the choices and opportunities for vocational and technical education and training.
Higher Education

The Fifth Five-Year Plan calls for a major expansion and improvement in quality in higher education essentially through the expansion of the public sector. The Plan calls for establishing six new universities of science and technology in five years. The establishment of private universities, especially in science and technology, is mentioned only in relation to resource scarcity. It is also proposed to encourage private endowments in public institutions, to raise student fees parallel to making financial support available to the needy, and to make private contributions tax exempt. The draft National Education Policy also emphasizes the change in the duration of the degree course, recognizes the importance of resource mobilization and offers guarded support to private universities, expressing concern about maintaining comparable standards in curricula and teachers’ qualifications.

Neither document adequately addresses the questions of equity especially in the highly subsidized public institutions, and an effective approach to tackling student and teacher indiscipline and politicization. Nor does it sufficiently treat financing the setting up of several new institutions, raising the standards of several current institutions to the level of “centres of excellence,” or stronger accountability of the functionaries, particularly of the public universities. By the same token, little awareness is shown regarding how private universities may become a catalyst in bringing about necessary reform in the total university system. A ‘statist’ attitude seems to cloud the vision regarding options and possibilities.

Issues in Partnership-building

The priorities expressed in overall development efforts, the thrust of the policy dialogue as expressed in incipient policy positions (which are yet to be formally embraced), and the strategies being advocated in major development projects indicate a high level of awareness of the importance of broad public-private partnership for achieving social objectives. A wide range of involvement of various non-government stakeholders in social services exists. It runs the gamut of collaboration between public and private sectors in joint efforts, contractual arrangement with the private sector, complementary activities by the private sector, and parallel and independent or competitive provisions of services by the private sector.

While a wide array of non-government involvement and contribution in health and education exists, it cannot be said that the environment for public-private partnership is optimal or that the full potential of partnership for improving and expanding health and education services is being exploited. The obstacles
and constraints can be discussed in terms of the state of governance and manag-
ment of the public sector roles and responsibilities as well as the characteristics of
the principal non-governmental elements, especially NGOs and commercial en-
terprises. In addition, external donors and their priorities and pre-occupations are
also a strong influence in Bangladesh, as in many other developing countries, on
policies and practices regarding partnership in the social sector.

Governance of the Public Sector

The public sector — in the form of government policies, priorities, programs and
allocation and management of resources — creates the environment and sets the
tone for the total national effort in health and education. The roles and tasks the
public sector assumes for itself and its performance define to a large degree the
limits and possibilities of non-government actors. The governance of the public
sector in health and education, therefore, is a key factor in partnership building.
Governance issues may be considered in terms of important characteristics of
public governance in Bangladesh: a) very high degree of centralization; b) ab-
sence of legal and institutional framework for devolution of responsibility and
peoples’ participation; c) deficiencies in public accountability and transparency;
and d) bureaucratic culture and attitudes that discourage partnership and a partici-
patory approach.

Centralization: A provincial authority in a centralized national government struc-
ture of former Pakistan assumed the role and functions of a national government
in Bangladesh after liberation in 1971. But no fundamental change in the public
administration and governance arrangement was made except for the addition of
the trappings of a national government in the capital city and the re-naming of
former sub-districts as districts. Bangladesh has the most centralized government
in the world among countries with a comparable size of population. Even smaller
re-designated districts in Bangladesh have, on an average, more people than in
each of least 40 developing countries of the world; but have little authority to plan
and manage its development and public services.

The aim of the government is stated as “decentralization for program plan-
ning, strategy formulation and resource mobilization and encouraging local level
participation with ownership in planning and implementation” (The Fifth Five-
year Plan, p.464, p.466). At the same time, the same official document says:
“while much has been debated about the merits of adopting a decentralized health
system in the country, reversing the highly centralized government-dominated
health system, the government has yet to decide the future of the health sector”
(The Fifth Five-year Plan, p.481).
In the education sector, a government appointed committee on National Education Policy has recommended that primary education should be “totally decentralized” to the responsible local government bodies. Similarly, for secondary and tertiary education, it is recommended that management and supervision should be taken down “from the capital to the Thana” (NEP Ch24, 1997).

The Local Consultative Group of donors, in its note to the Bangladesh Development Forum (an annual meeting between Bangladesh and its international development partners that reviews performance and needs in development cooperation) underscored the importance of re-defining the role of various levels of government and the relationship between government and the non-government actors in education. It says:

The role of the central government needs to change vis-à-vis the lower levels of administrative authorities, in the direction of less direct administration and more policy planning, information analysis; standard setting and system evaluation. Far too many decisions clog the top levels of the administration when they could be handed down for greater effectiveness. Rapid decentralization of authority could also help overcome roadblocks to effective investment project implementation.

The role of the state has to be changed fundamentally from the exclusive provider of education to one of partnership with the private sector. In particular, delivery services for skill training should be radically changed over the next decade so that the government effectively ceases to function as a direct training provider and instead finances service provision through NGOs, the private sector, and community-based institutions. (Local Consultative Group, “Bangladesh Education Sector Strategy Note”, March 1999)

In reality, the government is far from the exclusive provider of services in health or education, as noted earlier. Even though there may be differences of views about whether the government “effectively ceases” to provide skill training, there is no debate about the government continuing to be a major provider of basic health care and basic general education.

The problem arises when the government behaves as if it is the sole provider or as if only what it does counts. This behavior is manifested when the government neglects or performs poorly its policy, standard-setting and facilitative role, and when it fails to recognize fully and encourage the potential of non-government actors. The problem is compounded when the government manages its own programs in an extremely centralized and bureaucratic way resulting in ineffectiveness and poor quality. The main issue, therefore,
is not how much services it provides, but whether what the government does is of acceptable quality and whether the government serves public interest better by promoting and supporting effectively partnership and participation of all actors.

The ambivalence about decentralization of public services and lack of progress in this respect, despite protestations to the contrary, are in part related to the absence or weakness of the legal and institutional framework for the relationship between the state and civil society. Decentralization and partnership-building are important elements of this relationship.

**The Legal Framework:** A Commission on Local Government has made recommendations regarding decentralization of government and the structure and roles of different government bodies at the sub-national level. The principles of decentralization and devolution of authority and responsibility advocated by the commission include:

1. Appropriate organizations should be headed by elected representatives at district, Thana, and union levels and in municipalities in urban areas, and established with the responsibility and authority to plan, coordinate and implement local development projects and social services;
2. All local bodies should be made responsible to local people including the recall of selected representatives when they lose the confidence of their constituencies;
3. Authority of local bodies to raise resource through taxation and through sharing of revenues with the national government on the basis of statutory arrangements for revenue sharing, and
4. Taking responsibility for implementing development projects in the locality, which may be financed by the central government. (The Fifth Five-year Plan, pp.210-211)

A comprehensive and effective legislative framework for decentralization of government has yet to be put into effect. As of now, district level bodies have no elected head, the coordination and management roles at different levels have not been defined on the basis of statutory provisions, and local bodies have little authority to raise and use revenues independently. Central government officials and members of parliament rather than local elected representatives dominate in whatever limited authority local bodies can exercise.

Health and education, two key areas of public service which affect the welfare of people critically and directly, are generally regarded as the areas for which local authorities can take major responsibilities. Effective partnership of all stakeholders need to be built at the local level so that the services
can be planned and organized in the context of needs and circumstances of
the community.

The policy statements on health and education, which still remain in
the form of recommendations to the government, address the question of part-
nership and governance in the sector in broad and general terms, as noted
earlier. The education policy statement is particularly nebulous about decen-
tralization and partnership. Its recommendation for greater decentralization
responsibility for management of primary and secondary schools does not
elaborate on the nature and substance of decentralization. On the other hand,
its recommendations regarding strengthening the government administrative
structure for education suggest a greater concern for effective implementa-
tion of directives coming from above than for a genuine devolution of author-
ity and responsibility.

Regarding the issue of partnership, the main concern in the Education Policy
statement is about making the non-government institutions similar, if not identi-
cal, to government institutions in terms of curricula, teaching materials, teachers’
qualifications and remuneration, and their service condition, as well as the method
of evaluation and assessment. The advantages of diversity, creativity, competition,
responsiveness to varying circumstances and the importance of
complementarity and collaboration among diverse actors seem to be ignored, if
not actively discouraged.

In any event, either of the policy statements on health and education has
not been presented to the parliament for debate and formal adoption. Nor have
they been looked at from the point of view of developing and legislating basic
laws to guide the provisions for health and education services for the nation.

Legal frameworks for decentralization of governance policies and principles of
health and education development are needed to move away from ad hoc
and sometimes ambivalent positions regarding public-private partnership. The
basic laws can promote accountability and transparency in social services and
protect them from personal preferences and predilections regarding partnership
of functionaries and politicians in authority at the time.

Accountability: One consequence, or perhaps a symptom, of the lack of legal
and institutional framework for decentralized governance and partnership is
the absence of accountability in public services. “The absence of accountability
of public officials either to their superior or to the community they serve
remains a universal phenomenon in Bangladesh,” according to Rehman
highly centralized structure aggravates the accountability problem. Sobhan
observes, “Service providers at the local level are at the end of the service
hierarchy of a national cadre service of local health care providers, school
teachers, public works engineer, extension workers, whose career prospects
are determined by a parent ministry situated at the capital in Dhaka.” (R. Sobhan, 1998, p.25)

The low confidence in government health facilities and their under-utilization are caused by weak administration, lack of oversight over them, and poor accountability. In fact, unions of the public employees — doctors, paramedics and others extract “rent” from the system and the patient with impunity for themselves from disciplinary action. The central authorities have failed to control corruption and poor performance. “On the other hand, successive governments have been inclined to use the collective power of the employers as a means of enhancing their own partisan political strength” (R. Sobhan, 1998, p.31).

Historically, primary schools in Bengal were community-based institutions that received some government funding through district school boards. The schools were brought under the national government in 1973 on the premise that the state should exercise its responsibility to provide universal access to primary education. Subsequent efforts to transfer management from the Ministry of Education to Upazila (district) administration were strongly resisted by the union of teachers. The political clout of the teachers’ union forced the government to retreat from its decision. “Today government teachers have little accountability to their pupils or to the local community or indeed to the local government system” (R. Sobhan, 1998, p.35).

Curiously, accountability regarding performance and results in social services have not received the attention one might expect in government policy discussions. The Fifth Five-year Plan document and the draft policy statements for health and education sectors make only passing mention of the accountability issue and do not offer ideas regarding strategies for enhancing accountability. In contrast, national critiques (as reflected in observations of Rehman Sobhan) and international donors see this as a critical concern. The Local Consultative Group of Donors, for example, wrote in its note:

“Communities and parents should be empowered to hold schools accountable while greater authority should devolve to school managers and those in local headquarters so that available resources can be adjusted to local demands and circumstances. This is true of primary and secondary school directors. But it is particularly true for managers of public vocational training institutions, who must be given freedom to find their own markets and be held accountable for results. Higher education institutions, in theory autonomous, are in fact subject to overbearing regulation by the state.” (LCG, 1999, p.12)

NGOs, especially the more prominent ones, in contrast to the government programs, have demonstrated the capacity to target their beneficiaries well, un-
take effective supervision, and institute accountability and performance standards. Clearly, NGOs are not constrained by public service rules and regulations. But more importantly, it is the culture and attitudes in NGOs that demand and reward performance and discourage dereliction of duties. Objective criteria such as the rate of utilization of facilities, prevalence of contraceptive use, drop-out and completion rates in schools and so on clearly establish the comparative effectiveness of NGO programs.

Critics, however, assert that NGOs are not accountable to communities or other stakeholders as a matter of legal obligation. It is an exercise in voluntarism and is dependent on individual leadership style and preferences. The only real accountability of NGOs is to their donors who control the purse-string, rather than an institutional mechanism in the system. The real dividing line is not between government and NGOs but between those who are accountable by obligation and by choice, and those who are not. An institutional system of enforcing accountability from above and below, whether in NGOs or state agencies, is critical (RS, p.28).

Organizational Culture

In the absence of legal and institutional structures for implementing decentralization, enforcing public accountability, and promoting participatory approach and partnership in development, the extent these features are reflected in social services depends to a large degree on attitudes, values and preferences of individual functionaries occupying influential positions. On this score, one cannot be very optimistic.

Whether the blame can be placed on colonial legacy, the centralized system of bureaucracy that discourages the sharing of power and authority, or the polarization of the elite and masses and what Rehman Sobhan calls the breakdown of the social contract (R. Sobhan, 1998), the functionaries at the apex of the top-down governance hierarchy appear to be comfortable with the ascendant position for themselves that prevails today.

The political power structure also favours the bureaucratic instinct to maintain the status quo. Hence, there is no evidence of great enthusiasm and energy on the part of the political and government leaders for engaging in public debate and discussion about the local government legislation or building a broad national partnership in health and education to achieve national objectives in these areas. Nor is there sufficient vigour in pushing through legislation and formal adoption of laws and policies. There is also lackadaisical follow-up and implementation of the provisions regarding decentralization and partnership. Only the inclusion of appropriately worded text about these provisions has become obligatory in development projects.
Senior officials, some of whom failed to advocate and support or even opposed appropriate moves in favour of decentralization when they were in positions of authority, often speak about the importance of decentralization, accountability and participation after their retirement from office. Perhaps they found the odds against success or personal costs overwhelming. Public debate, dialogue and awareness-raising about the issues, which have to be led and supported by the civil society members including NGOs, can help to build the political pressure so that politicians and functionaries find it necessary to re-examine their attitudes and priorities.

The Role of NGOs

The existence of a large number of NGOs, active in poverty alleviation, community development and provision of basic social services, is a distinctive characteristic of Bangladesh. Some of the Bangladesh NGOs have earned international reputation for their pioneering work in micro-credit and organizing for rural women in self-help groups. The scale of operations of the largest NGOs reaches millions of people in thousands of villages in the country.

There are approximately 16,000 societies and organizations registered at present under the Societies Act of 1860. These include organizations ranging from the smallest charitable societies engaged in small philanthropy to those running multifaceted development programs and commercial enterprises with annual budgets surpassing US$100 million. Close to one thousand organizations, which receive funds from external sources, and, therefore, are required to be registered with the NGO Affairs Bureau located in the Prime Minister’s Office, are the ones mainly engaged in development activities including health and education.

Estimates based on various sources of information indicate that development NGOs are serving over 2 million poor families or about one-fifth of some 10 million families considered to be placed below the poverty line. At least a quarter of the population who have access to basic health care services are beneficiaries of NGO-provided services. Over 8 percent of the children in the primary school age group are enrolled in schools managed by NGOs. In a five-year period up to 1997, on an average, 17 percent of foreign-aid disbursement in Bangladesh has been through NGOs receiving external assistance (B. Sobhan, 1997, p.4). NGOs in Bangladesh clearly constitute a vital and prominent element of the national development endeavour and have emerged as a distinctive social phenomenon.

The relationship between NGOs, on the one hand, and government and society on the other can be best described as ambivalent. Unlike NGOs in Central and Latin America and in the Philippines where they have been active
in the political struggle against repressive regimes, NGOs in Bangladesh have largely remained aloof from a direct political role. They have concentrated their efforts on the delivery of basic social services and poverty alleviation through small savings and credit-based activities. Yet, curiously enough, NGOs have simultaneously borne the brunt of hostility of the religious orthodox and fundamentalist forces as well as the disdain of the left-leaning intellectual community.

NGO activities directed at organizing self-help groups of poor rural women, expanding educational opportunities for girls, promoting family planning and reproductive health and creating institutional sources for small credits have grown in stature and scale sufficiently to begin to strike at traditional vested interests. The expansion and growing effectiveness of NGO activities have evoked a hostile reaction including propaganda campaigns and occasional violence on the part of the conservative elements of society. At the same time, the abstract and “ideological” position taken by some intellectuals and academics and left-of-center politicians is based on a combination of premises, that:

1. Half-measures supported by NGOs only help to blunt the edges of the struggle for real change and justice in society and postpones the ‘day of reckoning’;
2. NGOs are not accountable to anybody but themselves and, therefore, liable to serve their self-interest in the name of the proclaimed beneficiaries; and
3. Being dependent on the financial support of external donors, NGOs are liable to become tools of external influence and the sustainability of their efforts is suspect.

In the confrontational political culture of Bangladesh, which is dominated by the creed “one who is not with me, is against me,” the development-centered apolitical stance of NGOs has not been looked upon with sympathy by significant elements of the mainstream political parties. The most serious attempt to limit the influence of NGOs was made in 1992 under a democratically elected government (rather than by a military regime) by introducing legislation to circumscribe NGOs and draw a distinction between NGOs and other civil society organization. The effort was foiled by vigorous opposition from the NGO community (B. Sobhan, 1997, p.6).

The increasing sophistication of the NGO community in Bangladesh is manifested not just in the size and range of NGO involvement in development of social services and social mobilization. NGOs have come together to form their own collective bodies or apex organizations both of a general character and of a
specialized nature, such as ADAB (the Association of Development Agencies in Bangladesh), CAMPE (The Campaign for Popular Education which is an organization NGOs active in education), VHSS (Voluntary Health Services Society), the Child Rights Forum, and the NGO Forum for Water Supply and Sanitation. These bodies seek to serve their member organizations by collecting and sharing information about member organizations’ activities and in advocacy and lobbying efforts on behalf of their members. They have been less effective or have not attempted self-regulation, developing and enforcing a code of conduct for member organizations or common capacity-building efforts. CAMPE has initiated a significant analytical and monitoring effort called “Education Watch” in order to provide an independent assessment of progress and problems in the national education system.

Another indication of NGO strength is that unlike in many developing countries, some of the larger NGOs depend on indigenous expertise and have built up their own training and professional development programs instead of relying on international or Northern NGOs as the source of expertise. The large NGOs deal with external donors themselves and do not find it necessary to use international NGOs as intermediaries for funding. The larger NGOs are also generating increasing proportions of their resources from profit-earning enterprises and various cost-sharing and cost-recovery approaches in their programs.

The government and the bureaucratic establishment, mindful of the significant proportion of external assistance being channeled through NGOs, tend to look at them as rivals. A method of providing funds through the formation of consortia of external funds including bilateral government donors for individual NGOs, paralleling in a way the donor consortium for the government’s national development programs, has also contributed to the sense of competition. The detractors of NGOs have tended to ignore the fact that it is mostly not a zero-sum game, since a major problem of external aid to Bangladesh is a slow disbursement of committed aid because of poor utilization. Moreover, at least some of the assistance to NGOs are granted by donors from budget sources different from those designated for governments.

Partners or Contractors?

In the context of widespread involvement of NGOs in family planning services, health care and basic education, a question often raised is: are NGOs partners of the government in a development process, sharing and working together in setting objectives and priorities, developing strategies and implementing programs, and assessing results? Or, are NGOs contractors bidding for government contracts like commercial service providers — answerable to a government agency for fulfilling the contract for an agreed fee?
In principle, the contractual relationship can be an important element of a broader partnership relationship. For example, the guidelines for government-NGO collaboration in the Health and Population Sector Program places specific provisions for service delivery contracts with NGOs within the framework of mutually shared objectives, principles and collaboration “based on principles of mutual respect, trust and recognition of mutual expertise within overall national development framework.”

Bureaucratic practices and the motivations of its functionaries colour whether the service-providers’ contract is dominated by compliance to rules, regulations and procedures set by the government and enforced by its bureaucracy. Alternatively, it may adopt a perspective of cooperation and broader partnership. This is especially so in an environment of political ambiguity about the partnership and the absence of legal and institutional framework for promoting partnership.

The HPSP guidelines refer approvingly to arrangements for involvement of NGOs in non-formal education. However, as noted earlier, a good principle has yielded poor results in practice in the case of non-formal education because of the way it has been implemented. The source of the problem mainly has been the exclusive emphasis on the contractual arrangement and compliance with procedures that may even be inconsequential, and the neglect of the broader partnership with a focus on shared objectives and agreed outcome.

On the part of NGOs, it is necessary, especially for the larger NGOs and their leadership as well as the various umbrella organizations, to be more alert and responsive to the critical view and concerns expressed by both sympathetic observers and detractors. More can be done by the NGO community to:

1. develop and enforce a code of conduct regarding public accountability and transparency of governance of NGOs;
2. strengthen management and technical capacities among NGOs with support from the larger NGOs and the umbrella organizations; and
3. support the umbrella organizations to play a stronger role in self-regulation, capacity-building and public awareness-raising regarding NGO contribution to development.

The Commercial Sector

As noted earlier, important components of the health system include retail drug outlets, certified and non-certified private practitioners of modern and traditional
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medicine, and facilities such as diagnostic laboratories, clinics and hospitals that are run on a commercial basis. To these must be added the manufacturers and importers of drugs and medical supplies who have a financial stake of at least US$500 million dollars per year, given the fact that over half of health expenditure is on drugs and diagnostic services.

In the education sector, for-profit commercial enterprises can be grouped under:

1. producers and distributors of textbooks and learning materials,
2. private coaching and tutoring services, and
3. educational institutions run on a commercial basis.

Textbooks at the primary level are prepared on the basis of curricula and syllabi prescribed by the government curriculum and textbook board and are produced and distributed by the government. At the secondary level, the government’s Curriculum and Textbook Board set the curriculum, and textbooks are produced by commercial publishers after the Board approves the content.

Primary textbooks are distributed free of charge. The monopoly of the government in this respect has made education authorities subject to criticism for poor quality and content of the learning materials, inefficiency in their distribution and wastefulness of resources. External aid-providers such as the World Bank and the Asian Development Bank have advocated a greater role for the private sector in the publishing and printing industry. They have encouraged more private sector involvement in the provision of learning materials and the breaking-up of the government monopoly in textbooks as a means of improving the quality and availability of learning materials.

The growing trend of private coaching and tutoring at all levels and in both government and non-government institutions has led to families spending several times the official fees for schools in payment to private tutors. Increasingly, parents consider the extra expense essential because of poor institutional performance during school hours and the need to give their children a competitive edge for entry into higher education. Obviously, only those who can afford the additional expenditure can retain the services of private tutors, thus increasing the disparity in opportunities and aggravating the anguish in many families for their children’s future.

For-profit educational institutions include nurseries and kindergartens and mostly English medium primary schools in the cities, English medium secondary institutions, and a small number of private vocational and skill-training facilities. At the tertiary level, private universities and medical colleges, established under government charter, are required to meet their capital and operating costs from
their income and their own mobilization of contributions. In this sense, they have the characteristics of commercial enterprises, although any excess of income over expenditure is expected to be ploughed back into the institution. Secondary schools and colleges most of which are not government institutions, but largely dependent on government subvention and capital grants, cannot be regarded as commercial enterprises.

“Bottom-line” Issues

In the domain of public goods such as health and education services, the role of private sector commercial enterprises is not straightforward and is not comparable to the role of non-profit non-governmental voluntary organizations. The objectives of the government and for-profit enterprises involved in health and education coincide only partially and may sometimes be in conflict. The “bottom-line” consideration of a commercial enterprise is certainly different from that of the government or an NGO.

A pertinent question is the extent “commercial enterprises” take their own responsibility seriously to become “good corporate citizens,” meet their civic and social obligations, take an enlightened view of their corporate interest, and value the public image of being an ethical and responsible entity in society. The international record is at best mixed and hardly encouraging in Bangladesh.

As a case in point in the health sector, one may examine the tortuous history of the national drug policy in which the collusion of the private sector and other vested interests has shown scant regard for public interest. In 1982, Bangladesh adopted the National Drug Policy in line with World Health Organization recommendations for making essential medicines available to all in need at affordable prices. The bold and far-reaching policy aimed to have a list of essential approved drugs to be produced and sold cheaply by national manufacturers and to limit the unrestricted marketing of brand-name products of little or no health value by national or multinational companies. Bangladesh was one of the first among developing countries to adopt such a policy and earned praise for its move.

Determined opposition by the medical establishment, represented by the Bangladesh Medical Association and multinational drug companies, as well as weak political resolve of successive governments over the past 15 years have thwarted effective implementation of the policy, though it remains on the law books (Z. Choudhury, 1996). The World Bank-supported Health and Population Sector Program calls for the establishment of a committee to review and revise the policy, again with the objective of increasing the availability and affordability of essential drugs and promoting the rational use of drugs (World Bank, 1998b).
Another example of how the perspective and values of the commercial sector come in conflict with public interest may be seen with Bangladesh’s experience with the Code of Marketing of Breast-milk Substitutes and its systematic breach. The Code was adopted by the World Health Organization in 1981 to encourage breastfeeding of infants, which is a vital concern for the protection of infant health. The Interagency Group on Breastfeeding Monitoring — an UK group of non-governmental organizations, academic institutions and churches — commissioned a study of how multinational manufactures of commercial baby food were following the code in four countries: Bangladesh, Poland, South Africa and Thailand. Suspicion of widespread violation of the code prompted the research. The conclusion of the study was that in spite of the undertaking to abide by the Code,

… many companies are taking action which violate the Code, and in a systematic rather than one-off manner … [Breastfeeding] remains under threat from the marketing activities of manufactures and distributors of breast-milk substitutes.

(*Interagency Group on Breastfeeding Monitoring*, 1997)

In respect of textbooks and learning materials, privatization will not necessarily provide solutions to all problems. The work on curriculum development, orienting teachers to curriculum changes and teaching materials, and assessment of curriculum implementation should remain the responsibility of public authorities since they are essential conditions for the effective use of learning materials. The publishing and printing industries are not sufficiently large and technologically developed in Bangladesh to attract adequate investment, create a competitive environment, and offer the benefits of advances in technology. In fact, the Textbook Board has faced cartel-like behaviour and price-fixing when it used commercial printers for producing primary school textbooks, which are required in large volumes. The Transfer of responsibility for textbook development and production to commercial publishers may not foster the anticipated advantages of private sector involvement, namely competition and creativity. On the other hand, publishers have responded to market demand for “note-books” that contain model answers to be memorized for secondary-level public examinations, undermining good pedagogy and the sound assessment of learning. The Minister of Education has even threatened to ban such products, but this would be difficult to enforce and of doubtful legality. Moreover, such draconian steps do not address the problem of poor instruction in the classroom and would create a “black market” for the banned publications. This incident again illustrates the conflicting perspectives of public and private interest.
Obviously, in many aspects of health and education services, the question of enlarging the private sector participation and role in part would not be of great concern if public authorities had discharged their responsibilities for providing services and protecting the public interest adequately. The issue of harnessing the commercial enterprises arises because of the inadequacies of the public sector; however, private enterprises do not offer ready solutions either. The optimal approach lies in assessing the relative strengths and comparative advantages of public and private providers, diligently applying regulations and standards set by the government, and maintaining to the extent possible a degree of competition between service providers under the government and the private sector. The government also has to monitor and assess the role and involvement of the private sector to ensure that public interests are protected and served. A transparent and open process has to be followed to define the public interest, and to develop and apply regulatory mechanisms. Clearly, it cannot be assumed that everything done by the government serves public interest and, conversely, that the private sector always has a negative impact on public interest.

Role of External Assistance

The global trends of liberalization of economic management and structural adjustment policies promoted by international financial institutions have greatly influenced Bangladesh. A policy favoring public control of the economy adopted at the time of the birth of Bangladesh as a new state in 1971 has been gradually abandoned. A ceiling on private investment imposed earlier was raised initially and totally withdrawn in 1978. Since the 1980s, the government has been implementing structural adjustment and liberalization policies aimed at enhancing the role of the private sector in the national economy. The major components of these policies are the removal of restrictions on foreign and domestic investment, liberalization of import and export policies, relaxation of control over foreign exchange rates and transactions, and financial sector and capital market liberalization. The Fifth Five-Year Development Plan (1997-2002) of the government envisages that 56 percent of total new investment during the five years will be from the private sector (GOB, Fifth Five-year Plan, ch. VI, 1998).

External assistance in the social sector has exerted its influence by providing a major share of the cost of new investments. In the health sector, almost the whole of the development budget (which includes costs for new investment plus a small part of recurrent costs for recently initiated activities) is composed of external assistance. This amount totaled over $270 million per year in the mid-
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1990s (HEU and Data International, 1998). In the Education sector, external donors provide over 50 percent of development costs — a total of approximately US$100 million on a yearly average in the 1990s.

The external partners of Bangladesh development have consistently advocated the government to shift its role from being the principal provider of services in health and education to the promoter and facilitator of partnership. The memorandum of the Local Donor Representatives to the Bangladesh Development Forum in 1999 argues that, in the education sector, the state should increasingly become the “coordinator of all the stakeholders involved including parents, students, educators, entrepreneurs and NGOs”, rather than being the main provider of educational services (The Worlds Bank, “Bangladesh: Key Challenges for the Next Millennium”, April, 1999, p.10). The important role envisaged for the private sector and NGOs and harnessing their contribution into the total effort of the Health and Population Sector Program, financed largely by a group of donors led by the World Bank has been noted earlier.

External aid-givers have played a key role in promoting the growth of the NGO community and in shaping the role of NGOs in the development scene of Bangladesh. It has been noted earlier that donors, both bilateral and multilateral ones, have consistently advocated a partnership between the government and NGOs in poverty alleviation and human development programs. As public opinion in donor countries began to demand greater collaboration with NGOs both in donor and recipient countries in the 1980s, explicit provisions have been made in the aid budgets of many donors to channel funds through NGOs. In some cases, especially in the social sectors, involvement of NGOs and their use in implementing activities have been a condition for approving assistance to the government. Direct provisions of funding to NGOs, initially resisted by the government, has now become an accepted modality and a significant source of funds for social sector activities in the country (B. Sobhan, 1997).

It is evident that the position taken by the external aid-providers and their financing of NGO activities has made a significant contribution to making the NGO community a major force in the development scene of Bangladesh. The advocacy of donors, supported by public opinion and even legislative provisions in many donor countries and the undisputed demonstration of effective performance in general by NGOs, have helped to erode the resistance of the government to greater collaboration with NGOs. Direct funding of NGOs by donors has helped to inject a degree of accountability (requiring NGOs to account for funds and show results), has made NGOs more alert to managerial efficiency, and has been an incentive for stronger professionalism in their fields of activities (B. Sobhan, 1997 p.30).

External assistance, which has a major influence on national development, faces several inherent dilemmas:
• Increased support to NGOs has arisen, in part, as a result of the failure of government programs, characterized by mismanagement, corruption and waste of resources. While NGOs can be effective in their own limited spheres, the failing of the public sector still needs to be addressed. Partnership can succeed when all sides in the relationship are strong.

• The impact of development assistance may be limited or remain unsustainable to the extent the emphasis on disbursement of funds, service delivery and visible results, which are the pre-occupations of donors, are ignored. This also holds true if a sustainable foundation for development is not built through challenging and changing the poor relationship in communities, strengthening civil society organizations, and organizing the power as a political force.

• External support to NGOs has largely precluded capacity-building efforts such as support to umbrella organizations of NGOs and, in general, sharing of experiences and information, peer review of programs, and research and evaluation across individual projects and organizations.

• Critics have argued that dependence in donors has led to a loss of ownership by NGOs of their own programs, prompting them to correspond to donors’ interest and priorities (R. Sobhan, 1998, p.18).

• While NGOs have tried to be accountable to donors, there has not been sufficient concern or encouragement on the part of donors about enhancing NGOs, accountability to the public and to the beneficiary communities.

There is also sometimes problems relating to technical experts’ level of professionalism, the soundness and consistency of their advice, and whether their judgement may be influenced by prevailing intellectual custom or organizational priorities in the donor organization. These deficiencies can have far-reaching consequences because of the dependence of most new development and reform initiatives in Bangladesh on external assistance. A case in point in the health sector is the interpretation and implementation of the shift from projects to a ‘program’ approach in the Health and Population Sector Program. The sound and well-intentioned principle of the program approach appears to have been taken to mean the dissolution of all projects and the centralization of most planning, budget, management and implementation decisions. The consequence appears to be new bureaucratic bottlenecks and an undermining of accountability: hardly the consequences intended.

In respect of non-formal education, various problems with the approach and practice in government support to implementation of non-formal programs through NGO management have been noted earlier. The World Bank which appropriately supports and encourages the principle of government financing of
NGO non-formal education activities, seems to have chosen, at least in its education-sector review exercise, to ignore the basic weaknesses in the DFNE approach. The sector review concludes that there are no problems regarding internal efficiency, nor are there questions about external efficiency in non-formal programs in spite of the evidence of serious problems in quality of instruction and grossly overstated reports about results achieved. The reluctance of the government authorities to face up to problems and find solutions that may require radical departure from accustomed patterns seem to have contributed to a skewed judgement in this case.

*Strategies for Promoting Partnership*

With government approval or acquiescence, and sometimes despite the government, the private sector, defined broadly, is actively involved in and making a major contribution to education and health services in Bangladesh. At the same time, the Bangladesh case illustrates the point, if it needs to be illustrated, that the doctrine of privatization and its concomitant of free reign of market forces — whatever their justification in respect of consumption of private goods with little or no externality — is not the solution for problems in the availability and quality of social services. An effective partnership of public and private actors is *sine qua non* for meeting the needs in education and health.

The nature of public goods and public and private roles for their provision and management underscore three implications for action to promote partnership for increasing the quantity and improving the quality of education and health services. First, while education and health are model public goods, all components of education and health are not public goods to the same extent. For example, primary health care and primary education are of greater value to society as a whole (possessing greater externality) than an advanced degree course in paleontology or a high-tech treatment facility for uncommon cardiovascular symptoms. Flawed choices and decision regarding priorities within the social sectors and relative public interest value of different components within them are a general problem, also evident in Bangladesh.

Second, it takes the exercise of social choices and collective decision-making to maintain and promote the “public good” character of social services. Basic health care, for instance, can be turned into a market commodity whereby its access is limited to only those who can pay the price, thus undermining its value to society. The antipathy to accepting basic health care as a collective social obligation in the United States has left some 50 million people without health insurance, thus limiting the benefit of health protection to them and imposing social costs on the whole society. Inadequate and inequitable investment in pri-
mary education has deprived at least a proportion of the children of the right to quality basic education in poor as well as some rich countries.

Third, social choices about public goods involve articulating political priorities and making technical judgements in respect of two types of decisions:

1. financing arrangements and subsides, since full costs cannot be recovered from beneficiaries in public goods transactions; and
2. the degree of direct control of the government for the provision of services versus a regulatory and standard-setting role of the government. The two kinds of decisions are not necessarily linked: public financing can be made available for services provided by the private sector. On financing arrangements, the basis of subsidy, how much and how the incidence of subsidy should be distributed are critical decisions. Equity has to be the main consideration, but it is often a politically loaded criterion and decisions are based more on politics than technical analysis. Regarding control over provisions for services, comparative strengths of public and private providers, and efficiency of services established by technical analysis should be the main criteria.

These general strategy implications, which are supported by the Bangladesh experience, boil down to the over-arching conclusion that the main concern should be maintaining and enhancing public goods. This means ensuring the greatest benefit for society from health and education services at a given cost to society rather than the degree of public or private control over the services. No one will seriously argue that a *laissez-faire* reliance on market and civic action is the way to provide for adequate social services. But the reverse is not the answer either: public goods are not necessarily protected and promoted when the public sector is in control. Government authorities are not necessarily the epitome of good judgement, fairness and efficiency. In fact, influence of vested interests, corruption and incompetence are common symptoms of a governance crisis that afflict many developing countries including Bangladesh. In the context of this reality, a pragmatic approach of checks and balances, transparency in decision-making and a certain diffusion of authority among stakeholders will have a greater chance of serving the public good.

The Bangladesh experience in health and education sectors presented in the report highlights a number of strategic actions for promoting public private partnership, keeping the focus squarely on enlarging and enhancing public goods. These are presented under the following headings:

- building consensus on government and non-government roles;
- establishing legal and policy frameworks for partnership;
• building on NGO strength in Bangladesh;
• taking specific capacity-building measures;
• rethinking the donors’ role; and
• increasing resources and using them better.

Building a Consensus

It has been noted that the relationship between the government and the private sector and perceptions about their respective roles and performances are characterized by ambivalence and ambiguity on both sides. There is also a large gap between the rhetoric about cooperation and partnership expressed in official statements, such as the Fifth Five-year Plan and documents about major health and education investments and how cooperation is implemented in practice. There is lingering skepticism about a legitimate role of NGOs and the private sector in providing social services. A strong undercurrent of a “statist” mindset persists in spite of the mountain of evidence that Bangladesh requires a more nuanced approach based on a healthy interaction between the state and the civil society, rather than unquestioned faith in the state’s role as the defender of public interest and equity.

Better understanding and clarity on the part of policy-makers, opinion-leaders and the public are needed on global trends regarding the evolution of the relationship between the government and the civil society, and global changes in the economic sphere that affect roles and functions of the government and other actors in social services. A process of public dialogue, debate and analysis is needed to develop an awareness of options and their consequences and to forge a degree of consensus regarding the options.

Action

Greater dialogue and public understanding need to be promoted in three areas:

1. the nature of decentralization that would bring decision-making regarding social services including health and education closer to the people, allow greater involvement of the people and set the context for participation of the private sector including community organizations and NGOs;
2. the balance between the governments’ role as the regulator, facilitator and promoter of equity, efficiency and accountability in social services and its role as direct provider and manager of social services;
3. creating public understanding and helping develop social norms regarding
social and civic responsibility and code of conduct of the private sector, especially the commercial enterprises.

The government, the academic community, the media and the NGOs have the responsibility for promoting dialogue and public awareness. However, the government has a special role in encouraging, participating in, listening to and acting on the dialogue and steering the dialogue away from partisan politics.

Establishing the Legal and Policy Framework

The next step from a better understanding and the consensus-building effort regarding partnership is to establish legal and policy frameworks for public and social services. This is necessary in order to move away from ad hoc-ism, uncertainty and arbitrariness, and the reliance on the goodwill and personal predilection of functionaries and political personalities that has prevailed in the relationship between the government and non-government actors in health and education. To promote effective partnership, the rules of the game have to be established and the rights and obligations of all parties must be specified, understood, and accepted by all.

Action

In respect of partnership in health and education, legislation and policy frameworks are needed in two areas:

1. Legislation regarding decentralization of governance specifying roles, functions, authorities and obligations at different tiers of government, from the community to the national level, which would set the context for cooperation and collaboration between the government and the different private sector actors at each tier;
2. Adoption of basic laws regarding health and education sectors specifying national objectives in these important areas of public welfare based on national policies and a degree of consensus on education and health priorities. Development of laws relating to principles of public goods and public interest; the roles, obligations and rights of the state; citizens and other stakeholders; outlines of the organizational structure and mechanism for fulfilling national objectives; and the principles regarding mobilizing necessary resources with equity in sharing the cost burden.
Building on the Strength of NGOs

NGOs — international, national and local — have become an important force in articulating development priorities and strategies, focusing attention on human and social development, and contributing to their fulfillment. They have given voices to segments of society who had remained unheard and have helped to enlarge choices for the public in social services by creating a degree of diversity and competition. They have introduced innovations and have taken initiatives in ways the public authorities or the commercial enterprises cannot. Bangladesh has an especially vibrant and strong NGO community, which has earned international acclaim for the scope and size of its activities and its accomplishments.

Action

➢ The government needs to shake off its ambivalence about NGOs and indifference to their contribution. The accomplishments of NGOs should be fully recognized and data about them should be collected and reported in national statistics about social development. NGO activities and their potentials, when necessary encouragement and support from the government are given, should become an integral part of national development and investment plans.

➢ The government should, as a general principle, accept to finance NGO social development activities, when this is cost-effective, and make necessary budget provisions in national development programs in order to promote sustainability of NGO activities. The government needs to recognize that the expansion of cost-effective NGO activities is a means of achieving better use of national and public resources. However, in doing so, caution has to be exercised so that government subvention does not become the means of strangulating flexibility and creativity of NGOs, making NGO activities more like government operations.

➢ NGOs, in turn, need to recognize their responsibility to support national priorities and objectives, when these emerge through a participatory process. They should accept the obligation to become accountable to their beneficiaries and the public, increasing transparency about their priorities, decisions and resources. They should consciously develop structures and mechanisms for participation of beneficiaries in program development, implementation and evaluation. NGOs should cooperate among themselves to develop collectively codes of conduct and self-regulation processes.
Taking Capacity-building Measures

This case study is a contribution to capacity-building for better partnership in health and education, because an understanding of the status and problems of partnership at present is expected to guide efforts for improving partnership in the future. In the context of partnership-promoting measures indicated in this report, specific needs and opportunities for developing skills and capacities among stakeholders in the social sectors have can be identified:

*Action*

Government, donors and NGOs need to support specific opportunities for capacity-building related to developing partnerships and enabling the stakeholders to play their respective roles effectively: These opportunities include:

1. NGOs helping themselves, communities and government agencies through cooperative efforts of their apex bodies; larger NGOs supporting smaller ones to enhance professionalism in management and in specific technical areas; (e.g., training activities of some of the larger NGOs such as BRAC, Proshika and Ahsaniya Mission can be used by the government program more than the reluctant steps taken so far).
2. Supporting the introduction of a measure of order and system into the widespread practice of informal apprenticeship and on-the-job skill training which often exploit the trainees and are without any quality control. In general, organized market-responsive middle-level skill development in the non-government sector needs to be promoted.
3. Encouraging and supporting “independent monitoring” roles for the NGO community in specific areas such as education, health, and human rights; a good example is CAMPE’s education watch project.
4. Supporting dialogue and public awareness-raising efforts involving NGOs, professional bodies and the media on social development issues including key policy issues and performance of programmes in health and education.

Rethinking the Donors’ Role

Direct grants and indirect funding through government to NGOs by external donors have been largely responsible for the emergence of a prominent role of NGOs in Bangladesh. The strong advocacy of the structural adjustment policies and the ideological preference for a market approach of major donors
Public-Private Partnerships in the Social Sector

have also led to an increased private sector role in the economy in general and aspects of social services. The pre-eminent position of external donors, who provide 50 percent of public development investments and over 90 percent of NGO project budgets, imposes a special responsibility on donors regarding intended and unintended consequences of external assistance. Issues have been raised regarding sustainability of NGO activities, to what extent NGO priorities and programme strategies are externally driven, and NGO accountability to the public.

**Action**

Greater attention should be given to technical, financial and institutional sustainability of NGO projects assisted by external donors. Specific steps may include:

1. assisting projects that help build assets and capital resources of beneficiaries including revolving credit funds;
2. allowing a small proportion of assistance for each project to be accumulated into a capital fund in the nature of building endowments to encourage greater self-reliance of NGOs.

➢ Assistance should be provided for capacity-building activities of federations of NGOs such as ADAB and CAMPE, as well as of individual NGOs. These may be made in such areas as management and technical training, sharing information and experiences among NGOs nationally and regionally, thematic evaluation across projects of different NGOs and those in the public sector, ways of enhancing accountability, and research and public policy dialogue on critical development issues.

➢ External donors need to exercise greater care about consistency and professionalism in assessing and supporting programmes and projects, making recommendations to government and NGOs, and in providing technical assistance than sometimes have been the case, as noted earlier in this report.

➢ The external donors should continue to play the role of “critical partners,” as a stakeholder in Bangladesh development, raising policy and strategy issues and questions about priorities and performance in development efforts. They should encourage and engage in public dialogue and discussion about important development issues and about building partnership of all stakeholders.
Increasing Resources

An important justification for a stronger public-private partnership is the need for mobilizing larger resources for social services and using these resources more effectively. Gross misuse and wastage of large proportions of household resources in health and education have been noted. Similarly, large-scale wastage of public resources in health and education services due to unacceptable quality of services and their internal inefficiency (dropout of children in school, non-utilization of health clinics) are widespread. Better use of resources is a substitute for increase in resources when wastage is widespread. Effective resource utilization also facilitates mobilization of larger resources and makes the case stronger for increased resources.

Action

➢ Regulatory measures and other policies and actions regarding public-private partnership should pay particular attention to protecting “value for money” for household expenditures in health and education and preventing misuse and wastage in household consumption of services and products. Given the fact that two-thirds of health expenditures and more than half of education expenditures are from households, and given the poor “value for money” obtained in these expenditures, cost-effective use of these funds can be a substantial real increase in resources for health and education. Finding ways of giving effect to the “client bill of rights” proposed in national health policy would be an important step in this direction.

➢ Expansion of cost-effective NGO and private sector health and education activities, financed by public funds, should be accepted as a strategy for enhancing cost-effectiveness of public resources, especially when comparative advantages in terms of equity and efficiency are on the side of non-government activities.

➢ Tax and financial incentives should be offered to individuals and businesses for philanthropic contributions and creation of endowment funds for promoting health and education services. The “culture of giving” and “noblesse oblige” should be encouraged by recognizing, publicizing and honouring private generosity for social purposes, as the small nouveau riche elite that appropriates a large share of wealth is notoriously averse to such generosity.
Sources


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Private Initiatives in the Provision of Learning Opportunities: Some Examples from Japan

Akihiro Chiba †

Introduction

Most of great civilizations in the world must have developed specific forms of education unique to each of them, such as the Koranic school, etc. Most of such educational practices or forms have either disappeared or subsided in the wake of modernization dominated by Western civilization. Somehow, the concept and form of education presently called “school” developed and matured in European civilization. It succeeded in institutionalizing learning, which enabled people to gather together and to have systematic access to the knowledge accumulated and stored in the institutionalized-learning scheme. Most of other civilizations failed to produce such a system, which matched systematic and institutionalized forms of learning that were open to all.

Furthermore, the system developed a more scientific sequencing of the learning process through the establishment of primary, secondary and higher education, curriculum development, teacher training, tests and evaluation, etc. With the emergence of the modern state, education was quickly subsumed with the state’s political and economic strategies and was taken over by the state in most nations. Such forms of learning were then exported to other parts of the world through trade or aggression by the European powers or through the colonization. Many latecomer nations had to adopt the European system of education to ensure national development or to avoid colonization.

With the independence of many third-world countries emerged a strong drive to develop the national “school” system and concomitant teacher training and curriculum development. It was taken for granted that educational development meant the development of the school system based on the Western model. Developing countries faced many difficulties to complete the task of school system development and the present state of affairs is still far from satisfactory. At

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some stage in the past, there were voices from the Third world that schools were a European product that were alien and not fit in the Third world and one must look for more appropriate learning models. Such claims often resulted in the search for more indigenous and traditional education schemes that existed prior to colonization, but such attempts invariably failed to identify models that could replace the present school education. By 1970, all came to claim that the “school” would be the “universal” model of learning irrespective of differences in culture and history, geographical regions, political systems or levels of economic development. However, education was rigidly equated with schooling in those days, and criticisms started to emerge against this notion in the 1970s. Many attempts were made to widen the ranges of learning potential to as many peoples in terms of age and space, such as life-long education and learning society (Unesco), non-formal education (Philip Coombs), recurrent education (OECD), basic education (Unesco-Unicef), or open learning, distance education, further or continuing education. An attempt was also made to introduce more qualitatively adequate contents of education to meet emerging and more complex needs.

All these international controversies have yielded to today’s international priority of “Education for All,” (EFA) as adopted during the 2nd Medium Term Plan of Unesco (1984-1989) and then the 1990 Jomtien Conference. It combines basic and functional literacy, early childhood care and development, primary education, non-formal education and adult education in the context of life-long education to meet basic learning needs. This concept is now flexibly adapted in many countries such as basic education for all, quality education for all, or life-long education for all.

It was clearly recognized at the Jomtien Conference that states alone can not ensure the provision of EFA and all actors in society, especially private sectors and NGOs, are called upon to form partnerships in pursuit of such goals.

Japan is presently classified as an industrially advanced country. While Japan has succeeded in providing learning opportunities for all peoples at present, it was a feudal country without a national system of education until some 140 years ago. The present paper first tries to identify the indigenous forms of learning in those days called terakoya that was a uniquely grassroots initiative. It then examines how terakoyas helped to rapidly accelerate the development of primary education in the Meiji period (1868-1911), Japan’s first period of modernization. The Meiji government placed its highest priority on the development of primary education, while higher education was not pursued with as much vigour. Strong initiatives came from the private sector to form universities and institutes of higher learning in the Meiji period. This again had its origin in the private initiatives of “Shijuku” or private academy towards the end of the Tokugawa Shogunate. Currently Japan’s higher education is quantitatively dominated by private universities and the foundation for this trend was laid in the Meiji Period. Lastly, the paper will describe the current non-formal schemes of education through private and commercial initiatives to meet the needs of lifelong education.
Terakoya: Emergence of Private Initiatives in the Provision of Basic Education Prior to the Meiji Period and its Contribution to the Development of the National Education System

There was no national scheme of education until the end of the Tokugawa Period. Each feudal clan developed its own scheme of education for its ruling class and samurai. Farmers or merchants had no access to such education and a majority of them were illiterate. On the other hand, there was a widely prevailing culture in Japan to respect learning and scholarly work under the influence of Confucianism and Taoism from China. Furthermore, written words were increasingly used to announce administrative decisions to the general public by putting up the wooden placards on the streets. All population in general admired scholars and those who were literate and thus cultured.

Although the country was closed and isolated from the rest of the world for over 300 years under the Tokugawa Shogunate, Japanese culture was nurtured and matured to reach a high level of sophistication. At the same time many of the merchants gained economic power towards the end of the Tokugawa Period and they in turn recognized the need to arm and protect themselves with the acquisition of literacy and also to advance their social status.

A uniquely Japanese form of learning emerged from among the common people called terakoya. The term terakoya consists of three independent characters: “tera” (temple), “ko” (child) and “ya” (house), which literally means a “temple child house.” But when tera and ko are combined, i.e. terako, it means a learning child. Thus terakoya is a learning centre in the current expression.

Terakoyas could be opened by any learned persons; lower echelon samurai or those out of a job, priests, heads of villages or merchants as long as they were literate and learned. It was a spontaneous and endogenous move. Normally the residence of a terakoya teacher was opened as a class for about 20-30 children between the ages of 6/7 and 12/13 in the neighbourhood. There were no set rules and each terakoya teacher set his or her own procedures such as the schedule, fees, the choice of instructional materials, etc. It was a basic education to acquire the fundamental skills of reading and writing (calligraphy), abacus, moral education, cultural practice of tea or flower arrangement, or any other matters which teachers considered useful for the children. The instructional materials often used were those well-known model texts in colloquial correspondences, while Chinese poems or philosophical works were more often used in formal learning classes for samurai and the ruling classes. The contents of such correspondence included such variations as vocabulary, moral instruction, social and economic matters, geography, history, calculation, elementary sciences and environmental issues, industry, or model texts. There were as many as 7,000 kinds of texts including 1,000 for the use of girls. It was essentially rote learning. Parents of those chil-
Children attending *terakoya* offered very modest fees and sometimes payment was made in kind.

The origin of *terakoya* is not clear but it is said that it emerged in Osaka and its region towards 1470-1500. It started to spread in the period 1751-81 and jumped almost 100 times in 1830-44 to 15000. At the end of the Tokugawa period, almost 50 percent of children including girls were attending *terakoyas* in certain regions.

Japan started her modernization process in the Meiji Period (1868-1911) and one of the most urgent issues was obviously the development of the modern national education system on the European school model. The Ministry of Education was set up in 1871 and the Meiji Government placed the highest priority on the development of primary education through the new Educational Decree of 1872. The Decree stated that there should be no family without education in a village and there should be no one in the family without education. However, it was not to start from the scratch as Japan had already her own educational development through *terakoyas*. By 1875, 24,225 schools were opened and 1,926,126 pupils already enrolled.

The Government adopted a flexible approach in the setting up of primary schools. Some prefectures abolished the existent *terakoyas* and built new public schools, and in other places, new public schools were set up in parallel to *terakoyas*, gradually absorbing the *terakoya* pupils to new public schools. The third approach was to use the existent *terakoyas* as primary schools and it was the most popular approach. Several *terakoyas* were grouped to form a primary school and the serving *terakoya* teachers were appointed as primary school teachers. According to the available record, in 1875, some 40 percent of primary schools used the temple buildings, and 30 percent were private houses. It means that almost 70 percent of primary schools were with the *terakoya* origin. The structure of primary education in 1873 was 4 years lower primary and 4 years upper primary. It changed to 3-3 in 1881, 4-2 in 1892 and 6 in 1908.

The primary school enrollment rates of the initial modernization period are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Boys</th>
<th>Girls</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1873</td>
<td>39.9</td>
<td>15.1</td>
<td>28.1</td>
</tr>
<tr>
<td>1875</td>
<td>50.5</td>
<td>18.6</td>
<td>35.2</td>
</tr>
<tr>
<td>1880</td>
<td>58.7</td>
<td>21.9</td>
<td>41.1</td>
</tr>
<tr>
<td>1885</td>
<td>65.8</td>
<td>32.1</td>
<td>49.6</td>
</tr>
<tr>
<td>1890</td>
<td>65.1</td>
<td>31.1</td>
<td>48.9</td>
</tr>
</tbody>
</table>

Public-Private Partnerships in the Social Sector

It is generally believed that the existence of the *Terakoya* — a uniquely Japanese indigenous learning scheme with grassroots private-initiatives — was the major contributing factor for Japan’s successful development of the national school education system. Furthermore, the early development and consolidation of the education system, especially at the basic level, was also considered as a key for Japan’s economic and social development.

**Development of Higher Education in the Meiji Period and the Role of Private Colleges and Universities at Present**

While *terakoyas* spread throughout urban and rural areas meeting the basic learning needs of common people, another private initiative emerged at the end of the Tokugawa Shogunate for more advanced studies, mainly in the urban areas. These were called “shijuku” or private academies. It was normally developed at the initiative of a learned scholar, around whom enthusiastic young people gathered to learning from him. There existed some 20 shijukus in 1750. In the period from 1789 to 1800, there was no academic freedom under the Tokugawa Shogunate, and the study of alien schools of thought was totally banned. However, many people started to demand more than what one could learn at the *terakoyas* and more advanced skills of writing, calculation, sophistication, etc. with new developments in commerce, manufacturing and mining, and the emergence of a rudimental form of capitalism. This was the main reason behind the rapid increase in the numbers of shijukus, which jumped to 166 in 1804-1829; 223 in 1830-1843; and 579 in 1844-1867.

Towards the end of the Tokugawa Shogunate, the totally closed system of feudalism started to show many contradictions and constraints, and the national philosophy of “shushigaku” (the doctrine of *chu tzu*) that enjoyed the Shogun’s protection could not often cope with newly emerging situations. While the ban on the study of alien schools of thought continued, many eager people attempted to study Western sciences, philosophies, political theories, etc. at the risk of persecution while nationalists also tried to accentuate their theoretical sophistication. This was behind the phenomenal increase in the numbers of shijukus. Many lower class samurais, thus far totally subordinated to traditional hierarchical feudal rulers, started to see the failings of the system and many of them felt the need for reform. Some shijukus tried to train new leaders who could carry out reforms. One such private academy was *Keio Gijuku* established by Fukuzawa Yukichi to promote the study of Western doctrines. These private initiatives for advanced studies formed the basis for the emergence of private colleges and universities when the Meiji government was newly formed.
The Meiji government was determined to introduce the European system of education but obliged to shift from the initial French system to the American decentralized system and then to the Prussian style of centralized administration in the light of national and local constraints. The system of higher education was first vaguely conceived in the French system, i.e. to divide the country into eight large university regions. A university was to be set up in each region, but the plan was not carried out to completion. The government set up the first such university, Tokyo University, in 1877 by combining two existent institutions of higher learning, for which the University of Berlin, it is often said, was its model.

At the same time, preparatory schools to the Tokyo University were set up. It was only in 1886 when the national system of higher education was structured under the Imperial University Act. The second national university was set up in Kyoto (Kyoto Imperial University) in 1897. The establishment of monotechniques was authorized in 1873 to allow foreign teachers to teach practical western academic and technical subjects such as law, medicines, astronomy, mathematics, physics, chemistry, engineering, etc. By 1877, there were already 53 such monotechniques and the number increased to 10 in 1884. Much of the private initiatives in higher education during this era laid the foundation for present higher education in Japan. Many reformers and idealists launched private institutions of higher learning, although they were not classified as universities in those days. Those institutions that specialized in English teaching included Keio Gijuku (already opened in 1858 by Fukuzawa Yukichi prior to the Meiji Restoration), Doshisha English School (the first Christian school by Niijima Jo in 1875), Tokyo Eiwa School (established in 1882 and later developed into Aoyama Gakuin University), etc. These schools represented the progressive schools of thought along with Tokyo Specialized School (Tokyo Senmon Gakkou set up in 1882 by Ookuma and later renamed Waseda University) which stressed the education of free-willed men, as distinguished from the aims of government universities.

There was another group of specialized schools that especially aimed at training in the field of law and economy, such as Tokyo Hogakusha (set up in 1879 and presently Hosei University), Senshu Gakkou (1880, present Senshu University), Meiji Law School (1881, present Meiji University), English Law School (1885, present Chuo University), Kansai Law School (1886, present Kansai University), Nihon Law School (1890, Nihon University).

Many alarmed nationalists and traditionalists took equally strong private initiatives to set up their own academies against the tide of westernization. Such initiatives came particularly from Shinto and Buddhist religions, which later evolved as private universities, such as the present Kokugakuin, Ryukoku, Outani, or Toyo Universities. However, western-oriented and Christian schools in general dominated such private initiatives. All these specialized monotechniques were recognized as universities in 1918. Unfortunately, all progressive schools came
under strict government control during the war and their academic freedom was much restricted.

Such past private initiatives have left a legacy in the present educational system in Japan. The following statistics show the present situation of higher education, especially private colleges and universities:

**Table 1: Number of 4-year Universities**

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Municipal</th>
<th>Private</th>
<th>Total</th>
<th>(% of Private)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>72</td>
<td>33</td>
<td>140</td>
<td>254</td>
<td>(57.1%)</td>
</tr>
<tr>
<td>1970</td>
<td>75</td>
<td>33</td>
<td>274</td>
<td>382</td>
<td>(71.7%)</td>
</tr>
<tr>
<td>1980</td>
<td>93</td>
<td>34</td>
<td>319</td>
<td>446</td>
<td>(71.5%)</td>
</tr>
<tr>
<td>1990</td>
<td>96</td>
<td>39</td>
<td>372</td>
<td>507</td>
<td>(73.4%)</td>
</tr>
<tr>
<td>1995</td>
<td>98</td>
<td>52</td>
<td>415</td>
<td>565</td>
<td>(73.5%)</td>
</tr>
</tbody>
</table>

**Table 2: Student Enrollment**

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Municipal</th>
<th>Private</th>
<th>Total</th>
<th>(% of Private)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>194,227</td>
<td>28,569</td>
<td>403,625</td>
<td>626,421</td>
<td>(64.4%)</td>
</tr>
<tr>
<td>1970</td>
<td>309,587</td>
<td>50,111</td>
<td>1,046,823</td>
<td>1,406,521</td>
<td>(74.4%)</td>
</tr>
<tr>
<td>1980</td>
<td>406,644</td>
<td>52,082</td>
<td>1,376,586</td>
<td>1,835,312</td>
<td>(75%)</td>
</tr>
<tr>
<td>1990</td>
<td>518,609</td>
<td>64,140</td>
<td>1,550,613</td>
<td>2,133,326</td>
<td>(72.7%)</td>
</tr>
<tr>
<td>1995</td>
<td>614,669</td>
<td>91,642</td>
<td>1,927,479</td>
<td>2,546,649</td>
<td>(75.7%)</td>
</tr>
</tbody>
</table>

From the above table, it is clear that Japan’s higher education is predominantly supported by private sector contributions. This can be traced back to the very origin of higher education in the Meiji Period. However, the private universities are operating more in the fields of arts, humanities, social sciences and education while natural sciences are mainly located in government-run universities. This is due to the costly investment required in the pure and applied natural science disciplines. It can be said that general human resource development in Japan is predominantly in the hands of private universities but governmental universities are clearly in the lead in the research and development especially in the fields of sciences and technologies.

There are other forms of higher education in Japan. Although they do not enjoy the status of universities, they cater to the advanced training needs in socio-economic and technological fields and offer employment opportunities for graduates as middle-level technicians. A typical example of this category are the Higher
Specialized Schools (Kosen), which mainly specialize in industry and the merchant marine, that started in 1962. This system is within the linear structure of school education. They take junior high school graduates for five consecutive years of training. There are 62 such institutions and 54 of them are public. This is quite understandable as explained before. Other categories of specialized training will be discussed in the following chapter.

Emergence of Non-formal Private Scheme of Education: Commercialized Learning Opportunities and More Individual Learning Initiatives and Volunteerism

A highly structured education system often fails to respond quickly to rapidly changing training and employment needs, so certain private initiatives fill in such gaps. Well-established large industries and firms used to employ graduates of formal prestigious universities and trained them with further specialized techniques through in-service training and a life-long career system. Many of small scale industries and manufacturers, however, need immediately usable manpower with some specialized training as they cannot afford to invest in fresh training and wait until new graduates become qualified. The need is more acutely felt for middle- and lower-level technicians.

There are two types of training schools: Senshu and Kakushu schools. Senshu schools (special training school) offers one-year diploma training and a minimum of 800 hours of systematic training. A total enrollment of over 40 (but class-size must be below 40) is required by law in order to qualify as a Senshu school, which became a part of the education system in 1976. Higher courses or upper secondary courses are designed for junior high school graduates and the specialized courses or advanced courses are for senior high school graduates. There is no specific requirement for general courses.

The qualifications required of Senshu school teachers are graduation from a two-year junior college with experience in higher courses and graduation from a four-year university with experience in specialized courses. There is no requirement to be a teacher for general courses. The training covers a variety of areas as needed in society. The majority of such schools have been established by private initiative.
The numbers of the Senshu schools are:

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Municipal</th>
<th>Private</th>
<th>Total</th>
<th>% of Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>166</td>
<td>182</td>
<td>2952</td>
<td>3000</td>
<td>95.1%</td>
</tr>
<tr>
<td>1995</td>
<td>152</td>
<td>219</td>
<td>3105</td>
<td>3476</td>
<td>89.3%</td>
</tr>
</tbody>
</table>

Those that are not recognized as Senshu schools are denominated as Kakushu schools or miscellaneous schools. They should offer at least 680 hours of training in a one-year course and class size must be below 40. However, for some simple skills, three-month courses are allowed. Other criteria are much looser and flexible than Senshu schools.

Statistics show that over 97 percent of such schools are established under private initiative. Courses vary from generally well demanded areas such as driving, cooking, hairdressing, dressmaking, book keeping, foreign languages etc. to more advanced technologies or general culture.

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Municipal</th>
<th>Private</th>
<th>Total</th>
<th>% of Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>4</td>
<td>85</td>
<td>3,347</td>
<td>3,436</td>
<td>97.4%</td>
</tr>
<tr>
<td>1995</td>
<td>3</td>
<td>59</td>
<td>2,759</td>
<td>2,821</td>
<td>97.5%</td>
</tr>
</tbody>
</table>

Some observations are offered below. Senshu schools are becoming an attractive alternative to junior colleges as the intakes, particularly to specialized courses, now exceed the numbers of junior college students. This is simply because the areas of training are closely linked to the socio-economic and technological needs, thus better chances of employment. This, in part, explains the increase in the numbers of such schools. Furthermore, the diploma offered at the Senshu schools are more formally recognized and transferable as credits in certain universities. Such bridges between the private initiatives and the formal school system are one of the factors attracting students. Training offered through private initiatives must be formally recognized with the award of diplomas and certificates, obviously with possible access to further advanced learning.

On the other hand, kakushu schools or miscellaneous schools do not offer such recognition. They award some certificates that qualify them to apply for a certain category of jobs but without access to further higher education. When the economy is prosperous, there will be much active initiatives from the private sector to establish immediately profitable enterprises, which include educational enterprises. The above statistics shows the decline of the miscellaneous schools from 1990 to 1995, and this must reflect, in part, the economic stagnation in
Part Two: Country Experiences

Japan today and also the possible shift of their clients to the Senshu schools that are attractive because of diploma programs. The fluctuation in the number of schools and enrollments is much greater in the case of the institutions with private initiatives, being quick to rise and decrease. Such fluctuation, especially downwards, is less in more formal establishments.

In industrially advanced countries including Japan, education has become commercially viable with the spread of life-long education and with the emergence of a learning society which has many education-related business and enterprises. The mass media is extremely interested in education as well. In addition to book and newspaper publishing, which in a wider sense are educational in nature, mass media has developed more direct educational business such as educational software or opening cultural schools and centers. They include general cultural programs for self-enlightenment or more skill-oriented programs with a vocational orientation. It is said that about 1.92 million citizens attend such courses annually. Department stores sponsor all kinds of exhibitions and practical training that are highly educational. Where there is a demand, the private sector can respond and, at the same time, the private sector’s initiatives, when appropriately oriented, can attract many clients even with the payment of fees. Where education is commercially viable, the rule of business will apply as well in enhancing educational opportunities.

Many clients of commercially-run cultural and educational centers are increasingly dissatisfied with the set menu of such programs and have started to demand an à la carte menu or more individualized programs. They move further to take their own initiatives in setting up their own programs. Self-designed programs are increasing, which include many volunteering activities. They shift from passive learners to active actors of learning. Many moves towards setting up new NGOs and NPOs are backed by such active learners. NGOs for international cooperation, emergency rescues and reconstruction, and active participation in the democratization process are supported by the increasing numbers of such new enlightened clienteles.

There are complementary private initiatives in the education of young children as well. Out of 8.11 million primary and 4.53 million junior high school children in 1993, some 6.77 million primary school (83.5 percent) and 1.38 million of junior high school children (30.4 percent) are learning something in addition to schooling, such as piano and other musical instruments, painting, calligraphy, sports, etc. In addition, some 2.07 million primary (25.6 percent) and 2.89 million junior high-school children (63.8 percent) are attending jukus, private tutoring or preparatory cramming schools.

Juku are diverse groups of private, profit-making tutorial, remedial or preparatory and occasionally general enlightenment institutions. They originally started to provide supplementary lessons to pupils to help them pass the entrance examinations of more prestigious schools. Japan is a highly or extremely com-
petitive society in which prestigious degrees and diplomas are the only valid passports into successful positions. Thus, the entry to a particular prestigious university and their department is the determinant factor for success in life. Entrance-exam fervor or hell, so to say, has become a particular and yet common scene in Japan (this is now visible in so many other Asian countries as well).

The private sector, ranging from the highly organized large-scale enterprises to more individualized initiatives at the grassroots level successfully formed the juku industry to cater to the need to prepare for entry into higher schools. Those who failed in the entrance examinations to universities (called “ronin”) spend one, two or even more years in preparatory schools until they succeed. Preparatory schools, generally called “yobikou” are not recognized in the education system. Many school children and pupils attend jukus after regular school hours in the afternoon and in the evening. Some attend both afternoon and evening juku courses. Jukus were originally considered as a necessary evil to teach some useful gimmicks to pass tests but were never deemed to be educational institutions. Regular schoolteachers are often banned from working in jukus. School are meant to educate and form personalities while jukus are to teach the skills and techniques to pass examinations. This distinction, however, has started to blur as almost all children attend jukus, especially in urban areas, whereby children miss friends if unable to attend a juku. They have rapidly become second schools and form an important part of their daily life.

Jukus have become highly professional in their approach. They have become an attractive place to study or stay together for children and offer accurate information on children’s chances of success. On the other hand, those regular schools that were supposed to provide education and form a student’s character are now showing many signs of deterioration. While there is no dropout in jukus, there appear many dropouts and absentees in the regular schools. The amount of violence, bullying and harassment in schools has started to increase and even suicides are often reported. A new term “collapse of the classroom” is now frequently used to describe the alarming situation in schools, even at the primary level. The National Council on Lifelong Learning of the Ministry of Education has come to recognize the educational role of jukus and made a recommendation to the Minister of Education on June 9, 1999 to consider ways and means to develop a more global educational environment through school-community-juku cooperation. Jukus or yobikous, which have emerged through strictly private initiatives, are now gaining importance as an educational institution in society. It is yet to be called a partnership but at least dialogue is now open.
Final Remarks

This paper never intended to describe the history of education in general, nor of private education in Japan. Its only intent is to illustrate some important private initiatives that made significant contributions to the development of education in Japan or to meet certain educational needs of peoples and society in Japan. Many such initiatives filled lacunae and gaps, and played a complementary role in the Educational sector. Some were, on the other hand, intended to counter moves by public authorities or to realize more ideal educational models. Whichever the case may be, history has proven that public and private initiatives ultimately form complementary and mutually reinforcing partnership in the provision of education even though they may be conflicting at times. The quality of private initiatives is sometime questioned but there is no universal answer to overcome this problem. However, it must be pointed out firmly that private initiatives do not serve as an excuse for public authorities to evade their responsibility for education, especially in the provision of universal education in developing countries. The achievement of EFA through public and private initiatives in Japan illustrates the important lesson on their role in national socio-economic development.
Lessons from Public-Private Partnerships: The Education Sector in Pakistan

The Asia Foundation†

Introduction

The aim of this paper is to provide a selective overview of issues in public-private partnership in the education sector in Pakistan, with particular, but not exclusive reference to the experience of one organization: The Asia Foundation (TAF). Although the Foundation has operated in Pakistan since 1950, the discussion here will draw loosely on some of its most recent programs particularly the Pakistan Initiative (PNI).

The education sector in Pakistan presents daunting challenges to policy makers and development practitioners. These challenges require both innovation as well as a sober examination of past experience. It is clear from the outset that partnerships between different stakeholders is the key to progress. The Asia Foundation Pakistan is just one of the many organizations that have been involved in building such partnerships to varying degrees of success. It is hoped that a review of TAF experience will bring out some useful insights into the way such partnerships might be fashioned in Pakistan in the future.

It is important to set out the basic definitions of categories such as ‘public’, ‘private’ etc. as they are understood in the Pakistani context, and how they will be used in this paper. It is also crucial to describe where TAF locates itself in Pakistan’s development spectrum. These preliminaries are taken up in section 2 below. Section 3 will provide a brief review of the main issues in the education sector in Pakistan. This is an essential prerequisite to any discussion of policy options. Section 4 provides an overview of the responses to these problems by government, the for-profit sector and NGOs. Section 5 expands on the role of public-private partnership and provides some case material from TAF’s partnerships in the education sector. Concluding remarks are offered in section 6.

† This paper draws upon research supported by the Asia Foundation on basic education in Pakistan, which is being conducted collaboratively between the Sustainable Development Policy Institute, Islamabad, and the Asia Research Centre of the London School of Economics. The research output includes, inter alia, Bengali, Gazdar (1999), and Khan et al (1999). This paper was presented by Ms. Mehnaz Akber, Senior External Relations officer, the Asia Foundation.
Basic Definitions and TAF Location

Definitions

The definition of ‘public’ and ‘private’ is, of course, crucial to any discussion of public-private partnerships. The dividing line between public and private is not always clear. Two types of definitions are in common use in Pakistan, particularly with reference to the education sector. Firstly, ‘public’ is identified with the government, while ‘private’ with everything outside the government sector. A second dividing line is made according to the basic motivation of action — i.e. whether it is for profit or not. The private sector is defined as the profit-seeking sector while public action is considered to be motivated by some conception of the wider social or public interest.

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>Government</td>
<td>Non-government</td>
</tr>
<tr>
<td>Motivation</td>
<td>Non-profit</td>
<td>Profit</td>
</tr>
</tbody>
</table>

A large number of interventions in the educational sector do, indeed, conform to this schematic division between public and private. In fact, for many such interventions the two types of delineation — i.e. according to the ownership as well as motivation of the project — are overlapping. The most obvious example is that of schools. The government owns and runs a majority of schools in Pakistan through the provincial education departments. Then there are fewer, but rapidly expanding private schools, which are run on a commercial, profit-making basis.¹ In this case the public-private distinction is clear and unambiguous, regardless of the criterion used. Government owned schools are run on a non-profit basis, with nominal fees, while the schools in the commercial sector are owned privately and run on a profit-making basis.

There are large and important interventions in the education sector, however, that do not fit neatly into this category. How does one classify schools belonging to private charities, religious communities, as well as other non-governmental organizations that are not operated on a profit basis?

One way around this problem is refer to another type of distinction, i.e. one between voluntary and non-voluntary organizations. In principle, then, although both government and private non-profit organizations are motivated by public service (as opposed to private profit-making organizations that might end

¹ On the growth of commercially-run private schools in Pakistan, see Kardar (1995).
Public-Private Partnerships in the Social Sector

up performing public service as an unintended consequence of their profit-making activities), the two differ from each other with regard to voluntariness. Government schools are run using public money, which is collected through involuntary taxes. Private non-profit organizations, on the other hand, rely on voluntary contributions of resource in the shape of funds as well as time and effort.

While the voluntary versus non-voluntary classification is helpful in some cases, it also misses out much that is of interest in Pakistan’s education sector. There are many initiatives, for example, which are funded by foreign donors and development agencies, and which rely on their own respective governments for funds. In that sense these initiatives rely on public funds at some level, and not on private voluntary contributions. Moreover, an important development in the recent years has been the growing professionalism and professionalization of development work.

Another very important caveat in these classifications is that it is not clear where the community fits in. ‘Community participation’ and ‘community empowerment’ have now become the watchwords for development intervention in Pakistan. There have been innovative experiments in identifying and mobilizing local communities to start and manage their own schools. Often these communities work in partnership with government departments. In some cases they also work alongside the profit-making sector. Communities might be organized into non-governmental organizations (NGOs) or might be involved in some level of collective action without having the formal structure of an organization.

Then there are other non-governmental organizations that are not necessarily community-based but provide support to community-based NGOs. A common way of making a distinction between these two types of organizations is to refer to the former as simply NGOs and the latter as community-based organizations (CBOs). Non-community NGOs include those that work on curriculum development, teacher training and other operational matters, as well as those that carry out policy research on the educational system. It can be argued that the NGOs ought to belong squarely in the ‘private’ sphere since they belong to civil society and are outside the direct remit of the government. At the same time, however, many of these organizations defined their own role as working on public interest issues, and would like to be identified as Public Interest Organizations (PIOs).²

The above review of definitions has shown that there are no unambiguous or unproblematic ways of making delineations between the public and the private in the educational sector in Pakistan. A wide range of organizational forms with a variety of ownership structures and objectives coexist. Two types of issues appear to be important from the policy point of view. Firstly, what is the environment like for partnerships between government and the whole range of non-gov-

² A recent statement of this view from an influential NGO activist in Pakistan can be found in Khan (1999).
ernmental actors, including the for-profit sector and public interest organizations? Secondly, what is the policy environment for the operation of non-governmental public interest organizations in general?

**The Asia Foundation Pakistan’s Location**

The Asia Foundation is a US-based international NGO that operates in 22 Asian countries. The Asia Foundation Pakistan is, largely speaking, a donor organization that often engages in policy level dialogue with the government. A large proportion of TAF funds come from USAID, the United States Government and private foundations. TAF, therefore, occupies a number of different positions in the public-private spectrum.

As far as its funding is concerned it lies on United States public resources. In Pakistan, however, TAF is mainly involved in developing partnerships with and among various public interest and community-based non-governmental organizations. It is in a position, therefore, to evolve models of partnership in the various sector that it operates. Some of these models have implications for the way government might partner with PIOs and CBOs.

One of the main activities of TAF in the recent years has been the Pakistan NGO activities or PNI. The first phase of PNI received a grant of $5 million from USAID, and ran from May 1995 to December 1998. The long-term objectives of PNI were women’s empowerment and the strengthening of civil society. Interventions in the areas of health and nutrition, family planning, primary education and micro-finance were prioritized. Through PNI, partnerships were developed with over 40 PIOs and CBOs. There was also an evaluation of PNI by independent consultants who had access to TAF partners. The evaluation was shared widely with the partners and formed the basis of the second phase of PNI (PNI-2), which is a nearly $6 add-on cost to extend PNI until March 2001.

The Foundation’s work in Pakistan, particularly through the PNI program, has placed it at an advantage point as far as public-private partnerships are concerned. At one level the Foundation acts as a surrogate agency for the disbursement of US public funds. By doing so it accepts the formal regulatory and monitoring framework of US government departments with which it liaises. It also accepts, of course, moral responsibility for funds raised from US taxpayers. In these ways its role is similar to that of a public agency. At the same time, however, the Foundation’s work in Pakistan is mostly identified with non-governmental initiatives. It has attempted to build a proximate and supportive relationship with the PIO and CBO sector in Pakistan and to learn about this sector’s strengths, potential, and limitations from close quarters.

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3 For details of PNI-1 and the planning of PNI-2 see the Asia Foundation (1999).
Public-Private Partnerships in the Social Sector

Issues in Pakistan’s Education Sector

Low Achievement and Slow Progress

The most urgent educational problem facing Pakistan is the low level of basic education and the slow progress in raising it. There are, of course, other important issues such as poor standards in secondary and higher educational and lack of attention to vocational training. The basic education gap, however, is the one that is most glaring. This view has been internalized by TAF in the design of its programs in the education sector — the focus is strongly on primary education. It is also a view that is widely shared by policy makers, other donors, multilateral development agencies and large sections of Pakistan’s civil society.

A brief statistical snapshot is sufficient to evaluate the scale of the problem. The table below gives some basic development indicators for Pakistan and comparable regional countries:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Pakistan</th>
<th>Sri Lanka</th>
<th>India</th>
<th>Bangladesh</th>
<th>All Low-Income Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>GNP per capita (1995 US $)</td>
<td>460</td>
<td>700</td>
<td>340</td>
<td>240</td>
<td>430</td>
</tr>
<tr>
<td>Life expectancy (1995, years)</td>
<td>60</td>
<td>72</td>
<td>62</td>
<td>58</td>
<td>63</td>
</tr>
<tr>
<td>Male adult literacy (1995, %)</td>
<td>50</td>
<td>93</td>
<td>65</td>
<td>49</td>
<td>76</td>
</tr>
<tr>
<td>Female adult literacy (1995, %)</td>
<td>24</td>
<td>87</td>
<td>38</td>
<td>26</td>
<td>55</td>
</tr>
<tr>
<td>Boys primary gross enrolment rate (1993, %)</td>
<td>80</td>
<td>106</td>
<td>113</td>
<td>128</td>
<td>112</td>
</tr>
<tr>
<td>Girls primary gross enrolment rate (1993, %)</td>
<td>49</td>
<td>105</td>
<td>91</td>
<td>105</td>
<td>98</td>
</tr>
</tbody>
</table>


Note: Adult literacy rate: Proportion of population aged about 10 years that can read, write and do simple sums. Gross Enrolment Rate: [Number of children attending primary level (i.e. class 0-5) divided by number of children aged 5-10 years] multiplied by 100. Net Enrolment Rate: [Number of children aged 5-10 years attending primary level (i.e. class 0-5) divided by number of children aged 5-10 years] multiplied by 100.
Three points are worth noting about the cross-country comparison presented above:

- **Results are not just a question of resources.** Countries that are poorer than Pakistan or have similar levels of per capita income have significantly better literacy rates.

- **Results do not indicate an overhang of past backwardness, but that problems persist.** Not only are overall literacy rates very low, but current enrollment rates are also extremely low. In fact, the indicator appearing in the above table over-estimates the participation rate compared to a more realistic indicator such as the net enrolment rate. According to the net enrolment rate, only 46 percent of boys and 37 percent of girls in the 5-9 years age cohort were in school in 1996-97, the latest year for which data are available.

- **Massive inequalities.** While overall literacy and enrollment rates are low, there are also enormous inequities. The most blatant one is by gender. Rural girls, in particular, continue to be deprived of schooling. Only 30 percent of rural girls in the 5-9 age cohort were in school.

**Framework for Analysis**

The starting point in the debate about Pakistan’s education backwardness is that basic education is a social good, and therefore it is the responsibility of the state to ensure that universal basic education is accomplished. Numerous policy statements from the time of Pakistan’s independence have reiterated this point. Current policy thinking in national and donor forums alike takes the state’s responsibility towards universal basic education as a starting point. The question of partnership with the private or PIO/CBO sectors towards achieving the objective of universal education is subsequent to accepting the state’s fundamental responsibility.

The debate on the causes of Pakistan’s educational failure has gone through three phases, which, broadly, can be characterized as (a) insufficient resources, (b) low demand, and (c) poor quality. The diagnosis offered in the three phases is not mutually exclusive. Rather, each phase has brought additional factors to bear on thought about the country’s poor educational record.

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4 The reason for using the gross enrolment rate and the net enrolment rate in the table is that comparable figures for the latter indicator were not available for the other countries.

5 Federal Bureau of Statistics (1998b), Table 2.7.

6 Ibid.

7 For a review of policy document from 1947 onwards see Bengali (1999).

8 See, for example, World Bank (1996, 1997).
Resource Allocation

The idea that Pakistan’s educational backwardness is due to insufficient resource allocation has some historical validity, and will continue to attract attention as long as poor conditions persist. It is worth noting, however, that the problem of insufficient resource allocations has become relatively less severe. There has been a secular rise in the expenditure on education as a proportion of the GDP from 0.4 per cent in the late 1940s to 2.7 per cent in the mid-1990s. This was better than or in the same league as Bangladesh (2.3 percent), Nepal (2.99 percent) and Sri Lanka (3.2 percent). Much of this increase has occurred from the 1970s onwards, and particularly since the mid-1980s.\(^9\) One clear manifestation that resource constraints were considerably eased from the mid-1980s onwards is the rapid expansion in the number of rural schools in the third period. Whereas large sections of the population were without access to government schools only some 10-15 years ago, the network of schools is now extensive. The number of primary schools increased from around 114,000 in 1990-91 to over 143,000 in 1995-96, or an increase of around 25 percent. Girls primary schools increased from around 31,000 to over 41,000 in the same period, again an increase of around 25 percent (Government of Pakistan. 1999, Table 10.1).

Demand for Schooling

Once the problem of resource allocation and therefore that of school supply was addressed, attention turned to the question of demand. If educational indicators remained poor in spite of the increasing presence of schools, the main constraint was assumed to be that the low demand for schooling. It is clear that the policy implications of such an argument are quite different from the resource allocation argument. Demand for schooling might be low because of poverty, the relatively high ‘out-of-pocket’ cost for schooling, the opportunity-cost of children’s time, as well as negative cultural attitudes towards female schooling.

Quality

The third phase in the debate over the causes of low school participation turns the low demand argument on its head. It can be said that the dominant view currently is that low demand is partly a function of the poor quality of schooling that is

\(^9\) Social Policy and Development Centre (1998), Table 2.6.
Part Two: Country Experiences

actually supplied.\textsuperscript{10} If good quality schooling were supplied we would witness a significant increase in school participation rates. The policy implication of the quality argument is that the demand-side be dealt with by effectively improving the performance of the government schooling system.

Quality issues range from the most basic to the relatively more sophisticated requirements. At the most basic level, there is a great deal of evidence that many school do not function at all. Teachers remain absent for long periods and in these cases there is, in effect, no school. Teacher absenteeism is a problem even in places where schools do stay open.\textsuperscript{11} This is thought to be a particularly acute problem for female teachers. Slightly less basic problems are concerned with schooling infrastructure. In many places school buildings are inadequate, there is no furniture, water or toilet facilities. At a more sophisticated level, quality issues relate to teachers’ training; their empathy towards the children, teaching methods, curriculum and teaching material.

The issues of resource allocation and low demand for schooling will, doubtlessly, remain important as long as educational backwardness persists. At the same time, however, a much more effective entry point into policy thinking about basic education is the factor of quality. Where the quality factor manifests itself in the form of chronic teacher absenteeism, or the inadequacy of infrastructure despite resource allocation, it can justly be said that there is a failure of the government schooling system. It can be argued, of course, that there is a vicious cycle between low demand for schooling on the one hand, and poor quality on the other. Poor quality in the supply of schooling leads to parental indifference on one hand, and parental indifference leads to teacher indifference on the other. This might be particularly true in the case of female education.

Alongside the demand-quality inter-relation, the problem of quality has been understood both as an administrative as well as a political problem. There are, after all, formal systems of control and accountability over the activities of teachers. Why do these systems not work as well as they ought to? There is evidence of widespread corruption in the appointments of teachers. There are corrupt practices up and down the education departments. Moreover there is also the problem of political pressures and interference. Although the appointment of a primary school teacher is formally within the jurisdiction of the District Education Officer, in effect this officer cannot do much without approval from the local elected representatives. Parents have no direct participation in either the administrative or formal political mechanisms for accountability and control.

\textsuperscript{10} See, among others, World Bank (1996, 1997).

\textsuperscript{11} See, for example, Gazdar (1999).
Responses

Above all these issues — demand for schooling particularly female schooling, the relationship between demand and quality, the extent of administrative failure, the nature of political interference, the way of involving parents in accountability, etc. — there are unresolved empirical questions. Some of these questions can be tackled through empirical research. Others require actual intervention and experimentation on the ground before a clear picture emerges. It is useful to review some of the general responses to the problems discussed above from various players, and to interpret these responses as adding to our knowledge about constraints to progress.

Government

Schooling Infrastructure

The government, through the provincial education departments, is the largest supplier of primary schooling. Provincial education departments, are, in fact, some of the largest employers in the country. A critical view of the government’s responses to expectation about its responsibilities and to perceptions of constraints to the expansion of education has provided many crucial insights. For as long as the main constraint was perceived to have been the absence of physical infrastructure, the obvious policy response was to expand the number of schools, particularly in the rural areas. It is only after the schools were established and the basic physical infrastructure put into place that higher order problems such as quality could be tackled.

The expansion of the schooling infrastructure has had three types of effects. Firstly, in terms of substantive results, the supply of schools has, indeed, improved access for many children. Secondly, in communities where schools were established for the first time, the physical presence of the school promotes the idea that education is a real possibility for the community’s children. Thirdly, by relieving the constraint of inadequate infrastructure, the government has helped to move the debate along to the next stage — i.e. demand and quality.

Female Schooling

Another important feature of the government response is the tendency to deal with the problem of female education by imposing gender segregation on schools and the schooling system. Low female school participation has been interpreted

12 See Gazlar (1999).
by policy makers as an indication of conservative influences over female mobility. As a result the education departments are bifurcated along gender lines at the operational level. It is quite common to find separate schools for boys and girls in remote rural areas. In places where gender-segregated schools do not exist as yet, this system has encouraged parents to demand single-sex schools even at the primary level.

The central premise behind gender segregation is that it is socially unacceptable in rural Pakistan for boys and girls to study together, or for girls to study under male teachers. Actual practice in government schools refutes, or at least qualifies, this presumption. In many areas where separate schools do not exist it has been widely observed that boys and girls do study together under male teachers. If mixed gender schooling is indeed possible in Pakistan then policy should encourage rather than discourage it, at least at the primary level. The reason is that it is easier and more economical to run one good quality school in a village rather than two. There are important economies of scale both in terms of supervision and management costs, as well as in terms of optimal class sizes.

Community Participation and Non-formal Education

The government response to issues of administrative and political failure has been to introduce limited mechanisms for the participation of communities into the management of schools. Other questions about quality and access have been addressed by giving prominence to initiatives in non-formal schooling. These responses have come as part of a wider Social Action Program (SAP) initiated by the government with donor support in 1993. The first phase of SAP finished in 1996, and its second phase was negotiated within a year after that. This second phase, or SAP2, is to run from 1997 to 2002. SAP represents the flagship program for social sectors in Pakistan. In 1998-99, for example, SAP accounted for over 40 percent of all recurrent expenditure on social sectors, and around 20 percent of the entire development outlay. Within SAP2, elementary education accounts for two-thirds of the total budget. In addition, 1998 saw the launching of a new education policy that incorporates key elements of SAP.

The initiatives for community participation in the running of schools have met with some limited successes, but also formidable problems. The main schemes for community or parent participation revolved around the setting up of School Management Committees (SMCs) and Parent Teacher Associations (PTAs).

13 Ibid.
14 Budgetary figures are from Government of Pakistan (1999), pp. 144-5.
In Punjab, the largest province of Pakistan, SMCs were set up by administrative order in all the schools. The SMC is made up of teachers as well as members of the local community. The main substantive activity of the SMC was to decide on the disbursement of a cash grant from the education department to the school. The SMC was to decide how the money was to be spent. The chairperson of the SMC was the school head teacher, and local members were to be chosen by the teachers. It was felt that this structure of SMCS did not achieve the goals of participation. Dramatic changes were suggested, which included holding elections for local SMC members from among parents and making a local person rather than the head teacher the chairperson of the SMC with authority over the school fund. While further powers of the SMC were not spelled out, there was a strong perception among teachers that the stage was being set for devolving hiring and firing powers to SMCs. This sparked off province-wide agitation among primary school teachers as well as a legal challenge. Courts decided to stop the implementation of these changes and the matter remains sub judice. The current situation is that SMCS stand suspended until the court case is resolved.

There are some clear lessons that emerge from this episode. Firstly, it was incorrect to presume that creating SMCs would automatically do away with problems of administrative inefficiency and political interference. The main objection of the Punjab teachers against these reforms was that the new SMCs would simply become another forum for the playing out of local political conflicts, and that teachers would be caught in the cross-fire. While there might be some exaggeration in the teachers’ perceptions of SMCs, these are valid concerns that were not seriously anticipated. In any case, the fact that this issue assumed such dramatic proportions as province-wide strikes indicates that there were weaknesses in the process whereby the education department wanted to create partnerships. Strong antagonism from one of the key stakeholders (teachers) cannot be a sound foundation for partnership.

The second set of initiatives to address quality problems has been the promotion of non-formal education (NFE) through various projects within and outside SAP. While some of these government-sponsored schemes have been successful others have fallen victim to the type of administrative and political problems that affect most government interventions. Overall, the impact through the four years of SAP has not been very encouraging. The aggregate school participation rates have not improved significantly between the early and the mid-1990s (i.e. the period when SAP-I has been in operation). In fact, for some groups the enrolment rates have actually declined over this period.\textsuperscript{15}

For-Profit Sector

While the recent years have witnessed a variety of government responses — such as expanding the schooling infrastructure, a tendency towards gender segregation, and experiments with SMCs and NFE — there have been significant changes in the scope and operation of the for-profit private sector. This sector suffered a serious blow in the early 1970s when most privately-owned schools were brought under government control at a stroke. Regulation was gradually relaxed in the late 1970s, and by the late 1980s there was a full-blown revival of private schools. Finally, most of the schools taken over by the government in the early 1970s were also handed back to their previous owners or their appointed agents.

While the private sector before the government take-over had a high proportion of schools run that were fee-charging but subsidized through private or religious charity, the expansion of the private sector in the 1980s was largely by way of purely commercial enterprises. Furthermore, pendulum had swung in the opposite direction with little or no regulation over this sector.

Today there is a proliferation of privately owned and privately run for-profit schools all over the country. In urban areas nearly half of the children in primary school were in private schools while the proportion was a tenth in rural areas. Some features of these schools are worth noting:

➢ fee-charging: These schools are obviously charge fees because they need to make a profit. There is a great diversity in the apathy of schools and the fees they charge. The range of the monthly fees is from under $1 to over $100 (or Rs 50 to 5,000).

➢ mixed-gender schooling: In a majority of cases private schools teach boys and girls together. This is so even in relatively remote and conservative areas. 17

➢ low cost: Private schools generally pay the teachers less than government schools. In many areas teachers’ salaries are under a third of those paid to government teachers.

➢ teacher accountability: Teachers do not have tenure and can be dismissed on account of poor performance. Although they are relatively less qualified than government schoolteachers they are more regular, and thought to be more attentive to pupils.

➢ access: The main feature of private schools is that they exclude the poorest. Even though there is a range of schools (and fees), the poorest continue to rely on the subsidized government system.

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16 Federal Bureau of Statistics (1998a), Table 7.4.

➢ potential: There is clearly even greater potential for private schools, but this point requires more careful consideration. The private sector is not constrained by regulations, as there are very few, but by market conditions. It is a fair guess that the private sector is doing as much as could be expected given those markets conditions. It is also probable that the scale of the for-profit sector response is driven by the failure of government schools. The expansion of private schools and the failure of government schools, therefore, are not entirely independent events.

➢ possible negative impact: One consequence of the spread of private schooling has been the complete withdrawal of children from wealthier homes from the government schooling system. While the decision to withdraw makes sense at an individual level given the poor conditions in government schools, it is likely to further weaken government schools since those left behind are the ones with little influence in the first place.

**NGO Sector**

There have also been over the last decade or so significant interventions in the education sector by NGOs. Both community based organizations (CBOs) as well as larger public interest organizations (PIOs) have been active in this regard. There are many NGOs that have been dedicated to education from their very inception. There are also many instances of NGOs working in other areas such as health, disaster mitigation or micro-finance that have faced tremendous pressure from the communities in which they work to take initiatives in the education sector. This is some indication of the demand and that exists for quality schooling at the community level.

While NGOs have been active in many different aspects of education and schooling, for example curriculum development, teacher training, opening schools, and motivating parents, there are three features of the NGO experience that deserve particular attention. Firstly, there has been a concerted focus on female schooling. This is in keeping with the educational needs of Pakistan, and also with the public interest in promoting equity. Secondly, NGOs have been at the forefront of promoting non-formal models of schooling. This they have done in partnership with government at times, and with the support of donors at others. Thirdly, there have attempts to evolve models of community involvement and participation.
Female Schooling

NGO efforts for girls’ schooling have highlighted the high level of willingness on the part of even poor parents to send their daughters to school. While demand for female schooling is high, NGO experience indicates that there is a need for constant motivational work.\(^{18}\) NGO schools have differed from both government and for-profit schools in this regard. The latter two do not see it as part of their role to motivate parents to send their children (or girls) to school. NGOs find that a small but steady dose of motivational work is necessary, at least towards the beginning of the intervention, to build the school-going habit.

NGO schools have also shown that it is possible to find female teachers, or to train young women to become teachers, even in the relatively remote and educationally under-privileged areas. This contrasts with the government sector’s insistence on employing teachers with requisite formal qualifications. The latter policy often leads to the hiring of non-local women who have problems commuting to their place of work. A further insight from NGO schools with reference to girls’ schooling simply confirms what has been observed in practice in the government and the for-profit sectors: mixed gender schooling is perfectly acceptable to parents in supposedly conservative areas, at least up until the primary level.\(^{19}\)

Non-formal Education (NFE)

The non-formal model of schooling has been widely introduced in Pakistan through NGOs. The main idea here is that the formal schooling system imposes unrealistic conditions on schools, teachers, parents, children and the community. The school should be more flexible and more adapted to the requirements of the local community. If, for example, a fully qualified teacher is not available in a particular community then there should be the flexibility to hire someone local and to train them.

There should also be greater flexibility in the school calendar and school timings. These should be harmonized rather than clash with the calendar and clock of the local economy. Over much of Pakistan, for example, the new schooling year starts in late March or early April. From mid-April onwards for about 10-15 days, however, is the busiest season of the agricultural calendar with the wheat harvest. Then schools close for summer holidays at the end of May. Teachers widely report that the April-May period is one that is full of distractions for the

\(^{18}\) Ibid.

\(^{19}\) Ibid.
pupils, thus reducing the effective school months. NFE schools have a more flexible approach. They might close during the harvest weeks but then not give long summer holidays, as is the case in government schools.

NFE schools also do not insist on ‘proper’ (but costly) school buildings. They do not impose a school uniform on children in order to keep the out-of-pocket costs low. In short the NFE approach can lead to significant reductions in cost to parents and schools alike.

The performance of NFE schools needs to be studied more carefully. It is clear that in some key ways they represent innovations in the way schools are run. There are also some indications that perhaps the NFE model does not quite fit into the aspirations of all parents. In many NFE schools, parents and teachers agree to impose a school uniform. In many cases there is also strong pressure from parents that a proper school building be made available. In short there are strong demands for the formalization of NFE schools. Parents often see NGO schools, including NFE schools, as high quality and low cost alternatives to government and for-profit schools respectively. In this regard the NFE experiments prove once again the strong demand for schooling, even if some of the original reasoning behind the model appears to have been flawed.

Community Participation

It is interesting to note that whereas in private and government schools the conditions of the school are more or less dictated by the school management, be it a private entrepreneur or a government official, NGO schools permit much greater parental involvement. Even in NFE schools that underwent formalization, the pressure to change the school culture came from the parents. There is, in any case, much greater community ownership and control in well-managed NGO schools. The contrast with the fate of the SMCs of government school is quite stark. There are useful lessons here for future policy concerning the structure of school management in the government sector.

Role of Partnership

Stakeholders and Partnerships

It is clear that there is a diversity of actors and stakeholders in the educational sector in Pakistan. There is, of course, the government on the one hand and children on the other. In terms of constitutional responsibility these are the two fun-
The government has undertaken both through its domestic as well as its international pledges to ensure that every child will be able to read and write. In actual fact, of course, there are many other stakeholders. Government itself is not an abstract entity. Any analysis of administrative and political processes would show that there are many different interests at work. As the debacle of the SMCs in Punjab suggests, policy-making ignores these interests only at its peril. Then there are other intermediary stakeholders such as private entrepreneurs, political representatives, social activists, and community leaders. Last but not least, there are children’s families. The family, after all, makes the schooling decision for the child. The economic conditions of the family and the social norms that they value are all factors that enter into consideration.

The key question, therefore, is how partnerships can be fashioned between these diverse groups with their diverse interests in order to achieve the social goal of universal basic education. Given that the actions of one stakeholder affects the choices of the other, partnership also means coordination and cooperation between the stakeholders. Partnership, therefore, cannot be confined to the traditional straitjacket of cooperation between government and the for-profit sector. It must assume a broader meaning in order to be relevant to the conditions that exist in Pakistan today.

If partnership is to be regarded as a joint venture in the production of a value or indeed a joint investment, then the education sector in Pakistan is already a composite of many different types of partnerships. Some are between government and non-governmental actors, and yet others between different types of non-governmental agents. The very act of establishing a government school requires partnership between the community and the government. It is generally built on land that is provided by the local community and the government, and transferred to the education department for the purpose of the school building.

Another partnership is the one between the government and a child’s parents. The government provides the school while the parents have to bear the opportunity cost of sending the child to school. The value in question is the production of a literate child, and if multiplied many times over, the production of a literate society. Both parties have to make some investments, and for these investments to perform they have to be made jointly; it makes little sense for the parents to bear the burden of a child going to school if the school doesn’t function properly. Likewise there is not much point in establishing a school if parents are not willing to send their children to it.

There are, of course, more conventional examples of public-private partnership too, such as in Balochistan and World Bank-supported ‘fellowship schemes’ for girls in Sindh province. Girls from targeted communities are given fellowships enabling them to attend designated privately-owned and privately-managed schools in their communities.
The range of partnerships that already exists within the education sector in Pakistan can be gauged from the following (not exhaustive) categories. Partnership is understood here as a joint investment for the production of a value – in this case a literate child and then a literate society.

(a) Partnership between government and for-profit sector:
Example: Fellowship schools in Quetta and Sindh. The government provides a subsidy to privately-run for-profit schools in return for these schools enrolling a requisite number of girls from a designated target community.

Government: invests resources
For-profit sector: service delivery

(b) Partnership between for-profit and NGO sectors:
Examples: Orangi Pilot Project in Karachi and PIEDAR schools in Kabirwala, Punjab. These also happen to be TAF partners. See detailed case studies below.

NGO: initial capital, capacity-building
For-profit sector: service delivery

(c) Partnership between government and community:
Example: Construction of government school on land donated by community; this is the standard practice for the construction of government schools in rural areas.

Government: invests capital and running expenses
Community: provides land

(d) Partnership between NGO and community:
Example: Investment in relationship of trust for girls’ school; joint decision-making about school timings, calendar, etc.

NGO: provides school; does motivational work
Community: undertakes to change social norms concerning female mobility and schooling

(e) Partnership between parents and school:
Example: Simple act of sending a child to school.
School: provides education and care.
Parents: school fees, opportunity cost of children’s time, cost of risking social opprobrium by being the first in a community to send a daughter to school.
The key issue here is not simply the creation of new partnerships but the recognition as ‘partnership’ of many of the existing arrangements and relationships, and the harmonization of diverse interests.

**Case Studies from PNI**

This sub-section presents three briefcase studies from the PNI program in order to highlight the different types of partnerships at work, and the lessons that can be widely drawn for policy-making. All three are NGO projects in the education sector supported by TAFP as part of PNI –1.

**PIEDAR Schools in Rural Punjab**

PIEDAR is an ‘action-research’ organization that took up the challenge of proving that even poor rural communities are willing to pay for quality education for their girls. TAFP partnered with PIEDAR for the establishment of private fee-paying schools in Kabirwala, District Khanewal in Punjab. Eighteen schools were started in 1995, and there was a slow and painstaking process of motivating parents, specially mothers to get involved. Teachers were identified from within the local community, some of them with secondary schooling while others had studied up to the primary level only.

The key feature of these schools is continuous interaction with a Learning Coordinator who visits each school at least once a week. The teachers have a strong sense of ownership of the school, but also a sense of working alongside a larger team around the Learning Coordinator. The schools started with a monthly fee of 5 rupees, then raised it to 15, and are planning to raise it further to 25 rupees. The idea is that once the initial trust between the school and the community is established, parents are willing and able to contribute fully towards the running of the school. Raising the fees to the level that the school becomes self-sustaining is the ultimate objective, and teachers and Learning Coordinators are optimistic about reaching that objective.

At present there are over 700 children in PIEDAR schools including about 70 boys. All 18 schools are different stages of becoming independent and self-sustaining. Two have upgraded themselves to middle level (up to grade 8) from primary. Nine schools function in unused government school buildings and seven in spaces provided by the community. School uniforms have been instituted in some schools as a result of a joint decision by parents and teachers.

There has been a strong impact of these schools on mothers’ aspirations for their daughters. This change is particularly noticeable in the case of mothers...
who are themselves illiterate. The schools disprove many common myths about schooling in Pakistan. Even the poor are willing to pay fees for good quality education. It is possible for boys and girls to study together. And it is possible to maintain high and regular attendance if the school calendar adapts to the agricultural calendar.

**Baanhn Beli (BB) in Tharparker**

The eastern desert of Tharparker is one of the remotest and most arid areas of Pakistan. It is estimated that over 80 percent of the population lives below the poverty line. The region has very poor infrastructure, and even basic necessities such as safe drinking water are in short supply, let alone roads, electricity, and other infrastructure. Some 50 percent of the population are non-Muslim minorities.

Baanhn Beli (BB) is an NCO that has been working in this region since 1984. The partnership between TAFP and BB started in 1995 during PNI-1. Non-formal education for girls was to be used as an entry point supplemented by other programs of integrated development, including credit and water supply. At present BB is running 32 non-formal schools with over 500 girls enrolled. TAFP has also brokered a partnership between BB and the Society for the Advancement of Education (SAHE), an educational NGO, to train BB’s teachers and staff in teaching methods, community participation skills and the development of relevant teaching material.

**Orangi Pilot Project (OPP) in Karuchi**

OPP was initiated in 1980 in the urban slum Orangi through the efforts of the eminent social activist Dr Akhtar Han: Khan. Orangi has a population of around one million. OPP works in the area of low-cost sanitation and housing, health education, micro-enterprise credit, and schooling. Under PNI-1, a grant was made to OPP to finance ‘education entrepreneurs’ to start up schools.

Each school is considered a private enterprise and the activist who establishes the school is identified as an ‘education entrepreneur’. The startup grant is supposed to take care of the initial costs of setting up the school. Thereafter the school has to function on a for-profit basis. A unique feature of these schools is that they run to flexible timings in order to suit the needs of 9-16 years olds, some of whom are engaged in gainful employment. Thirty-five schools have already established giving employment to 145 teachers/education entrepreneurs. Nearly four thousand pupils have benefited from these schools. The schools are monitored by OPP teams who also teach management and book-keeping skills to the education entrepreneurs. The sustainability of these schools has been established since they function on a for-profit basis after an initial subsidy.
Conclusion

The education sector in Pakistan defies traditional delineations between the public and the private sectors. The issue cannot be settled simply on the basis of the ownership of a project, or even on the basis of its primary motivation. Instead it is important to recognize a wide range of interventions and types of stakeholders including inter alia, government, for-profit organizations, community-based NGOs, wider public interest organizations, private citizens, political representatives, and donor organizations.

The problems of education in Pakistan are at the most basic level. The majority of the population is still illiterate and many children are still out of school. Pakistan's poor educational achievements cannot be explained simply in terms of it being a ‘poor’ country, since other poorer countries of the region have managed to make important advances. Not only is the level of literacy and school participation low, there are significant inequalities, most notably by gender where female education constitutes a serious challenge in itself.

The government has a fundamental responsibility for the establishment of mass literacy, both from a constitutional point of view, as well as on the basis of historical and comparative experience. The government is, indeed, the largest provider of educational services in the country and its role is particularly important in the rural areas. At the same time, the for-profit sector is now an important player especially in urban areas where nearly half of all school-going children attend private schools. Moreover, there has been a blossoming of NGO-related activity in schooling. Non-governmental public interest and/or community-based organizations have been active in establishing schools, training teachers, and developing models of non-formal education and community participation.

There is some consensus among policymakers and practitioners that the main constraint facing the rapid expansion of basic education is the quality of government schooling. It is widely accepted that the government sector will continue to be the main supplier of educational services. The poor quality of government schooling is partly a reflection of inadequate resource allocation, but quite largely due to inefficiency, waste, and corruption. The problems in the system are both administrative and political.

The schooling system even as it exists is a composite of many different types of partnerships between diverse stakeholders with diverse interests. It is useful to deploy a broad definition of partnership that includes in its ambit all joint ventures for the production of a socially valuable outcome. For achieving universal basic education, there would need to be partnerships at various levels between government, parents, communities, teachers, administrators, political representatives, professional educators, and entrepreneurs. Some instances and cases of partnerships have been discussed above.
The role of the private for-profit sector and the PIO/CBO sector is to supplement as well as complement government interventions. The for-profit sector has already proven its ability to mobilize resources (through the market) for investment into education. There are some interesting cases of the PIO/CBO sector supporting the for-profit sector in establishing sustainable schools (see above). The PIO/CBO sector has played a complementary role in raising the profile of female education, and experimenting with models of community participation. The government sector has much to gain from the experience of both these sectors. Perhaps the greatest contribution of these sectors, as well as innovation approaches in the government sector, is that it becomes possible to test the empirical validity of received wisdom and ‘established fact’ in the field of education. Much of education is about breaking myths and demystifying knowledge, and the recognition of the diverse roles of different actors in the educational sector allow us to do just that.

The main thrust of this paper has been that the terms ‘public’ and ‘private’ need to be interpreted far more broadly than they currently are in Pakistan’s educational sector. At present, the sector is understood as being divided into public and private sub-sectors according to the ownership and/or motivation behind given intervention. There are many important types of actors and interventions that do not fit into the neat categories delineated by ownership and motivation. A wider spectrum of players needs to be recognized.

This paper has also strongly argued that ‘partnership’ should be viewed as a joint investment for the creation of a value — the value in question being literate children and ultimately a literate society. Seen from this viewpoint, a large number of relationships and interactions within the educational sectors qualify to be treated as partnerships. A suggestive typology was provided in the previous section. The job of good policy-making and implementation can be seen as one that harmonizes the diverse interests in the education sector through the creation of positive partnerships and the recognition of existing ones.
References


Public-Private Partnerships in the Social Sector in Thailand

Arthit Ourairat †

Introduction

I am happy indeed that amidst the severe economic crisis in our region, the issues of education and health — the two indispensable components of social development — have not been forgotten and are dealt with on the regional perspective through the ADB Institute workshop.

During a regional seminar entitled ‘Leading Dynamic Asia into the Global Age’ held in Kuala Lumpur last month, a clear question arose with regard to how can we reconstruct, reinvent and further develop our nation after the crisis passes, and by whom? Needless to say, human resources that are healthy, effective and sufficient are the most important things for our country despite widespread fears about the problems that economic turmoil has caused for governments. In view of financial limitations, concerted efforts among the public and private sectors as well as participation from civil society are crucial for health and human-resource development in the next Millennium.

At the outset, I would like to clarify how the private sector is defined in the Thai context. In Thailand, two elements need to be addressed when we consider which organizations fall under the definition of the ‘private sector.’ The first is ownership. Private entities or organizations are owned by individuals or a group of investors. If the government holds more than half of its shares, the entity is considered to be a state enterprise.

The second is profit. The private sector’s undertakings are mostly profit-oriented. The one exception may be some non-governmental organizations (NGOs) that may be established for charity or humanitarian purposes such as missionary hospitals, vocational training center for the handicapped, etc. It should be noted that not just healthcare and educational providers, but pharmaceutical companies; medical suppliers, manufacturers, and distributors; textbook publishers; and edu-

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cational suppliers and distributors also fall under this definition. This latter group’s trade volume continues to be extremely high with aggressive market competition.

When we consider national policies that involve the private sector in the provision of education or health, I believe that spiraling healthcare costs are causing great concern for policy makers worldwide. A key component of health sector reform efforts in many countries’ has to do with making the best use of existing resources and choosing the best mix of public and private sector participation.

Since the advent of Thailand’s 5th Five-Year Plan, the government has realized that the expanded relationship among the government, private sector and NGOs has been a most valuable contribution to social progress and to a more balanced development of the Kingdom. It was clearly stated in this national policy that the government would continue to support private sector participation in health and educational development to meet the increasing needs of the population in terms of financing personnel and equipment. In the health sector, the government concentrates on providing essential healthcare to people-at-large, particularly the low-income population, through a network of health centers, community hospitals, general hospitals, regional hospitals and medical centers. For those in a higher income bracket who favour more convenience, higher quality and timely services, services may be provided through private hospitals which are supported by the government through certain tax exemptions.

In terms of education, the government at first considered this sector as its exclusive responsibility. Later on, however, the private sector increased its share in elementary, secondary, vocational and, lately, university education. The new constitution stipulates that the government must provide twelve years of education to all students at no cost. Therefore, the Thai government must concentrate on free compulsory education, either by operating its own schools or supporting private schools with the issuance of education coupons to eligible students. At the university level, the government encourages public universities to become more autonomous and support them with block grants. Private institutions are promoted through the Economic and Social Development Plan, which spells out certain investment promotion privileges. An outstanding feature in educational participation between public and private sectors is cooptation or united institutions.

At this juncture I would like to introduce you to the features of my organization, which is known as Prasit Patana or the Phya Thai Group. The investment of Phya Thai Group has been concentrated on social development whereby we run a private hospital chain comprising three hospitals in Bangkok and four at the provincial level. Our first hospital, Phya Thai I, commenced its operations in 1976. Altogether we provide a total of 2,500 hospital beds.

In the area of education, we established Rangsit University in 1986 and have operated Dulwich International College, an international school in Phuket with direct links to Dulwich College, London, for three years. DIC is one of the first international British schools established in Thailand. Currently, Rangsit Uni-
University has 14 faculties with roughly 12,000 students and an academic workforce of 1000 people. We have 340 pupils, ranging from kindergarten to secondary levels, in Dulwich, Phuket. The Phya Thai Group is a public company currently listed on the stock market.

With regard to partnerships, my organization has formed several agreements with the government. The Phya Thai Group has developed certain kind of partnerships, primarily with the Ministry of Public Health. The most significant one is the cooperation between Rangsit University and the Ministry of Public Health to establish the first private medical school in Bangkok. Under this cooperative arrangement, clinical training is conducted at the MOPH’s Rajvithi Hospital with Rangsit support in funding as well as with erecting school buildings and dormitories for the government hospital. When Rangsit University entered into contract with Harvard Medical International to upgrade its medical education under the Harvard “New Pathway” approach, MOPH’s resource persons and the medical community also benefit from technical cooperation through conference, seminar and human resource development.

In an effort to set up state-of-the-art medical center with international standards, the Group invested in Phya Thai Heart Center under close collaboration and joint management with Harvard Medical International. This creates a process of technology transfer and technical cooperation whereby a team of expert cardiologists and medical specialists come for demonstrations and technical conferences, and concerned government staff and the medical community are invited to join programs free of cost.

Another partnership initiative that is worth noting is the “cooptation or united institution.” In establishing private hospitals at the provincial level in areas where government hospitals are too crowded and unable to meet the needs of local people, it takes considerable time for private hospitals to gain in popularity. Modern facilities as well as updated medical technologies, supplies, equipment, and efficient manpower were often underused and constituted a great loss during the economic crisis. Phya Thai Group and the Ministry of Public Health are in the process of uniting government-run provincial hospitals with private hospitals in the same locality to best serve the people in that area as well as creating new opportunities for them to meet the needs of other target groups, such as tourists or people from nearby provinces. The coopted model with the proposal for assigning directorship to the Director of Provincial Hospital to ensure unity of command, division of responsibilities and the concept of fair share of profits are being discussed by both parties.

There are also certain type of partnerships being undertaken with pharmaceutical and medical-supply manufacturers and distributors. First, the joint agreement between the Government Pharmaceutical Organization (GPO) and Thai Herbal Products Co. Ltd. enabled the Group to hold considerable shares in the production of a wide variety of herbal medicines, both for local consumption and export. The principle behind this partnership was to have the GPO support pro-
duction technology and quality control, while the joint investors render other support based upon their experience as deemed appropriate by the Joint Executive Committee. A second example was the establishment of the General Hospital Products Public Company Limited under joint auspices of the GPO and a group of investors. This company produces and distributes IV solutions, IV sets, CAPD glass and plastic bottles of various types to be used by both public and private healthcare institutions.

I hope that the experiences we have gained in forming partnerships with the public sector might be of interest to you.

It has not been an easy task to form tangible partnerships with the public sector in healthcare and education in the Thai situation. At the outset, the attitude of public policymakers has not been favorable to the private sector. All private investors in hospitals, universities and training institutions are sometimes seen as opportunists, profit-makers devoid of humanitarian concerns, irresponsible investors in costly and unnecessary technologies, etc. There has thus been an atmosphere of mistrust and hesitation on the part of the public sector in entering into any transactions with the private sector.

Even though policy may now be in favor of private sector participation because the government alone was not able to cope with the needs and rising expectations of the people, its support to the private sector has been quite meager. It has been limited to certain tax exemptions and some financial support, which are insignificant when compared to the total cost of operations. Meanwhile, private undertakings are bound with rules and regulations commonly associated with public bureaucracies which, in many circumstances, seem to discriminate against the private sector, such as the control of private hospital publicity and advertising campaigns.

However, there are some success stories of public-private partnerships in health and education as experienced by the Phya Thai Group. The most interesting one was the establishment of the first private medical school in Thailand, which is functioning under close collaboration of the Ministry of Public Health. This school came into being after a series of discussions, negotiations, and heated debates with the Medical Council and health authorities before reconciliation and mutual commitment could be made. Another example of tangible cooperation was the establishment of the state-of-the-art Phya Thai Heart Center, whereby the Director and consulting cardiologists are recruited from government hospitals to work on a part-time basis. There are also other consulting physicians of different specialties, including university professors and teaching staff, who serve as part-time consultants in the private sector.

Based on past experiences, we found that certain types of partnership are desirable:
1. First and foremost is the need for the Ministry of Public Health and the Ministry of Education to adopt a new role with a heavy emphasis on being the country’s key authority. It should oversee the well-being health and education programs in terms of the Thai population as a whole, rather than the mere management of facilities under each Ministry’s direct control. In adopting this new role, the two Ministries will have to move away from the conventional practices of exerting control to a more supportive role of monitoring and supervising, including quality control for the best benefit of both consumers and providers of services.

2. Making sure that competition is not totally free but is managed by some means. In this case, the adoption of some form of a national facility master plan with corresponding rules and regulations may be necessary.

3. Equal treatment of public and private providers in terms of regulations and control for effective health and education systems.

4. Under the principle that public finance is primarily derived from taxation, there should be equal opportunity of access to public finance for the private sector, including support in private investments, while the public sector continues to finance disadvantaged groups.

5. There should be an effective system for the best use of human resources for health and education, without rigid limitations or restrictions according to sector. Both sectors should cooperate in human resources development for overall national interest.

6. There should be an effective system to ensure appropriate use of technology.

7. Quality control and ethical marketing practices should be exercised in fairness of all public and private organizations. Conformists should be rewarded while violators should be punished and not allowed to obstruct the growth of the conformists.

8. Research and development should be further strengthened and enforced, within both the public and private sectors, with joint R&D.

In the Thai context there are some possible approaches to ensure quality, equity, effectiveness and efficiency:

1. First of all, a national master plan for education and health facilities in different parts of the country will help to direct the overall development and expansion of education and health infrastructures. It will also help avoid wasteful competition that will only increase the cost of services and may also induce unnecessary demand. In the past political interventions have resulted in inappropriate distribution of facilities.

2. The government, with a new role as formerly stated, should define the criteria and priorities for public finance in education and health develop-
ment while making it possible for the private sector, as its partner, to have access to such financial provision, not limited only to the public providers only.

3. Establishing comprehensive coverage of healthcare financing to cover the population will make it more feasible for the private sector to better serve the objectives of equal access to health services. However, a reasonable payment system and effective performance appraisals of each provider should be established to ensure good quality and ethical standards of providers, both within public and private sectors. In the education sector, the government should have a clear policy concerning higher education, spelling out which proportion and fields of studies are to be taken care of by the government and the private sector, and equally supervise the standard and quality of education for both of them.

4. Minimizing and preferably eliminating inefficient public providers who may entail unreasonable subsidies to public providers. One such approach is to privatize or create autonomous public providers who will be financed based on actual performance and not usual incremental budget supports and ever-increasing numbers of personnel.

5. There is a need to create a neutral mechanism to carry out the quality assurance and quality improvement among both private and public providers. Such mechanisms should be supported by government finance but not operated under government bureaucracy. An example existed in Thailand in the form of an independent coalition for hospital accreditation, jointly governed by private providers, the government health authority and professional organizations. This system does not exist in the education sector whereby the government still exercises one-way quality control towards private providers.

6. There should be financial incentives for the private sector to invest on health and education research and development as well as expansion of service facilities to the undeserved areas. The existence of collective financing system with reasonable payment system will help to ensure proper pricing and charge for services in the private sector.

7. There should also be rules and regulation with effective monitoring mechanisms to regulate marketing practices of the private sector. This would ensure that no unnecessary demand would be created, and misinformation for consumers as well as corruption could be discouraged. Meanwhile, obsolete rules and regulations should be cancelled or revised.

There is a need for new thinking to bring about a healthcare and education system that will best benefit our people and it must draw from all the best features of both the public and private sectors. Under the current social and economic transition, which has resulted from a rapidly changing world and the changing
status of Thailand in the world economy, neither the public nor private sector should be left to do their business as usual. There is a need for the government to adopt a new role and establish new mechanisms in the education and health sectors that will work to ensure proper expansion of service facilities, and improved finance and performance. This mechanism should be jointly governed by private and public sectors, including concerned professional organizations, and be in the form of an independent and autonomous public organization that does not just add joint concessions upon existing bureaucratic infrastructure.
Public-Private Partnership in the Health Sector in India

Alok Mukhopadhyay †

Voluntary Sector in Health Care

Need for a New Paradigm

Health care in India has a long tradition of voluntarism. For centuries, traditional healers have taken care of the health needs of their own community as a part of their social responsibility. They have used knowledge that has passed down the generations, regarding the medicinal value of locally available herbs and plants. This tradition still continues, particularly in the tribal pockets of the country.

Unfortunately, the institutionalized voluntarism that evolved during the colonial era was completely dominated by the thinking of the colonizers. They completely ignored the rich traditional systems of health care in India. This was partly due to the fact that much of this effort grew out of the activities of Christian missionaries, most of whom came from the West. The Indian elite, who had been partially involved in the voluntary effort during that phase, also firmly believed in the supremacy of everything Western. Consequently, there was little possibility of evolving a health system that assimilated the best of both schools. Perhaps, the major exception was Mahatma Gandhi’s continuous effort to popularize naturopathy, yoga and vegetarianism through the ashrams that he had set up in various parts of the country.

After Independence, until the mid-sixties, voluntary effort in health care was again limited to hospital-based health care by rich family charities or religious institutions. In the mid-sixties, the effectiveness of the Western curative model of health care in the less developed countries came under serious attack by development planners. The Chinese experience of decentralized health care through effective use of motivated health cadres at the grassroots level also received widespread attention. Out of this rethinking, grew various models of community health programs that emphasized decentralized curative services. In these, trained vil-
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Village-level workers played a key role. Much more importance was given to preventive aspects, where the community plays a more effective part in their ‘own’ health care. Unfortunately, this refreshing trend too ignored the important role of traditional healers and dais in health care, and very little attention was paid to the Indian systems of medicine.

The voluntary health effort as it exists today, can be broadly classified as follows:

- **Specialized Community Health Programs:** Many of them go a little beyond health, by running income-generation schemes for the poorer communities so that they can meet their basic nutritional needs.
- **Integrated Development Programs:** In these programs, health is a part of integrated development activities. Consequently, their emphasis on health care may not be as systematic or as effective as that of the previous group. However, the long-term impact of their work on health and the development of the community is significant.
- **Health Care for Special Groups of People:** This includes education, rehabilitation and care of the handicapped. These specialized agencies are playing an important role, keeping in view the fact that hardly any government infrastructure exists in this sector of health care.
- **Government Voluntary Organization:** These are voluntary organizations which play the role of implementing government programs like Family Planning and Integrated Child Development Services. These bodies are marginally more efficient than the government system but their overall approach is the same.
- **Health Work Sponsored by Rotary Clubs, Lions Clubs and Chambers of Commerce:** They usually concentrate on eye camps – conducting cataract operations in the rural areas on a large scale with the help of various specialists, etc.
- **Health Researchers and Activists:** The efforts of these groups are usually directed towards writing occasional papers, organizing meetings on conceptual aspects of health care and critiquing government policy through their journals (which usually have limited circulation).
- **Campaign Groups:** These groups are working on specific health issues, such as a rational drug policy and amniocentesis, among others.

According to a rough estimate, more than 7,000 voluntary organizations are working in the above areas of health care throughout the country. Voluntary agencies have played a significant role in developing alternative ‘models’, as well as providing low-cost and effective health services in many parts of the country. They have been able to develop village-based health cadres, educational ma-
terials and appropriate technology. They also help in filling the critical gaps that exist in government health services.

However, these ‘models’ are far from perfect: they do not possess the conditions of replicability, as does the government sector. On the other hand, the vastness and regional diversities that characterize India also make it extremely problematic to think of the replication or standardization of ‘models’. In fact, it is being increasingly acknowledged that the term ‘model’ itself is suspect when applied to people’s health care systems. There can be no prototype. An appropriate system should evolve from the people themselves. Just as health conditions emerge from the community’s interaction with its surroundings, it is the people’s struggle through time that determines the nature of the services that they receive.

It is also recognized that the task of formulating a ‘model’ or an appropriate system of health care becomes a highly challenging managerial, sociological, technological, epidemiological and political task, which, if simplified to the current level of health planning, will produce imperfect results.

The concept of ‘participation’, currently in vogue, is another problem. In the case of the establishment, for whom anything referring to empowerment of the people is hard to accept, the term has come to mean compliance, contribution or collaboration. In its true sense, ‘participation leading to empowerment’ stands as a challenge to the interests of the establishment.

The effect of community health experiments in shaping government policy with regard to health care has been limited, although a few of the concepts have been incorporated in government programs. Some representatives of voluntary agencies have been absorbed in the government’s policy-making bodies. This is a critical area, totally neglected by voluntary agencies.

All voluntary initiatives are not necessarily in the area of extreme needs. One finds very limited voluntary initiatives in the BIMARU states (Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh), as compared to the better-off states like Kerala or Maharashtra. Even in Kerala, they are not necessarily in the least developed parts of the Malabar Coast or the highlands.

Hardly any effort has been made to form public opinion or mass organizations like trade unions, people’s movements or political bodies, to generate a demand for more appropriate and effective health services. In spite of these limitations, however, the contributions of voluntary health organizations in providing appropriate health services in needy areas is highly appreciable.

The Kerala Sastra Sahithya Parishad (KSSP) is one of the few voluntary organizations that has attempted to demystify medicine. Special campaigns on drug policy, anti-smoking and amniocentesis have had some limited impact, both at the policy level as well as in educating consumers. KSSP emphasizes that the greater health problem is poverty, and that the majority of ailments arise from the inadequacy of proper food and an unhealthy living environment. The KSSP has
organized numerous health camps, published several documents on people’s health, and are in constant touch with various organizations like the Voluntary Health Association of India (VHAI) and Medico Friends Circle. The KSSP believes that health care is a basic right of every citizen, and that an effective delivery system should work towards keeping the entire population physically and mentally healthy. It warns people against modern health care systems controlled by multinational drug companies, stressing instead the wealth of knowledge that exists in traditional systems of medicine.

The health groups are also divided on ideological grounds – foreign or locally funded, those following traditional or modern medicine, etc. Most of these groups are dominated by a group of elite, who meet nationally or internationally, to express concern and share information; however, they do not have any mechanism by which to transfer this information to either the common people or social activists, who might be able to use this in their struggle. To this elite, even paramedics and village health workers are more functionaries and not agents of change.

National Policies for Involvement of NGOs

From mid-sixties, the government has envisaged a major role for NGOs in the health sector. Most of the plan documents clearly mention the important role that NGOs have to play in all aspects of health care, especially for the underprivileged population and remote areas. Since health is a state responsibility in India, this concern of the Central Government is not very often shared in all the state governments. Consequently, there has been uneven partnership between the government and NGOs, depending on the political leaning of the respective state governments.

The other major problem has been that of inadequate involvement of NGOs in health planning. Consequently, governments look for NGOs to participate in the final phase of implementation of programs, the content of which may not be close to the NGO perspective of the problem. These lead to a situation where a large number of sensitive NGOs do not take part in major government programs, but a large number of NGOs who are coined as GONGOs (government NGOs) jump into the band-wagon of all government programs just for their own financial survival. They operate more like sub-contractors than sensitive representatives of a civil society.

The other problem in this partnership has been the mismatch between the grassroots needs and the government agenda. Very often, an NGO working at the grassroots with the community perceives communicable diseases and reproductive health as a major problem, whereas the government enthusiastically supports proposals that are target-oriented, pre-conceived and may not have anything to do
with the local realities. The partnership is further complicated by the unequal nature of relationships and the red-tape involved in getting programs sanctioned and the budget released from the government. These problems have been discussed in various forums between government representatives and NGOs for the last decade leading to some improvement in the collaborative relationship. Some fairly good examples of this could be cited in the areas of immunization, HIV/AIDS-related work as well as newly formulated government programs on reproduction and child health. As stated above, however, these dialogues have been mostly at the level of central government and the concerns shared in these dialogues have yet to filter down to many of the States.

**Voluntary Health Association of India**

*Vision*

Voluntary Health Association of India (VHAI) is a Delhi-based national network of more than 4000 non-governmental organizations spread across the country. It is one of the world’s largest associations of voluntary agencies working in the areas of health and development.

VHAI was founded in 1970 with the goal of “making health a reality for all the people of India.” To achieve this goal, VHAI promotes social justice and human rights in the provision and distribution of health care, with an emphasis on the disadvantaged millions. VHAI believes that such an equitable health care system should be culturally acceptable, universally accessible and affordable. VHAI envisions a sustainable, rational and dynamic health planning and management system in the country with the active participation of the people.

VHAI is a federation of 24 state-level voluntary health associations. Over 400 member organizations of these State VHAs form the democratic base of VHAI. Elected representatives of these organizations manage the affairs of VHAI.

*Strategies*

VHAI strives to build a people’s health movement in the country by advocating a cost-effective, preventive and promotional health care system through innovative approaches in “Community Health.” Its programs are designed for health workers, community leaders, voluntary agencies, professionals, social activists, media, government functionaries as well as policy makers. Benefits of VHAI’s programs are extended to everybody, irrespective of their socio-economic, religious, political or
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any other such considerations. VHAI works closely with the State Voluntary Health Associations, their member organizations and other network partners.

Focus Areas

- Work closely with the government through policy interventions. Facilitate research on vital issues and do campaigns, advocacy and lobbying both at the central and state levels for evolving congenial policies aimed at improving the health status of people.
- Strengthen voluntary action through formation and support of state level organizations.
- Organize formal and non-formal training programs and doing active follow-up to strengthen capacity building of voluntary agencies, members and associates.
- Strengthen grassroots-level health care delivery by equipping village health workers with training and communication materials.
- Reach out to remote areas through comprehensive community health and development projects.
- Implement effective communication strategies through use of print, electronic media (TV & radio) and folk medium.
- Disseminate and repackage information on various aspects of health issues for use by people at various levels.
- Globally network with the UN and other international agencies for sharing of expertise and resources.

VHAI’s Partnership with the Government

Given VHAI’s presence in almost every corner of India and its technical and professional competence, we have been able to develop a relationship of mutual trust and confidence with the government. This has resulted in a situation where in many areas of common concerns, like reproductive and child health, HIV/AIDS, people-centered community health care as well as health promotion, VHAI is working closely with the Government of India, very often supported by the government financially and otherwise. This relationship has not been without its frustrations but given the size and complexity of the government machinery and its old bureaucratic tradition, the relation has not been too unfulfilling.

On the other hand, VHAI has also taken up issues with the government on many areas of major concern, starting from its five-year report on the status of the nation’s health. The Report of Independent Commission on Health in India, which VHAI sponsored and coordinated as a major document of national importance that was released by the Prime Minister of India, covers all aspects of health and medi-
cal care in the country. The Report has created considerable public debate and government discussion so that the recommendations can be included in the national agenda of future health care. On issues like tobacco, drug policy and baby food, VHAI has taken a pro-active confrontational stand, vis-a-vis the government by doing systematic research, educating the public and media, and sometimes even utilizing the legal recourse for a more people-oriented policy on these issues. Fortunately, these confrontations have not antagonized the government but perhaps have helped to build grudging respect within government for our association.

In the situation of natural disasters and epidemics, we have collaborated with the government in providing medical relief to a large number of refugees. We have also pointed out the failures of the government machinery in tackling this situation.

It is important to note that quite a few consultants working with VHAI are ex-government employees and they have contributed enormously towards the voluntary sector development. It is also important to record that very often the collaboration between the government and the voluntary sector is dependent on specific person handling the program in the Ministry and their attitude and inclination towards the voluntary sector.

Towards a More Fruitful Partnership Between the Government and Voluntary Sector

Given this situation, as well as keeping in view the tremendous potentiality of the voluntary sector in meeting critical needs, we propose that the following mechanism be put in place within the Ministry to strengthen and encourage voluntary effort in key areas of health care. A National Co-ordination Committee, consisting of the Director General Health Services, Secretary (Health), three representatives from voluntary organizations and one representative from the state government, should work as an active listening post for the voluntary agencies working in the field of health. This committee should meet periodically to monitor the implementation of the committee’s recommendations, and provide inputs on the planning and implementation of health services in the country. Its functions should include:

- Promoting collaboration and co-operation between the government and voluntary organizations in primary health care.
- Identifying people’s health needs and bringing them to the notice of planners.
- Assisting in developing comprehensive national health policies and action plans at all levels.
• Working out the modalities of administrative relationships between the government and voluntary organizations for health care delivery to the people.
• Identifying voluntary organizations at the state, district and block level which are capable of taking up, in collaboration with government agencies, health education, primary health care services and operational research.
• Monitoring and providing feedback to the government on various National Health Programs.
• Providing guidance and support to voluntary organizations in the health field.
• Calling an annual convention of all voluntary organizations in health, to provide healthy interaction between the health functionaries responsible for policy-making and planning at the national level and various representative voluntary organizations.
• Updating the national directory of voluntary organizations, which should be a priced publication from which profits should be used to update the directory every year.
• Organizing periodic quarterly meetings of the National Co-ordination Committee.
• Sanctioning innovative projects in the voluntary sector to conduct research, health service delivery and the production of educational materials. It is proposed that about 100 projects should be sanctioned in the first year and, subsequently, 50 projects every year. Projects should be run for three to five years, and every project should have a reasonable budget. The Ministry of Health and Family Welfare may consider decentralizing the power of sanction to the states.
• Screening, monitoring, and evaluating, as well as providing support to all the sanctioned projects.

The National Co-ordination Committee should evolve a working mechanism with a state-level counterpart. Its activities should be aimed at:

• Preparing and updating a state-level directory of voluntary organizations in the health sector.
• Convening a people’s health assembly annually, comprised of information leaders, religious leaders, trade unions, media representatives, policy-makers, planners and voluntary organizations.
• Identifying voluntary organizations that have the training and resource potential to undertake orientation programs for the government and other voluntary organizations.
• Responding quickly to epidemics.
• Meeting quarterly for effective co-ordination and cooperation.
• State health secretaries should act as convenors to the state co-ordination committees.

Voluntary organizations should be involved in various activities at the district and block level, such as innovative health service delivery, training and special programs for endemic areas. A fine example of voluntary agencies taking up health and development initiatives in remote areas is VHAI’s initiative through its KHOJ projects.

Certain criteria should be followed when providing financial support to voluntary organizations. Only those registered as societies or trusts should be considered for assistance. Moreover, only those voluntary organizations that have worked for at least three years in primary health care and development, and are currently engaged in such work, should be provided financial assistance. These strategies, if realistically pursued, could go a long way towards improving the provision of health care in the voluntary sector. The Commission feels that voluntary agencies working in the health sector need to focus on the following issues of concern:

• To search for means to join together in a broader struggle for social justice with other progressive forces.
• To systematically and effectively take up issues of socio-economic justice in the areas where they are operating.
• To work systematically towards a viable alternative health strategy.
• To build up general awareness on rational and holistic health among the public at large, so that a conducive atmosphere is created for a shift in policy.
• To build up an atmosphere for greater public accountability of existing government health infrastructure.
• To build up a consumer movement to ensure quality health care at a reasonable cost from the private sector.

This major shift of focus will very often put the voluntary organizations in conflict with the state, medical establishment and medical industries. But to make an overall impact on the health sector within the nation, the above concerns need to be addressed on a priority basis by voluntary agencies working in the health sector.
Partnership to Meet the Future Challenges

Analysis of available qualitative and quantitative data clearly shows extremely uneven health and development progress in various parts of the country. Often this difference is so dramatic that one can hardly believe that they are part of the same nation and have followed the same development path for the last five decades. Even within the states that are doing reasonably well, there remain regions of darkness where little has changed since Independence. Obviously, these parts of the country should be of major concern in the coming decades.

We are also living under two shadows in India: the familiar one of infectious diseases like malaria, tuberculosis, etc., and the new and growing cases of non-infectious chronic diseases like cancer and coronary diseases. The large widespread health infrastructure that has been set up throughout the country seems to be non-functional and unresponsive in many parts. Instead of moving forward to meet newer health challenges, it is sliding backward. Over-centralized and lopsided planning, inadequate and unbalanced financial outlays, lack of accountability to communities, low moral values and, very often, dereliction of duty by medical and nursing professionals plague the system. A thorough review of the National Health Policy and a total revamping and restructuring of the health infrastructure are immediately called for.

Due to the prevailing situation in the government sector, there has been an unprecedented growth of the private sector, in both primary and secondary health care all over the country. Given the current ethical standards of the medical profession and free market technology-driven operational principles, the private sector generally does not provide quality health care at a reasonable cost. Before this sector becomes a public menace, it is necessary to introduce participatory regulatory norms.

The voluntary sector, though their overall presence is limited, is playing a significant role in providing innovative and quality health services to the needy in remote areas. There is a need to create an enabling climate for them to grow further, especially in those pockets of the country where the overall health and development situation remains grim.

On the population front, two-and-a-half decades of following an aggressive, unimaginative target-oriented approach does not seem to have produced the desired results — in spite of the huge investments made. The indirect adverse impact of aggressive family planning programs on the primary health care infrastructure is well known. Commendable and well-founded recommendations of the Swaminathan Committee continue to gather dust in the Ministry, though, in recent times, we have seen some efforts to review past programs.

An area of distinct concern for the future is environmental degradation. Pollution levels in all our major cities have reached alarming proportions. We are
just waking up to this major health threat. Almost half of the urban population
does not have basic civic amenities. In the name of industrialization and develop-
ment of our backward areas, we are polluting the limited sources of drinking
water for local communities. The indiscriminate use of pesticides is a cause of
serious long-term worry. Development projects like the Rajasthan Canal are car-
rying malaria to regions where it did not exist earlier. Non-degradable packaging
materials litter the country. Deteriorating environmental conditions are also erod-
ing the health culture of our people. Public places and even the holiest rivers of
this country are fast turning into garbage dumps.

Recently launched long-term programs to meet some of the above chal-
lenes are mostly selective, large vertical programs on AIDS, Malaria, Tubercu-
losis and Immunization, principally supported by international organizations.
Convergence of these programs with existing primary health care priorities would
have had the possibility of revitalizing the primary health care infrastructure. It is
very important to review and recast these selective programs. Often, these new
programs do not even follow the basic framework and priorities of the Five-Year
Plan document.

In spite of numerous well-meaning but centralized, unimaginative eco-
nomic development schemes of the government, the grim tale of poverty and
underdevelopment of millions of our citizens remain overwhelmingly distress-
ing. We have come across countless instances of communities putting up a brave
struggle against all odds. We were confronted with an equality large number of
incidents of their social, political and economic exploitation. We also encoun-
tered new groups of power brokers and self-interest groups who siphon on social,
political and economic exploitation. The time has come for us to stand up and
recognize this growing menace and change the direction of our poverty eradica-
tion programs to a decentralized, imaginative and participatory model, as has
been exemplified by many voluntary organizations. The economic development
of one-third of our total population needs to be undertaken with appropriate in-
puts for their social development. Perhaps in the health and development agenda
of India, solving their problems will remain the most complex challenge for many
years to come.

Within this generally depressing picture, we have also come across many
heart-warming experiences, such as the significant impact of the efforts of volun-
tary organizations and charismatic government officials in the area of leprosy
eradication. Tamil Nadu is a good example of a state where the health situation
has improved significantly in recent years due to the multi-faceted development
efforts of the government. Local authorities have dramatically spruced up the city
of Surat after the horrendous outbreak of ‘Plague’. We have also come across
numerous imaginative, people-centered and effective health and development
projects run by voluntary organizations. These examples give us hope for the
future and indicate the direction in which the health and development paradigm needs to shift.

We have to look beyond the so-called predominantly reductionist bio-medical model of health care to a holistic model of health care that puts human beings in the center. We need a disciplined conversation between the modern allopathic system and traditional systems, each checking and fertilizing the insights of the other.

The health of any nation is the sum total of the health of its citizens, communities and settlements in which they live. A healthy nation is, therefore, only feasible if there is total participation of its citizens towards this goal. In India, in the last five decades, we have followed a path of social transformation that mainly relies on five major institutions, namely, the parliament, assembly, cabinet, bureaucracy and party functionaries. In the absence of mediating and reconciling agencies between the state and society, the state lacks a base, and remains remote and insensitive to people’s needs. Unfortunately, development efforts have not been rooted in our traditional institutions nor community initiatives that exist in some form or other throughout the country. Progress is easiest made if we are tuned in with the national genius that has developed over the centuries, with certain special traits. If this domestic capacity is ignored or discarded, development efforts will lose their bearing and roots, and, gradually, vitality.
Concluding Remarks

S.B. Chua †

Distinguished participants, resource persons, ladies and gentlemen. I believe we have had an enjoyable five days together. Without a doubt, this was made possible by Yidan Wang, the officer-in-charge of the program, and her capable support staff led by Ms. Kanae. Mr. Glen Plaoletto, our friend from IGES, was also a tremendous help who worked behind the scenes to provide us with his very valuable help and advice. I also like to thank the resource speakers, consultants, and participants for a productive effort in discussions and debate.

There are some points I would like to make. Point one, all of you spoke eloquently. Second, for the first time, I witnessed participants telling the speaker that he has not answered the question. It is a good sign that the participants are genuinely interested in seeking answers to questions and not merely asking questions to impress others. Third, all of you — not just a few individuals — participated in the workshop and that makes us proud that we had the right nominees. Fourth, we benefitted a great deal from your vast amount of knowledge and wealth of experience.

Our resource speakers have also done an outstanding job and in recognition of their effort, we must carry back the following messages they have conveyed. The overriding message was that the social sector can work better through partnerships. Moreover, partnerships will play an increasingly important role and will fast become part of a country’s tool for economic development. Also, rapid changes will take place in the way we learn and are to be educated due to the advent of the information age and globalization. This could require a redefinition of partnerships in education. Another point was that we must use technology to promote partnerships, which may vary a great deal in terms of who provides the funds and who delivers the services. Some other considerations may include that partnerships can enable things to get done with another’s resources, freeing the beneficiaries of unnecessary debt.

Some other cardinal principles I observed were: first, we must always be conscious of quality to attract others to join us, just as we would shun those who make no effort to improve. Second, we must not demean others but must try to promote professionalism. Third, we must focus on outcomes and not activities so

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that the common goals of partnerships can be achieved, all of which will contribute to sustainability. Finally, no single model is good for all. If it were, life would be dull and we wouldn’t need to be here for this workshop.

Participants also emphasized that effective partnerships require appropriate legal and regulatory frameworks, suitable policies, a commitment to the public good, transparency, accountability, and commitment.

All of us come from varied backgrounds and possess different expertise and thus we will react differently when confronted with the same situation. In this workshop, we have demonstrated to you the different types of partnerships that have been used successfully or unsuccessfully elsewhere for delivery of educational and health services. We have talked about many different partners, from NGOs, private organizations, community organizations, to households and how they can be effective partners to help us provide better services in the education and health sectors. We are not saying that you should adopt this-or-that type of partnerships, a message also conveyed by Dr. Ahmed’s example of Bangladesh. You will have to decide on which types of partnerships best fit the circumstances you are working in.

The second message we would like to convey is that there will always be a way to overcome your problems — and partnerships could be the way. We will be running another course in this series next year and we will be looking for partnerships with you to conduct that program, to which I hope you will respond positively. Thank you.
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