

Contextual Factors to Consider Before Choosing Public-Private Partnerships

Public-private partnerships (PPPs) in basic education take many forms including philanthropic co-financing, vouchers, school-based management, school subsidies, capacity strengthening, and infrastructure. They are used by governments and educational institutions for expanding education delivery, improving operational efficiency, increasing accountability, and addressing issues of quality and learning equity at all levels of education. PPPs hold great promise for education, but there is still much to learn about making the best use of this emerging practice. This brief provides insight on important contextual considerations for realizing the benefits of PPPs. For additional background on the different forms of PPPs and what we are learning from the evidence see the [Guide to Public-Private Partnerships in Basic Education](#).

Contextual Considerations for Choosing a PPP

When assessing the benefits of collaboration with the private sector, the country's policy objectives and the types of problems faced by the education system are critical context. Each form of PPP includes additional contextual factors to consider, these are introduced in the tables below.

Philanthropic Co-financing

	Benefits	Philanthropy PPPs can be used to improve learning by addressing issues such as (1) low school coverage, (2) insufficient education budget, (3) access inequity, and (4) learning inequity . Philanthropy brings public recognition to donors, along with multiple social and economic benefits from a better-educated population.
	Contextual Considerations	Philanthropy is not always an option and can come with conditions that must be weighed carefully. Low- and lower-middle income countries may not have enough wealthy people to allow for this PPP, and some philanthropies may require a political or religious affiliation.

Vouchers

	Benefits	Vouchers have two main benefits: (1) in areas of low-quality public schools, vouchers can allow motivated students to attend a private school that may offer better teachers, better facilities, and a better learning environment, and (2) voucher programs empower students and families because they give poor students purchasing power in the private education market.
	Contextual Considerations	Voucher programs require careful design and monitoring to ensure equity in learning and learning gains. To increase the chances of success, consider: <ul style="list-style-type: none"> ■ Is there a sufficiently large or diverse private school market in traditionally underserved and marginalized areas to make a school choice/voucher system viable? ■ Are the values of the vouchers competitive with the per-student cost of public schools? If per-student costs in public schools are unknown or are not estimated properly, vouchers can hide significant financial issues that would lead to political and fiscal problems, including governments paying too much for private vouchers. ■ Are there monitoring and evaluation systems in place to enable the government to determine the impact of vouchers on learning?

School-Based Management

	Benefits	School-based management PPPs can help solve four important issues: (1) low quality of public schools, (2) poor teacher performance, (3) low student learning, and (4) limited school choice. School management by a private entity may be more efficient and effective than public management because private schools routinely work under budget constraints, have to engage parents, and show good results in terms of educational output and learning.
	Contextual Considerations	School-based management works well in countries with a healthy private school sector, which can offer a steady supply of capable school managers. Certain forms of school-based management bring their own considerations. For concession schools , consider: <ul style="list-style-type: none"> ■ Is there is a clear definition of the problem that the concession PPP is supposed to solve? That definition is the focus for its evaluation. ■ Is the market for private providers healthy? If there is no tradition of private provision of basic education, this option may not be workable. ■ Is there a legal framework for contracting private providers with public funds? In its absence, the country would need to draw from the experience of other sectors, such as infrastructure and transportation, and make adaptations to education. For technical and vocational education and training (TVET) , consider: <ul style="list-style-type: none"> ■ Government agencies must share a common vision with the private sector on priority areas for TVET training. ■ TVET training must be driven by private sector demand to ensure the rapid employment of graduates. ■ Monitoring the performance of recent graduates is crucial for making adjustments to existing programs.

School Subsidies

	Benefits	School subsidies help (1) alleviate problems of school access; (2) increase school choice for parents, as there are more schools serving their neighborhoods; and (3) improve K–12 education and TVET training quality. Governments can provide subsidies to private schools, which may include schools owned by nonprofit associations and faith-based schools.
	Contextual Considerations	School subsidies work well under a decentralized system that has experience with school-based management. Financial accountability can be a problem in countries with inadequate financial management systems because of the potential for corruption, inefficiency, or waste. Some considerations when thinking about subsidies include: <ul style="list-style-type: none"> ■ Is there a sufficiently large or diverse private school market in traditionally underserved and marginalized areas that would make a school subsidy viable? ■ Will faith-based schools follow the government’s curricular standards in their schools? ■ Do private providers have strong managerial systems in place to allow them to manage subsidies responsibly? ■ Are there monitoring and evaluation systems in place to (1) enable the government to transparently track the use of subsidy funds, (2) monitor student admission policies, (3) determine the impact of vouchers on learning equity, and (4) monitor the cost-effectiveness of these subsidies?

Capacity Strengthening

	Benefits	PPPs involved in capacity strengthening can help schools address (1) low content knowledge among teachers, (2) low pedagogical capacity, (3) poor student management, and (4) low technological knowledge among teachers and school managers.
	Contextual Considerations	<p>When looking at capacity strengthening, consider:</p> <ul style="list-style-type: none"> ■ In some countries, the private sector may not be large enough to meet training demands in industry or services, leaving many students out and creating problems of learning inequality. ■ In some countries the labor market may not be able to absorb a large influx of specialized workers in some fields. ■ In some countries, private sector leaders may not want to collaborate with the government for political reasons. ■ When it comes to strengthening capacity for digital education, market pressures force PPPs to develop quickly, so governments must be prepared to be flexible and work closely with the private partner to eliminate unnecessary bureaucracy.

Infrastructure

	Benefits	PPPs in educational infrastructure can be very useful to resolve issues related to (1) limited or no public financing availability, (2) deficient infrastructure capacity, (3) infrastructure in disrepair, or (4) outdated educational facilities.
	Contextual Considerations	<p>Infrastructure PPPs can be very complicated contractually, and many governments may not have the appropriately skilled personnel to undertake these partnerships. This complexity can lead to problems of corruption on a large scale. When looking at PPPs for infrastructure, consider:</p> <ul style="list-style-type: none"> ■ “The Global Corruption Report: Education,” published by Transparency International, concludes that education is prone to corruption because monitoring and accountability in public education tend to be weak, even in high-income countries. Examples of corruption in education include: (1) favoritism in school construction procurement, (2) overpricing of pedagogical inputs, (3) using bribes in exchange for contracts, (4) using low-quality construction materials and products, (5) nepotism in personnel appointments, and (6) theft, among others. ■ Be aware of any relevant legislation in the country designed to mitigate corruption.

Importance of Monitoring

The success of a PPP is context-specific and monitoring a PPP is extremely important. PPPs that rely on contracts and vouchers are promising means for the private provision of public education, but the results tend to be more modest than the theory suggests. The main reason is that private providers have incentives to avoid compliance with contract rules that increase their risk of poor performance, such as selecting the best students, even when their mandate is to accept all applicants. If a country is not equipped to monitor compliance and enforce accountability, the results are bound to be more modest than promised by the contract—improvements are not as great and not as equity-enhancing as expected. Once a country goes through the different phases of PPP development, it can apply that experience to use PPPs more effectively in the future.

For additional insight on the use of PPPs in basic education see the [Guide to Public-Private Partnerships in Basic Education](#). To request more information or share findings on PPPs for education programming, contact Suezan Lee, DDI/EDU Senior Education Finance Specialist, sulee@usaid.gov.