

Public private partnerships in the education sector construction essay



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Abstract

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In India, both public and private educational institutions operate simultaneously. There is little suspicion and negative connotations regarding private institutions within public education. Involving private organizations in activities beyond providing education services has expanded the education market and produced new forms of public-private engagement. In this paper we study the relationship between different variables in education sector like quality, democracy, transparency, participation and sustainability of education and main goals that government hope to achieve by contracting with the private sector in education. Introduction:-In India, both public and private educational institutions operate simultaneously. There is little suspicion and negative connotations regarding private institutions within public education. By and large in India higher education system has been "over-regulated" and "under governed" making it more complex giving rise to ambiguities. The rationale of PPP in the Indian context lies in access, funding and infrastructure. It is important to analyse dynamics between the two and lay policy dimensions in the best interest of the nation without diluting education standards. PPP models in support of higher education extend enough opportunities. PPP formats and the models may vary from project to project. It is an opportune time for government and the public sector to tap into private funds through various partnerships." Increasing the private sector's role in education may have several potential advantages

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over traditional public delivery of education. Whether these benefits are actually realized depends greatly on how well designed the partnership between the public and private sector is, on the regulatory framework of the country, and on the capacity of the government to oversee and enforce its contracts and partnerships with the private sector. When implemented correctly, the private sector can increase efficiency and choice, and expand access to education services, particularly for households that tend to be poorly served by traditional delivery methods. Currently, private for-profit schools across the world are serving a full range of communities – from elite families through middle-income families to the poor. Private Public Partnerships (PPPs) also allow governments to take advantage of the specialized skills offered by certain private organizations and to overcome operating restrictions such as inflexible salary scales and work rules that may prevail in the public sector. The private sector can introduce efficiencies in public education management. Private organizations can advise public schools in pedagogical and management issues for a specified period of time, under contract stipulations and with the possibility of transferring the school back into public management.

Objective of Research:-

To study the relationship between different variables in education sector like quality, democracy, transparency, participation and sustainability of education. To know the main goals that government hope to achieve by contracting with the private sector in education. To understand common weaknesses in education policy and regulations that includes laws that ban private schools outright or fail to recognize their existence. Unclear and

subjective school registration criteria and standards, which result in inconsistent and non transparent application of rules. To present several broad principles and guidelines for implementing education PPPs. So, that government can take several actions to improve the way in which PPPs are carried out. To provide suggestion for actions that government can take to promote public-private partnerships in education.

Research methodology:-

The study sought to shed light on the issues like: understanding the concept of PPPs, evaluation of international agency and civil society programs and activities involving PPPs, analysis of current trends in public-private interactions now affecting or likely to affect education at all levels. The aims of the study are first to disseminate principles and models for effective private sector contributions and second to help Governments decide the type of partnerships they wish to encourage and to design policies and legal framework for it. This research paper will make a contribution to our understanding of how such partnerships affect the educational experience and outcomes of the poor.

Classification of PPPs in education:-

Table: Types of Contracts in Education

What government contracts for

Definition

Contract types

Management, professional services (input) Government buys

school management services or auxiliary and professional

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services
 Management contracts
 Professional services contract
 (curriculum design)
 Operational services (process)
 Government buys school operation services
 Operational contracts
 Education services (output)
 Government buys student places in private schools (contracts with school to enrol specific students)
 Contract for education of specific students
 Facility availability (input)
 Government buys facility
 Availability
 Provision of infrastructure services contracts
 Facility availability and education services (input and output bundle)
 Government buys facility availability combined with services (operational or outputs)
 Provision of infrastructure contracts with education services contracts

The arguments in favour of public-private partnerships

The theoretical literature on the topic suggests four positive outcomes of the private provision of public services:

- PPPs can create competition in the education market. The private sector can compete for students with the public sector. In turn, the public sector has an incentive to react to this competition by increasing the quality of the education that it provides.
- PPP contracts can be more flexible than most public sector arrangements.

Generally, the public sector has less autonomy in hiring teachers and organizing schools than the private sector does. Public-private contracts can be a better fit between the supply of and demand for education. Flexibility in teacher contracting is one of the primary motivations for PPPs.

Governments can choose private providers in PPP contracts by means of an open bidding process in which the government defines specific requirements for the quality of education that it demands from the contractor. The contracts often include measurable outcomes and clauses that specify the

condition to deliver a certain quality of education, and the contractor with the best or lowest cost proposal is then chosen. This one characteristic of the contract alone can raise the quality of education. • PPP contracts can achieve an increased level of risk-sharing between the government and the private sector. This risk-sharing is likely to increase efficiency in the delivery of services and, consequently, to induce the channelling of additional resources to the provision for education. So increasing the private sector's role in education can have several potential advantages over the traditional public delivery of education. Whether these benefits are actually realized depends greatly on how well designed the partnership between the public and private sector is, on the regulatory framework of the country, and on the capacity of the government to oversee and enforce its contracts and partnerships with the private sector. When a PPP is implemented correctly, it can increase efficiency and choice and expand access to education services, particularly for households that tend to be poorly served by traditional delivery methods. PPPs also allow governments to take advantage of the specialized skills offered by certain private organizations and to overcome operating restrictions such as inflexible salary scales and work rules that may prevail in the public sector. Another advantage is that governments can contract out to the private sector in a range of initiatives that can include everything from non academic activities such as food services and management contracts involving a few schools, to subsidizing the tuition at private schools for hundreds of thousands of students, to long-term, multimillion dollar infrastructure partnerships. For policymakers, contracting is a middle ground between government delivery and outright privatization and does not attract as much controversy and criticisms as privatization. Contracting can also

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enable governments to target initiatives towards particular groups in society or to achieve specific outcomes. In addition, it is a way to bring the private sector's skills and resources into the education sector (as is the case of capital investments for school construction under private finance initiatives) and to increase efficiency and innovation in the delivery of education. Contracting can do all of this while allowing governments to keep schools accountable.

The arguments against public-private partnerships

There is a body of literature that argues that there are negative outcomes associated with the private provision of public services:

- PPPs will lead to the privatization of education and thus will reduce the government's control over a public service.
- Increasing the educational choices available to students and their families may increase socioeconomic segregation if better prepared students end up self-selecting into high-quality schools, thus further improving their outcomes.
- PPPs will lead to poorer students being left behind in the deteriorating public schools that lose the support of more educated parents.

PPPs may face resistance from certain stakeholders. For instance, teachers and other employees may see PPPs as a threat to their job stability, while teachers' and public sector unions may see them as a way of diminishing their influence over their members' terms and conditions of service. Policymakers need to take these points of view into account when designing their contracting initiatives. They should consult with stakeholders and share the contract documentation with them. It may also be useful for policymakers to recruit leading figures in the politics and business communities who understand the potential benefits of PPPs and can use their

influence to help to overcome any resistance. There can also be some challenges and risks involved in PPPs. Inputs to education, processes, and outputs are very different and require several different forms of contracts (including management, support, professional, operational, educational services, and infrastructure). All of these variations need to be assessed separately as they require different approaches in order to be effective. For example, in many countries, it is likely that the capacity of public agencies will have to be developed before it will be possible to expand the schooling options available to low-income students. In some cases, there may even be a need to build the capacity of private operators to deliver high-quality schooling. While one advantage of PPPs is that they can be a more cost-effective way to provide education than the traditional public sector approach, there are some instances in which this may not be the case. For example, contracting for facility availability may be more expensive than traditional procurement methods when the costs of awarding and managing contracts or of private borrowing are particularly high. Also, if poorly handled, contracting can even reduce already low levels of government accountability and control. It can also create opportunities for corruption in the awarding of the contracts. Therefore, partnerships that provide financing to private schools but do not demand accountability can have negative consequences. In countries where PPPs have not been extensively tried before, the government may need to change its education policies and regulatory framework. The government must clearly create an enabling framework that includes: defining the place of private providers in the national education strategy; setting clear, objective, and streamlined criteria that the private sector must meet in order to establish and operate schools;

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introducing school funding systems that integrate public and private schools and that are neutral, responsive, and targeted; Establishing an effective quality assurance system. Good design cannot ensure the success of a PPP in education as it must also be implemented effectively and efficiently. To ensure this, governments should choose their private partners by means of a transparent, competitive and multi-state selection process. Second, they should assign the roles of purchaser and provider of education services to different entities within the education administrative agencies. Third, they must ascertain that the private agency in question has sufficient capacity for the task at hand. Also, government education institutions must develop their own capacity, establish quality assurance mechanisms, develop appropriate performance measures for contractors, and devise incentives to achieve performance targets as well as sanctions for non performance.

Common Weaknesses in Education Policy and Regulations:-

Positive economic outcomes depend upon the right policies and sound institutions. Well designed policies are also vital for achieving positive outcomes in the education sector in general and in private education specifically. Below key principles are given for effective design and implementation of public-private partnerships in education. The key to ensuring the success of PPPs in education is to put in place an enabling policy and regulatory framework that creates the conditions under which private schools can operate effectively and efficiently. This framework should also ensure that the sector as a whole delivers high-quality education and that the wider public interest is protected. A key weakness in many countries is government resistance to accepting the private sector as its partner in the

social sectors. Thus, while the governments might allow private schools to exist, they do not fully recognize their contribution to achieving important economic, social, and education goals. In addition, many governments limit the number of private schools that can be established and discourage private investment in the education sector. There are many examples of such inappropriate regulation. The most severe are laws that ban private schools outright or fail to recognize their existence. Other weaknesses include unclear and subjective school registration criteria and standards, which result in inconsistent and non transparent application of rules; limits on private schools' ability to set tuition and other fees, or to operate as for-profit entities; foreign investment controls; lengthy and complex school registration processes; limits on private schools' ability to offer alternative curricula and qualifications; enrollment restrictions on private schools; restrictive teacher registration requirements; land-use limits; and onerous requirements on private schools' registration, such as financial prerequisites and ownership of land and infrastructure. Regulations can be an important tool for protecting students from low-quality providers, but they must be well designed. A policy framework that supports the private sector and assures education quality is also key to ensuring the economic and political sustainability of the private education sector in developing countries. Public perceptions of the quality of private education are crucial and can easily be influenced by any adverse publicity about low-quality private providers. This can lead governments to bow to public opinion and reverse their enabling policies, which would adversely affect all providers.

Principles and guidelines for implementing education

PPPs.:-

Principle 1: The nature and extent of PPPs should be based on a government's assessment of its appropriate role in education and the relative costs and benefits of private involvement in the sector, whether this involves education delivery, financing, or regulation. Principle 2: The equity impact of PPPs should be a key consideration in determining the nature and extent of public and private involvement in education. Principle 3: A sound general policy and regulatory environment, including high standards of public and corporate governance, flexible labour markets, transparency, and the rule of law, including protection of property and contractual rights, are essential for attracting the participation of the private sector in all sectors of the economy, including education. Principle 4: Authorities can promote private involvement by putting in place an enabling regulatory environment, including recognizing the role of the private education, providing clear and stream-lined registration processes, setting up effective quality assurance systems, avoiding regulation of private school fees, and providing incentives for private participation. Principle 5: Access to capital markets is an essential factor in increasing private participation in education. Restrictions on access to markets and obstacles to international capital movements should be phased out. International organizations can help to promote private sector involvement in education by widening access to capital markets. Principle 6: Public authorities can promote foreign investment in education by treating local and foreign providers equally, providing investment incentives, and ensuring a supportive and efficient environment for investors. Investment promotion agencies can support investment in education by promoting

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education as a priority investment sector. Principle 7: PPP processes should be free of corruption and subject to appropriate levels of accountability, while public authorities should take effective measures to ensure the integrity and account-ability of all partners and should establish procedures to deter, detect, and sanction corruption. Principle 8: Education authorities and private organizations should agree on the output- or performance-based specifications to be included in the con-tract as well as sanctions for non performance. Principle 9: The process for awarding PPP contracts should be competitive and should guarantee procedural fairness, no discrimination, and transparency. Principle 10: Governments should ensure that the public agencies responsible for forming and overseeing PPPs have the resources, information, and skills required to design, develop, and manage the complex contracting processes. They should ensure that the purchaser and provider roles of the agency are separate; the government can assign responsibility for PPPs to specialized agencies on partnerships and contracting education services if necessary. Principle 11: Education authorities should have the capacity to identify fraud, track payments, and ensure that subsidies and payment claims are legitimate and accurate. They should also ensure that their private sector partners are paid in a timely fashion. Principle 12: Public authorities can increase the popularity of PPPs by encouraging informed debate on the role and impact of these partnerships, consulting stakeholders and the public about the use of PPPs, putting in place an effective communications and awareness strategy, and creating a rigorous evaluation program. Principle 13: Private partners should observe the principles and standards for responsible business conduct that have been agreed on with the government and should participate in such projects in good faith. They

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should not resort to bribery and other irregular practices to obtain contracts, nor should they agree to be party to such practices in the course of their infrastructure operations. Principle 14: Private partners should participate in the government's strategies for communicating and consulting with the public. Principle 15: Private providers need to be mindful of the consequences of their actions for communities and to work together with public authorities to avoid and mitigate any socially unacceptable outcomes.

Suggestion for Improving education policy and regulations There are several different aspects to a policy framework that encourages the growth of private schools in developing countries. The principle behind the framework should be the creation of conditions under which private schools can operate effectively and efficiently, while ensuring that the education that they provide is still of high quality. Provide a sound basis for the operation of the private school sector Governments can encourage the expansion of the private school sector by recognizing the important role that the sector plays in providing education. Allow private schools to set tuition and other fees Governments can promote private involvement in education by allowing private schools to set their own tuition and other fees. The governments of India limit the level of tuition and other fees charged by independent private schools (private schools that do not receive government subsidies). They also regulate the distribution of tuition and other fees among school owners or require schools to consult the government about any fee increases. While such controls are often aimed at making private education affordable for the poor or preventing price gouging, they can also have negative effects such as causing the quality of education to deteriorate and limiting the

profitability of education investments. Even when tuition and other fee limits
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exist but are not enforced, they can reduce investments by increasing investors' uncertainty. One possible exception is when such limits are agreed as part of a contractual arrangement between the government and a private provider, for example, when the government enters into an education purchase arrangement with a private school for the delivery of education services. Allow both not-for-profit and for-profit schools to operate. Governments can promote investment in private education by allowing for-profit schools to operate or to receive government subsidies. Several countries ban for-profit providers from the education sector or limit government funding to for-profit private schools. However, this bias against for-profit provision is not universal. Private for-profit schools come in various forms and serve the full range of communities, including elite families, middle-income families, and poor families. Governments often regulate for-profit higher priority than profit. However, that concern should be weighed against the benefits of allowing for-profit schools to operate freely. These include increasing access to education for both poor and non poor families, encouraging innovation, and attracting new capital investment and new managerial, pedagogical, and technical skills. The prevalence of private for-profit education worldwide, including private for-profit education that serves the poor, suggests that in practice it has become a valuable alternative to public provision. Establish clear, objective criteria for establishing and registering private schools. Many countries limit the number of new providers who can set up in the education marketplace. The objective of many of these regulations is to protect consumers from substandard education services, and this is a laudable goal. However, ensuring the quality and safety of private schools and protecting consumers from unscrupulous operators must

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be balanced against the negative impact of overly restrictive entry criteria, especially in situations where demand for education exceeds what the public sector is able to supply. If the process for registering private schools is convoluted and onerous, then this often has the opposite impact of what the government intended. Rather than promoting increased access, better quality, and safer schools, overly restrictive registration criteria often deter potential providers or increase their costs so much that the newly created schools become unaffordable. Alternatively, these restrictions may prompt some schools to operate outside the law as unregistered meaning the government has no way of protecting the affected consumers. The costs of this lack of protection invariably fall disproportionately on the poor, who have fewer education options than others. To encourage the creation of new private schools and to promote private investment in education, registration criteria for schools should be

- Realistic and achievable, so that they do not unduly restrict the establishment of new schools;
- Objective and measurable, to limit the scope for corruption;
- open to all prospective private school entrants;
- Output-focused, to allow schools to change how they deliver their education services;
- applied consistently across different government levels and departments.

The registration process should not be too long. To avoid unnecessarily long delays, the government could establish performance targets for the regulatory authority and impose time limits on its decision-making. For example, schools could be registered once a certain amount of time had elapsed, irrespective of whether the prospective operator had received official notification from the regulatory authority. The government could also establish one-stop shops (centralized PPP managing agencies) to coordinate the process. The government could also provide

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potential investors with guidance and information (both on paper and on the Internet) about how to register, including the registration criteria, a detailed description of the process, the registration timelines, and relevant forms. The government should inform applicants of its decisions in a timely fashion and should include the grounds on which it accepted or rejected the application. There should be a provision in the regulations for provisional registration when certain applicants meet the bulk of the registration requirements. In these cases, the government should inform the applicants of the criteria that they failed to meet and, where appropriate, give them a second opportunity to meet them within a reasonable timeframe. Regulators should not be required to provide provisional registration when the applicant fails to meet a large proportion of the criteria. Instead, these applicants could be required to submit a new, revised application. The process should include an appeal procedure that specifies clear and objective grounds on which those applicants who feel that their application has not been fairly considered may appeal. Some governments may choose to introduce a graduated registration system for private schools, with provisional registration followed by full registration after a set period. Governments may also choose to grant private organizations, such as private school associations, the power to register private schools or at least to play a greater role in school registration. Conclusions:-The concept of a public-private partnership (PPP) recognizes the existence of alternative options for providing education services besides public finance and public delivery. Governments around the world are exploring different ways to involve the private sector in providing education. Contracting out educational services is controversial. One criticism that is often made of PPPs is that these initiatives lead to the

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privatization of education and thus will reduce the government's control over a public service. Another fear expressed is that increasing the educational choices available to students and their families may increase socio-economic segregation if better prepared students end up self-selecting into high-quality schools further improving their outcomes. A third concern is centered on the poorer students that are left behind in the deteriorating public schools that lose the support and pressure from more educated parents to improve quality. Thus, PPPs may face resistance from certain stakeholders and policymakers need to take these points of view into account when designing their contracting initiatives. Some of the evidence of public provision of private services on education outcomes so far is positive but is not enough to justify either ignoring PPPs or expanding them on a large scale. We can conclude that contracting out to the private sector can have several benefits, including greater efficiency, increased choice, and wider access to education, particularly for those households who have been poorly served by traditional methods of providing education.