



EDUCATION MONITOR

Education in Pakistan: The state's
engagement with the private sector

The Society for the Advancement of Education (SAHE) is a nongovernmental organization established in 1982 by a group of concerned citizens and academics. It builds on the belief that educational justice entails not just access to schools, but to quality education, for all children in Pakistan. SAHE works through an extensive network, the Campaign for Quality Education (CQE), to conduct collaborative research and evidence-based advocacy on key issues to influence educational reform. It has sought such evidence in the realm of data related to school inputs and student outcomes, budgetary analysis, public sector reform and privatization, teacher professional development, language and learning as well as citizenship education.

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FOREWORD

An estimated 20 - 25 million children of school-going age (5 - 16 years) are still out of school five years after the inclusion of Article 25-A in the Constitution making school education a basic right in Pakistan. Millions drop out of schools before they finish primary, middle, or high school. For a majority of those in school, both in the public sector as well as most of the private sector, the quality of education imparted, whatever the metric of quality used, is poor. Even those who leave with a high school certificate do not have the information, knowledge, and skills that would prepare them adequately for life post-school.

Even at the current level of effort and expenditure, state resources, financial and administrative, are fully stretched and under pressure. Each of the provincial governments of the country, given that education after the 18th Constitutional Amendment is a provincial subject, are already spending some 24 - 27% of their budgets on education. Given the financial constraints we are currently working under and the size of current outlays on education, it is unlikely that the state, on its own at the federal or provincial level, will be able to find the additional amounts needed to address the issues of access and quality mentioned above.

Even before the inclusion of Article 25-A, the importance of providing education to all children in Pakistan was well recognized by the state and the provision of education was acknowledged to be a state responsibility. Article 25-A has provided formal recognition to this right. But the state, all along, has also been quite cognizant of the financial constraints it has faced and is still facing. All education policies, consequently, have seen a positive and significant role that the private sector needs to play in order to ensure provision of education to all. Since the late 1980s, with deregulation, privatization, liberalization, and decentralization as the accepted mantras of good governance, the state has allowed the private sector to grow freely in the education provision space. Most of this growth has occurred in the for-profit low-fee sector, but high-fee for-profit as well as not-for-profit schools have also expanded. Some estimates state that almost 40% of enrolled children in Pakistan now attend private schools. Most of these children are in for-profit low-fee schools.

Though the private sector has expanded rapidly, and continues to do so, its expansion has raised very intriguing and important issues for society as well. Though there is evidence that low-income households do enroll their children in low-fee schools, the very poor cannot afford to send their children to fee-based schools. Similarly, private schooling is more available in places where the market or demand is more developed: in urban or higher income areas such as, parts of Punjab, Khyber Pakhtunkhwa and urban Sindh, and where there is a ready availability of teachers. So, with regards to access, though a large number of children do attend private schools, it is not clear what the net effect on schooling has been, particularly in the context of children coming from poorer households. On quality issues, the evidence is even less clear. Most of the children from high-fee schools perform well on standardized tests; some evidence suggests that children from low-fee private schools outperform their counterparts from public schools, but in terms of minimum standards children from low-fee as well as public schools do quite poorly.

Expansion of private schooling has raised some thorny, but very important concerns around equity issues as well. Access to good quality private sector education, predicated on income of parents, exacerbates equity concerns, increases distances among school-going children and aggravates social and economic distance amongst pupils. It undermines the state and society objective of creating a level playing field for all children and undermines the ability of the state and society to create equality of opportunity across children irrespective of the income of their parents. How should the aims of equity be squared with any benefits of access and/or quality that private sector schooling provides when the state has also promised 'free and compulsory' education for all 5 - 16 year olds? What should the role of the state be, as a regulator as well, under these circumstances? How should the state engage with the private sector, and can the state use the private sector more effectively to reach its goals of universal access, quality provision and addressing equity concerns?

Despite the size and importance of the private sector, as the report also makes clear, the paucity of data on the private sector is quite surprising. We do not know accurately how many private schools we have in the country, we do not have good data on what they teach and how, on teacher qualifications and skills, and on profit levels of schools. We clearly do not have any effective regulatory structures in place either.

The report not only documents all of the above, it provides a rich discussion on the issues of access, quality, and equity that private sector presence and expansion have raised. This is the starting point of a discussion that society needs to have and develop more.

We need all of our children educated. We need state and society to be fully engaged in the discussion of how this is to be achieved. This report goes a long way in setting up this discussion for us.



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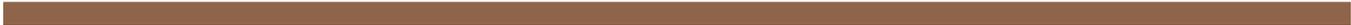
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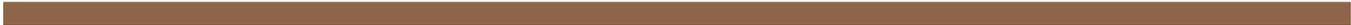
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ABBREVIATIONS

AAS	Adopt a School
AEPAM	Academy of Educational Planning and Management
ASER	Annual Status of Education Report
BEF	Balochistan Education Foundation
CCM	Command and Control Model
CMP	Community Mobilization Program
CNIC	Computerized National Identification Card
CPDP	Continuous Professional Development Program
CQE	Campaign for Quality Education
CRC	Convention on the Rights of the Child
DCO	District Coordination Officers
DFID	Department for International Development
EDO	Executive District Officer
EEF	Elementary Education Foundation
EFA	Education for All
EFS	Education Fund for Sindh
ELD	Education and Literacy Department
EMIS	Education Management Information System
EMO	Education Management Organization
ESP	Education Sector Plan
EVS	Education Voucher Scheme
FAS	Foundation Assisted Schools
FIP	Financial Inclusion Programme
FMFB	First Microfinance Bank
GIZ	German Society for International Development
ICT	Islamabad Capital Territory
IELP	Integrated Education Learning Program
I-SAPS	Institute of Social and Policy Sciences (I-SAPS)
ITA	Idara-e-Taleem-o-Aagahi
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicators
LCPS	Low-Cost Private School
LEAPS	Learning and Educational Achievements in Pakistan Schools
M&E	Monitoring and Evaluation
MICS	Multiple Indicators Cluster Survey
MoU	Memorandum of Understanding
NEMIS	National Education Management Information Systems

NEP	National Education Policy
NSP	New School Program
PBS	Pakistan Bureau of Statistics
PEC	Punjab Examination Commission
PEF	Punjab Education Foundation
PEIRA	Private Educational Institutions Regulatory Authority
PEN	Progressive Education Network
PPP	Public Private Partnerships
PPRS	Promoting Private Schooling in Rural Sindh
PTC	Parent Teacher Committee
QAT	Quality Assurance Test
RSU	Reform Support Unit
RTE	Right to Education
SEF	Sindh Education Foundation
STR	Student Teacher Ratio
TCF	The Citizens Foundation
TMFB	Tameer Microfinance Bank
USAID	United States Agency for International Development
VOT	Voice of Teachers

EXECUTIVE SUMMARY

Pakistan today is faced with a dual and monumental challenge of getting millions of out-of-school children into school and providing them with an education conforming to some minimum standard. The great majority of children go to government schools but a significant minority also attends private schools. Low student attainment in both sectors is a major cause for concern.

Since the time of Pakistan's independence, as the proceedings of the 1947 Education Conference and several other subsequent policy documents clearly illustrate, the state has envisaged an important role in education for the private sector. The only exception to this general rule has been the 1970s. However, it was not till the 1980s that private schools began to emerge as a significant participant in Pakistan's education landscape. In the last two decades or so, the private education markets, which traditionally served the educational needs of children of the urban rich, have also extended their reach to the poor, but not the poorest. Thus, there has been a phenomenal growth in the number of Low-Cost Private Schools (LCPS). From an almost negligible presence at the end of the 1970s to 2000; the private education sector grew to account for approximately 19% of all educational institutions. Further, in less than a decade, by the year 2008, private schools account for approximately 30% or close to one-third of the total enrollment. Additionally, the prevalence of private schools is clearly tilted towards urban centers. Of the total institutions in urban areas 63% are private institutions, whereas only 20% of all institutions in rural areas are private. Enrollment follows a similar pattern as 54% of the total urban enrollment is in private schools as compared to rural areas where 26% of the total rural enrollment is accounted for by the private sector. Overall, enrollment in the private sector accounts for 37% of enrollment in all educational institutions across the country.

LCPSs are not ubiquitous. They are concentrated in areas where their viability is ensured. Thus, they have a greater presence in the urban areas and in the relatively better-off parts of rural areas and are more concentrated in Punjab and Sindh as compared to the other provinces. However, their numbers are growing at a rapid rate in all provinces, especially in Balochistan. Interestingly, although there is some evidence of parental discrimination that favors the enrollment of boys in private schools, the number of girls enrolled in LCPSs appears to be growing faster as compared to boys.

Given the growing size of the private school sector, especially LCPSs, public policy is steadily shifting towards making use

of the private sector to offer education as a public good; the overarching framework for this policy being public private partnerships (PPP). The state has been engaging with LCPSs through various kinds of PPPs. In this context, the (government) foundation-supported private schools represent the model with the greatest salience. In Punjab, specifically, this model covers a significant number of schools. According to available data, the Punjab Education Foundation (PEF) partner schools accounted for an estimated 20% of private school enrollment in Punjab in 2012. PEF supports partner schools directly through subsidies and indirectly through vouchers.

Additionally, several reports indicate that students in private schools do relatively better than their counterparts in government schools. However, taken together, a very large percentage of children in both public as well as private sector schools are unable to read simple sentences in English even after five years of schooling. And, so the challenge of improving learning outcomes is one that is formidable and urgent for both sectors.

What is also of concern is that the difference between the learning achievements of public and private schools, as measured by the Annual Status of Education Report (ASER) over the last five years or so, has not changed appreciably over time. Some recognition of this phenomenon generates considerable reform-related deliberation with respect to the public sector. But, the trend also poses a challenge for the generally held premise that as private schools compete with each other, quality will inevitably improve. Why this may not be actually happening needs further investigation and better data sets than those currently available.

A key explanation with regard to quality limitations seems to relate to the teachers available to the private sector. For the most part they are less qualified than their counterparts in public sector schools as well as less experienced. Their salaries can be as low as PKR 1,500 a month, which is substantially less than the government-mandated minimum wage. This, along with a lack of job security, underlies a high teacher turnover rate in private schools. The average tenure of teachers in private schools is 1-3 years at middle and high levels and even lower at primary level with only 42% of primary schoolteachers staying in the same school for more than a year.

An accurate picture of public and private student performance is missing due to the gaps in the existing data sources.

es and the sheer lack of credible data. The often-quoted Learning and Educational Achievements in Pakistan Schools (LEAPS) study is only Punjab specific and now a bit dated. The Punjab Examination Commission (PEC) data on primary and elementary performance has known quality issues and no other province maintains such data. There are also no independent assessments of students in PEF and Sindh Education Foundation (SEF) supported schools. Finally, the only nationally available dataset, ASER, has its limitations as a household survey looking at the minimum competencies of students of a particular grade level and not at overall student learning outcomes per se. This is an important data gap, which needs to be addressed.

The private sector also claims better student outcomes with lower school expenditure. This is also the case with the PEF-assisted private schools. According to the LEAPS survey the overall cost of educating a child in an average rural private school was PKR 1,012, half the amount for government schools which was about PKR 2,039 a year at the time of publication of LEAPS report in 2007. According to PEF, the per-child cost for all their programs during the year 2013-2014 was PKR 511. This is even lower than the average rural private school cost. On the other hand, the cost of educating children in an unassisted private school can be quite high forcing parents to make choices that undermine equity.

It is important to note that provincial foundations that provide support to LCPSs also work as a regulator of sorts. In deciding to enter into subsidy-driven partnerships with the public sector, partner schools must accept regular testing of their students and monitoring of several other aspects of the schools in order to remain eligible for the program. Once selected for subsidies, the schools also qualify for foundations' technical support to enhance the quality of their partner schools. This includes provision of several inputs such as free textbooks and learning materials, regular professional development for teachers, and entrepreneur's capacity building in governance and administration of school. Both PEF and SEF have teacher training programs as well as monitoring and quality assurance mechanisms in place. However, the efficacy of such support needs to be independently ascertained.

In the case of PEF, for example, the main monitoring tool is a Quality Assurance Test (QAT), which tests student learning outcomes. However, not all students need to clear the test and there is no detailed feedback to schools. Hence, whether all students are being supported to improve their learning remains an open question. The QAT has very high stakes for the schools since their support depends on a stipulated percentage of students passing QAT with a threshold score. Although well intentioned, this requirement is not only raising the stakes of the test for the assisted schools but, *prima facie*, runs contrary to the aim of providing free education to

all children.

In addition to subsidies to the schools, the provincial foundations, PEF in particular, are also experimenting with giving education vouchers. Vouchers are generally regarded as a mechanism for enhancing equity as well promoting more efficient outcomes in private education markets. Vouchers are currently being provided in Punjab and piloted in KP through the PEF supported Education Voucher Scheme (EVS) and the EEF's Education Voucher program, respectively. Children benefitting from the voucher programs are typically from less privileged areas of the provinces, mostly katchi abadis, urban slums, and/or other marginalized segments.

Governments and donors see subsidies and vouchers as low-cost alternatives to opening and managing more public schools to meet the Right to Education goals. It is for this reason that both the foundation staff as well as their supporters in the donor community feel that the respective provincial governments will continue to support the subsidy program. However, equity concerns (related to access) as raised by Article 25-A imply that all private schools in low-income areas not served by public schools should be completely subsidized. The scale involved in such an undertaking can dwarf the available resources. The problems vis-à-vis sustainability are evident in PEF's decisions to taper off subsidies to the primary schools in order to increase its support to secondary schools.

Public-to-private support is only one of the ways in which the state is engaging with the private sector. In Punjab, the government is letting private sector organizations adopt government schools through contracts between the district governments and aspiring organizations. In Sindh, SEF is facilitating adoptions of schools by interested individuals and organizations. Government of Sindh is also moving towards a model in which Education Management Organizations (EMOs) will be invited to manage government schools. The EMO model, however, is a business model in which aspiring EMOs participate in competitive bids to win contracts doled out by the government to provide paid management services to selected public schools. Another means through which the private sector supports the public sector is by providing financial support to schools for improvements. Under the Tameer-e-School Program implemented in KP by EEF, interested organizations and individuals can provide funding to support improvements to the infrastructure and facilities of government schools in the province. This model actively involves Parent Teacher Committees in the development of improvement plans and monitoring of activities.

Typically the subsidies to the private sector are provided by the public sector, as is the case of Punjab and Sindh. However, in Sindh an independent organization, Education Fund for

Sindh, has also been set up with support from the Department for International Development (DFID) to focus on out-of-school children by providing subsidies and vouchers for children to attend private schools.

Moreover, some experts suggest that private schools require financial credit to improve their physical infrastructure, purchase classroom equipment and to support quality improvement activities. However, there is some research to suggest that most of the existing LCPSs are self-financed and thus do not require such support. Also, at times operating at an approximately 50% profit margin, LCPSs can recover the entire initial investment as quickly as within the first few years of operation. In addition enrollment rates have also remained high despite fee increases. Notwithstanding these arguments, the market is beginning to offer a limited range of financial products to the LCPSs. These developments in access to finance include credit guarantee schemes and microfinance loans. However, whether the LCPS entrepreneurs will utilize the available loans for quality improvement remains a moot point. The data collected for this report suggests that there is no major incentive for the schools to improve quality given the fact that LCPSs have, more often than not, used loans to improve infrastructure rather than teaching quality.

In fact, ensuring quality in private schools, even though they appear to be doing marginally better, remains a daunting problem. This is so because most stakeholders have abandoned a comprehensive notion of quality for a simplistic version based on test scores alone. Ideally, quality education suggests a web of interdependent dimensions. In practice, however quality assessment tends to focus narrowly on student outcomes represented by performance on tests, without regard to processes of teaching and learning that make for holistic education. The latter also tend to be ignored because, unlike test performance, these are difficult to measure.

It is interesting that the Education Sector Plans (ESPs) developed by the different provinces tend to define quality in holistic terms. It is clear that the public school system has not made good on its promise of universal quality education but even so the plans for its improvement continue to present a multidimensional vision of quality. On the other hand, this perspective of quality undergoes a substantive shift, when private school performance is under consideration, by focusing on the students' learning gains as the proxy for quality in general. It is also suggested that it is not possible for the LCPSs to meet the minimum requirements of regulators. This is because restrictions on fees, minimum wages, and adherence to school building codes would not be possible without raising the fee charged to students. Since the viability of LCPSs depends on their affordability for low-income households, they are likely to lose their clientele by raising fees be-

yond affordability thresholds. Therefore, the quality requirements can only be met by either providing financial support to the LCPSs to meet minimum standards or narrowing the indicators for quality. All ESPs' indicate an awareness of this limitation.

As for development partners, the World Bank, DFID and United States Agency for International Development all echo a focus on the quality of education. The development partners' strategies to improve quality in public sector schools suggest an implicit assumption of its multidimensional nature. These strategies refer to improving quality of teachers by improving recruitment, training, and retention. Other quality improvement initiatives include enabling such inputs as textbook development and improving physical facilities in public schools. However, the interventions involving support to private schools reflect a slightly different emphasis on quality. Donor strategies begin by acknowledging the higher quality of private schools. These strategies liberally cite comparative studies of public and private schools, primarily the findings of the longitudinal LEAPS study and ASER. With this as a starting point, the interventions mostly focus on providing subsidies and access to finance to private schools. Thus, in the case of interventions related to private schools, donor policies shift away from supporting development of quality in accordance with a holistic definition of quality towards merely providing financial support to private schools while assuming they are already imparting quality education.

As many studies have demonstrated students in LCPSs perform better than their counterparts in public schools. Even allowing for sufficient rigor in the case of many of these studies, narrowly-focused comparisons between students learning gains in public and private schools can result in limiting efforts to improve quality in both types of schools. Irrespective of the apparent relative superiority of private schools, learning gains remain low in both types of school. Since the comparative statistics make the performance of public schools a reference point from which to observe the achievements of private schools, it has the unfortunate effect of keeping both stuck within a narrow band of achievement relative to each other. Even ASER data appears to confirm that when seen over time the difference between students of the two types of schools in performance on ASER tasks is not that large.

Undeniably, the LCPS sector is a large contributor to the education of children from disadvantaged households. It may be providing slightly better student learning outcomes than the public sector. However, establishing this fact in comparative studies of LCPSs and public schools does no good to either. The problem of delivering quality exists in both public and private schools. Using the former as the benchmark for student learning outcomes can induce a sense of complacency in the latter. Thus, in advocating quality of education in

private schools we should not lose sight of a holistic vision of quality and use it to define future directions of reforms.

A major problem with focusing on student learning outcomes is that it often takes the form of high-stakes testing as in the case of the PEC exams for Class 5 and Class 8 or the QAT administered by PEF on which the latter makes its support to private schools conditional. It is important to note that this report is not making an argument against high-stakes testing per se. It is, however, making an argument for teaching to the curriculum instead of teaching to the test. Teaching to the curriculum, if it is done well, can result in higher gains on high-stakes tests. However, imagine a situation in which the teachers teach from guess papers or sample papers or items collected by the schools' principals from previous tests. If a teacher is drilling the students on test items from the previous tests than the results of the test will not reflect the student learning gains with respect to curriculum. Valid inferences about learning cannot be made on the basis of test results because of an almost exclusive focus on item teaching.

So, if our aim is to ensure that private sector schools deliver holistic education, as should those in the public sector, some form of effective regulation becomes necessary. The National Education Plan (NEP) 2009 draws attention to the inadequate regulation of private schools in the country and recommends the development of regulations for establishing and running private sector institutions. According to the NEP, a number of private schools have not registered with the provincial government and often do not comply with existing regulations. It also expresses equity concerns in terms of the need to regulate fees and enforce a quota system in all private schools. It observes with concern that registered private schools often charge higher fees than allowed and that they do not comply with the mandate to enroll 10% of their students from disadvantaged households.

There is a regulatory framework already in existence, pertaining mainly to three main regions of the country, namely, Islamabad Capital Territory (ICT), Punjab and Sindh. In ICT, the regulation of private sector schools is governed by a recently enacted legislation. The relevant Act was passed in 2013 and rules are currently being drafted in order to operationalize it. In Punjab, the private schools are being governed by legislation dating back to 1984 (amended in 1995). The Punjab government is currently in the process of revising existing legislation on private sector regulation; the bill has been drafted but has not been passed as yet. This bill proposes the establishment of a sector-specific regulatory body to oversee regulation. Sindh already has a separate directorate (the Directorate for Private Institutions) that regulates private schools in the province per the 'Sindh Private Educational Institutions (Regulation and Control) Rules 2005'.

There is a view that private schools should not be regulated in terms of being confined to the national curriculum. As long as private school students pass the relevant exam, the institution should be free to decide on the balance of the curriculum to be taught. The assumption here is that the private school will use this space to teach a broader, more inclusive, curriculum. And some certainly do. But, equally others can include intolerance and hate in their curriculum, as is known to happen. As such, a regulatory framework for the curriculum needs to provide space for the former while certainly ensuring against the latter.

Equally, low teacher salaries, encouraging the recruitment of inadequately qualified and untrained teachers, can impact the quality of education delivered in private schools. The relevant legislation in all three regions requires the regulation of teacher salaries. According to amendments made to the 1984 Rules in 1995 in Punjab, teacher salaries in the private sector have to be at par with teacher salaries in the public sector. The preamble to the draft 'Punjab Private Education Commission Bill 2014' mentions that one of the primary functions of the Commission would be to ensure against the exploitation of teachers. This is a complex issue as in many cases teachers' remunerations are grossly unfair given the very high profit margins enjoyed by the school while in other cases the school simply cannot raise salaries without raising fees which would have the effect of placing it out of reach of many of the parents. In India, faced with similar issues, the law stipulates that teachers hired by the private schools must have minimum qualifications as laid down by the relevant authority or central government. Teachers who are not appropriately qualified must ensure that they are duly qualified within a period of five years. The salaries of teachers are also required to be at par with those of regular government schoolteachers. How well this is working out at the level of implementation is not clear. In any case, other regulations pertaining to infrastructure, facilities, fees and quotas may be deemed necessary but will require careful consideration if the state is serious about implementation.

A reading of the national and provincial policies, plans and legislation pertaining to the regulation of private schools makes it evident that the regulatory framework in place for private sector schools in Pakistan most closely resembles the Command and Control Model (CCM) of regulation. The state normally sets up a sector-specific regulatory body to ensure that the conduct of regulated organizations is in accordance with regulations that have been developed.

However, this is a task for which the state will need to build up its capacity and put in place appropriate processes. At present, the regulators in Punjab, Sindh, and ICT suffer from a severe lack of human resources, in terms of both numbers as well as quality, to effectively implement the relevant laws

and rules. While Sindh and ICT both have separate directorates tasked specifically with the regulation of private schools (the Directorate of Private Institutions in Sindh and Private Educational Institutions Regulatory Authority in ICT) and Punjab has the School Education Department overseeing private schools, there is little to suggest that the task is being carried out effectively. Matters are not helped by lengthy bureaucratic procedures in place as, for instance, those pertaining to registration of private schools.

One way out would be for the state to move away from the CCM approach, reducing the number of regulations, and helping the private sector schools develop some modicum of self-regulation. Governments should involve private school associations to move towards a system of self-regulation, which may be overseen by the state but be implemented by the industry. This could reduce the states' liabilities while keeping its stake intact. But even here, the state will need to ensure that its monitoring is effective and the accountability mechanisms work.

It would help if the regulatory framework is not unnecessarily restrictive and if needed, the state should facilitate and financially support schools in order to meet regulation requirements. Also, it may be possible, although extremely hard, to enforce appropriate regulations in schools with very

high profit margins.

The state can also supplement regulation by taking steps to provide information about quality of private schools on an agreed set of variables to all consumers of educational services. This will enable parents to make informed choices when selecting which private school to send their child to. At present, parents' assessment of the price-quality menu can be distorted due to the unavailability of accurate information. Thus, they may not be able to accurately judge the quality of education being provided to their children.

On balance, basic education must be treated as a public good. At the same time, an appropriately regulated private sector can usefully supplement the efforts of the state to provide education. However, privatization in education, as suggested by sociologist of education Stephen Ball, should not, over the course of time, turn into privatization of education. The distinction is an important one in terms of the implications for equity. Meanwhile, of course, the state needs to put in place the institutions and processes necessary to ensure that government schools are providing education conforming to some minimum standards as well as develop a regulatory mechanism for the private sector to encourage quality and equity without being unduly restrictive.



01

INTRODUCTION

EDUCATION, THE STATE AND THE PRIVATE SECTOR

A very large number of children in Pakistan remain out-of-school.¹ A distinct but related problem is that many, if not most, of those who do attend school show very low levels of attainment.² It appears entirely possible for many children to complete primary school without acquiring even basic literacy or numeracy; or to go through ten years of school without developing any higher order thinking skills. It is clear that the challenge in education is one of both access as well as quality. And, in some ways, it is the latter rather than the former that constitutes the primary challenge. For what good is access unless a minimum standard of quality is assured? It is not that the challenge of quality has gone unacknowledged. But, it is yet to be addressed meaningfully.

One response to this challenge emerged, fairly early on, in the form of private, not-for-profit schools sponsored by trusts and philanthropic institutions. Missionary schools and colleges had already occupied this space. A reading of the proceedings of the 1947 Education Conference and other relevant documents suggests that at its inception the state was positively inclined towards a role for the private sector in education even though it clearly recognized the primacy of its own obligation in this regard.³ The then Minister of Education of Pakistan, Fazl-ur-Rehman, emphasized the contribution of the private sector in the following terms, “they [private sector] will come forward in a true spirit of patriotism to bear a share of the burden which the present plan imposes on us.”⁴

About a decade later, in 1958, Ayub Khan, made a case for less public spending on education in the following terms:

“...our citizens must also depend on their own spiritual and material resources and not expect the benefactions of government to provide them with the environment and institutions they desire for themselves, their children, and their community...Good education is expensive, and educational expansion means more expense. The people must accept the fact that since it is they and their children who benefit most from education, the sacrifices required must be borne primarily by them.”⁵

These policy positions are clearly expressing the inability and unwillingness of the government to shoulder the burden of mass education. More broadly, they provide insight into the perceived role of the state in this context.

However, this policy position did not immediately lead to the rise of the private sector in education in the early years after independence. From the mid 1960s, reservations as to the role of the private sector began to appear,⁶ which culminated in the nationalization of all private schools (barring religious institutions) in 1972. Even the production of textbooks was rendered into a monopoly of the government.⁷

In 1979, the policy of nationalization was reversed, opening up the policy space for a greater role for the private sector in education. The National Education Policy (NEP) 1979 went back to the earlier position that the government could not provide education alone rather it needed the support of the private sector to share the burden.⁸ The NEP 1992 went as far as to lament the fact that the ratio of public to private schools was still at 70:30 and, had expansion continued, the share of private schools may have been closer to 50%.⁹

As reflected in the NEPs 1992 and 1998, the importance of the private sector in education was further enhanced with offers of incentives and tax exemptions for entrepreneurs to establish private schools. Below is an illustrative example from the NEP 1992:

“The Government is looking forward to a richer participation of the private sector in education development. The incentives built into the Policy, and the Provincial and National Education Foundations, now in the making, should facilitate the growth of education in the private sector and, in particular, the rural areas....Grants in-aid and tax rebates shall be provided to private institutions....Companies with a paid-up capital of Rs. 100 million or more shall be required under the law to establish and run educational institutions up to secondary level with funds provided by them...”¹⁰

The NEP 1998 also emphasized the importance of encouraging private enterprises to open schools in rural areas.¹¹

This inclination towards participation of the private sector was preserved in the National Education Sector Reform (ESR) Plan (2001-2006) introduced under the Musharraf Government. It favored public-private partnerships as a strategic choice for attaining educational goals committed under the Education for All (EFA) initiative and Millennium Development Goals (MDGs). The ESR provided many incentives for the private sector to ‘flourish’ in the education sector.¹²

The incentives included tax exemption, exemption of custom duties when importing educational equipment, government provision of land or subsidized land along with subsidized utilities. The ESR both initiated as well as strengthened partnership programs which included: an up-gradation of schools through the community participation project component of the afternoon schools system program, the adopt-a-school program, IT programs in government schools, capacity building of school management committees and various programs developed by the education foundations.¹³

The trend towards privatization of education continued to gain momentum in the late 1980s and 1990s. In part, this can be seen as the outcome of globalization and the neo-liberal consensus presided over by the Reagan-Thatcher duo as well as the proclivity of the Zia Government in Pakistan. In large part, the growth in private sector schools also resulted from the failures of reforms to expand access to quality education through public schools. Despite over two decades of reforms following the EFA consensus in 1990, millions of children remain out-of-school and the learning gains of those inside the school system remain abysmally low. Thus, the rising demand for education has been primarily met by the for-profit private sector instead of the state.

A deeper analysis of the private sector finds that the segmentation within it closely matches socio-economic disparities in society. This can be judged from the fact that the private school monthly fee-spectrum ranges from as high as PKR 50,000 to as low as PKR 250 a month. Over time the Low-Cost Private Schools (LCPSs) have come to cater to about one third of all school-going children with as many as or even more teachers than public sector schools. However, the density of private supply of education is not the same all over the country. There are sharp differences across the provinces. Private schools are also more abundant in urban areas—and are almost pervasive in the relatively well-off urban centers of central Punjab as well as urban Sindh. They have much less of a presence in rural Sindh and most of Balochistan. Even in Punjab, where the private sector has a significant presence in both rural and urban areas, private schools tend to cluster around the relatively well-off parts of the community even at the village level.¹⁴

Despite the wide disparities in quality between the types of schools within such a segmented marketplace, the private sector is clearly performing a significant role in enhancing access to education. The question is how can this role be strengthened in terms of the quality of education offered as well as by way of equitable access in the context of Article 25-A of the Constitution?¹⁵ Even earlier constitutional provisions reflected a rights perspective with respect to education. However, with this most recent amendment, the state has deepened its commitment to equitable access to educa-

tion.

So how does a growing and dynamic private sector that does not, and cannot, provide free education square with the state's aspiration of providing free and presumably quality education to all children in the given age group? The perception that LCPSs deliver a measure of quality education and that government schools do not, make the former the preferred option virtually for all those who can afford it. Although the typical LCPS, as argued by Tooley et al.¹⁶, caters to children from low-income groups in large numbers, the very poor are still found in public schools. It would be safe to assume, then, that children from the lowest income group cannot even afford the LCPS. This further marginalizes a large number of children from an already marginalized social group within a sharply stratified social order, much in need of social cohesion and resilience.

Equity does not just refer to access to education but quality as well. Generally, private schooling has become synonymous with quality, which is not an unfounded assumption. Many studies provide evidence that children in private schools are doing better than their counterparts in public schools across grade levels. The problem, however, is that government schools provide a very low baseline for the measurement of quality. So, while the quality differential between LCPSs and government schools may be significant, the LCPSs still remain well below a general minimum criterion for quality education. Beyond student outcomes—gauged by large-scale, high-stakes testing—the quality baseline is even lower across both public and private sectors when defining it in terms of holistic education or transformative learning.

The real issue then is that of improving quality in the public sector as well as the private sector. A discussion of the strategy and measures necessary for improving the quality of public sector schools is outside the purview of this report. However, a necessary, though not sufficient, condition for ensuring quality private sector schooling may well be the existence of a public sector that offers quality education. This is so because of the dynamics of the market; private schools only have to be marginally better than their competitors to flourish. Therefore, if government schools do not show improvement, neither will those in the private sector—to any appreciable degree. As for private schools competing against each other, there is little evidence so far, to suggest that intra-private school competition serves as a significant driver of quality in education offered in LCPSs. If this were not the case, student outcomes in private schools should have improved dramatically given that the sector has had a significant presence across Pakistan's education landscape for over two decades now.

This report does not seek to describe the landscape of the

private educational sector in detail. The readers will not find in it a detailed description of the types of private schools, the nature and work of private school associations and other support groups. Rather, it focuses on the various ways in which the state is engaging with the private sector to fulfill its constitutional obligation under Article 25-A of the Constitution. Accordingly equity, in terms of both access and quality, is a central theme of the report.

The report does, however, observe that scarcity of data about the private sector in education is incommensurate with its growing scale and significance. It aims at informing the debate regarding the state's engagement with the private education sector in Pakistan. It does so by raising some substantive and vexing questions which policymakers in both provincial and national government and various international development partners, must address as they define their own strategies for working with the private sector. This report should be read as a snapshot of major issues and challenges that governments face in their attempt to assure equity—in terms of both access and quality. It is premised on the belief that progress towards improving equity and educational justice in both public and private schools must involve raising questions, identifying obstacles, and clarifying policy alternatives through evidence-based debate. It will have met its purpose if it succeeds in transcending the divisive debate on public and private comparisons and shifts the focus to assuring equity and improvement in both.

The contents of the report draw from extensive reviews of existing research and literature on the private sector, international and Pakistan-based studies, as well as policy documents and plans, donor project appraisal documents and data sources. The team also conducted semi-structured interviews with key informants in Punjab, Sindh and Islamabad Capital Territory (ICT) from the government, specifically the staff of various education departments and private education regulatory bodies (where they exist); international development partners; education foundations; private school associations; LCPSs, specifically foundation supported schools; and civil society representatives.

The main chapters of this report deal with the foregoing issues at some length.

Given its focus on equity, the second chapter of the report dwells on the concept of equity. It begins by offering a working definition of equity. This is followed by a preliminary discussion of the mechanisms the state has put in place to make private education provision somewhat equitable both in terms of access and quality. These mechanisms are discussed in more detail in subsequent chapters. The chapter ends with a series of important questions with which policymakers need to engage, in order to ensure greater equity across the

public and private sectors.

The third chapter provides insight into the salience of the private sector across Pakistan's education landscape. It explores the growth, scale, and participation in the private sector by educational level, gender, region, and location. It also reviews student performance patterns, the state of the teaching force in public and private schools and the financial resources available to the private sector. It points to gaps in the existing data wherever possible to highlight areas for improvement in data collection.

The fourth chapter provides insight into the mechanisms by which public-private partnership is supported and funded. It covers the entire spectrum of partnerships, including the mechanisms of public support to private sector schools (in the form of subsidies and vouchers); private support to public sector schools (in the form of adoption, management, and finance); and private support to private sector schools (in the form of access to finance through loans, and subsidies and vouchers). The chapter discusses the challenges of each mechanism and the issues surrounding the sustainability of such interventions.

The fifth chapter explores the various perspectives on quality of education. It begins with a review of two major definitions—the first a multidimensional and holistic focus on inputs, processes, and outcomes of education and the second a narrow focus on quality in terms of student learning outcomes. It then traces the perspectives of quality and their articulation in the work of the government, donors, foundations, and the perception of parents. It reviews the current trend of using learning outcomes as a measure of quality and the ways in which comparing private and public schools in this manner affects quality. Finally, it discusses the effect of high-stakes testing on teaching practice.

The sixth chapter turns the focus to the issue of regulation. It broadly reviews the arguments for and against regulation with regard to the scope and coverage of existing regulations on different aspects of private schooling. It also examines the state of existing regulatory policies and their implementation in Pakistan. The chapter also looks at challenges to effective regulation and makes some suggestions to overcome them.

02

REFLECTIONS ON EQUITY

“What the best and wisest parent wants for his own child, that must the community want for all its children. Any other ideal for our schools is narrow and unlovely; acted upon, it destroys our democracy.”¹

INTRODUCTION

Education has positive externalities associated with it. Equity in desirable educational outcomes promises not just improved earnings but is also positively correlated with an individual’s health, parenting skills and civic participation.² A recent study suggests that violent civil conflict is more likely in countries with high levels of disparity among groups.³ Equitable education opportunities can reduce income disparities and thereby increase social cohesion.⁴ Conversely, inequities in education can result in higher social costs for security, health, income support, and child welfare.⁵ That is to say, the education of individuals can lead to benefits for society as a whole in the form of greater social cohesion, better public attitudes and greater political participation. However, production of these externalities depends, in large part, on equitable educational opportunities for all children.

This chapter concerns itself with elucidating the state’s engagement with the private sector in the context of Pakistan to ensure equity in the private marketplace for education. It begins by offering a working definition of equity. This is followed by a discussion of the importance of equity and the challenges entailed by the need to ensure it. This chapter then forecloses a discussion on the mechanisms that the governments have put in place to make private education provision somewhat equitable. A more comprehensive discussion on the access and quality dimensions of equity will be pursued in the subsequent chapters. The chapter ends with a series of important questions that must be tackled by policy-makers in order to balance competing demands for keeping education equitable.

UNDERSTANDING EQUITY

The term equity is used liberally throughout the policy documents but its meaning is implicitly assumed and almost never explicitly articulated.⁶ The Punjab Education Sector Plan (ESP) mentions equity as one of its main objectives. It articulates equity in terms of variations in access to education-

“Inequity comprises of differences in access to education between rural and urban students, between boys and girls and between geographical locations. Inequity is also reflected in the exclusion of vulnerable children, e.g. poor or physically disabled children, children with special needs, religious minorities, ethnic and linguistic groups.”⁷

This reference to access as an attribute of equity is evident in the ESPs of Khyber Pakhtunkhwa (KP) and Balochistan as well. KP’s ESP plans to “ensure educational equity by subsidizing the direct costs of schooling for the poor”;⁸ and Balochistan’s ESP mentions equity in addition to quality, relevance, and inclusion as one of its crosscutting features.⁹

Since the state’s role in assuring equity in the context of private education is the central theme of this report, we must

begin by developing a conceptual understanding of equity. While there are competing ideas about what constitutes equity, there is some degree of consensus that assuring equity implies providing equal life chances and equal concern for people’s needs.¹⁰ Below we consider what these two might mean in the context of education.

EQUALIZING LIFE CHANCES AND CONCERN FOR NEEDS

Equal life chances and equal concern for needs are interrelated ideals. They should be interpreted in terms of provision of essential services according to some shared minimum standards. They imply that these essential services should be available to all individuals in society without regard to their personal circumstances.

In the context of education, it is assumed that all children, regardless of their socio-economic backgrounds, have a common set of learning needs. Standards for curriculum, instruction, and facilities can be developed and educational services

provided in accordance with such standards in order to provide an equitable response to children's learning needs. Thus, these concerns boil down to providing an educational experience that adheres to minimum standards, regardless of its recipients' particular characteristics.

A noteworthy aspect of these elements of equity, that is, equal life chances and equal concern for essential needs, is their public-ness inasmuch as both aim at achieving a common good. Therefore, both of them become public policy concerns by default. That is to say, in order to satisfy these concerns the state will need to ensure that all children access a school where they are provided with an education that meets or exceeds minimum standards. To recapitulate, from here onwards, we assume that a decent education is a means for leveling the playing field for all children and that it has positive externalities for the whole of society. Equity demands that education be provided as an essential service to all children and that this education meets a set of minimum standards for all children.

This is easier said than done. A decent education will not be equally accessible to all children in a vastly unequal society. Some would have enough resources to buy high quality education from institutions at the high end of a segmented marketplace. A great majority of children in Pakistan, however, would come from households where access to a decent education is hampered by a wide range of impediments. Assuring equity, therefore, would imply identifying and removing disadvantages that might be preventing individuals and communities from accessing education as an essential service. People cannot be held responsible for not being able to

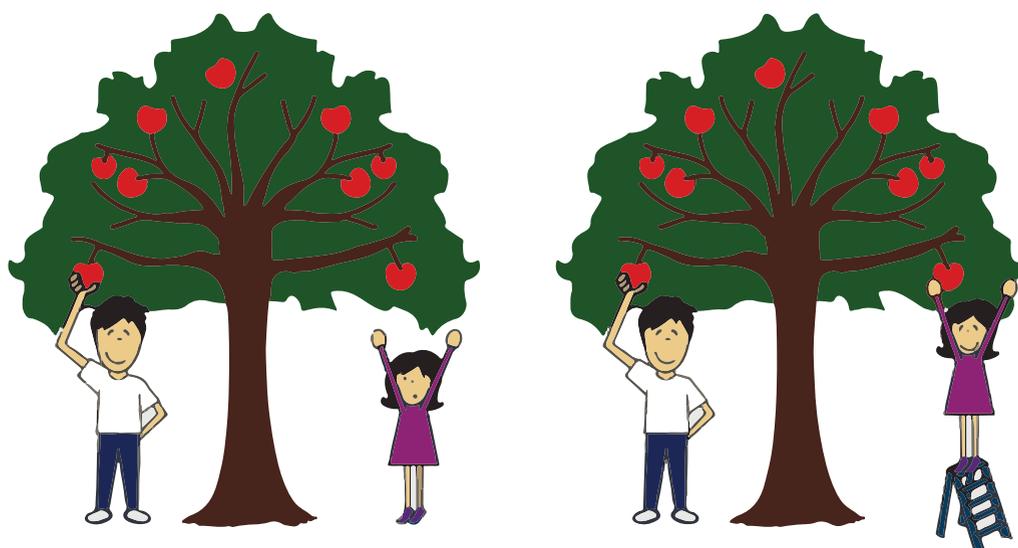
access it because of a disadvantage that they might possess.

This concept of equity is depicted in Figure 2.1 below. The height of the low hanging apples represents a minimum threshold that each child must reach in order to pluck the apple. However, only one of them is tall enough to reach for the apple. The girl's height is a disadvantage, which can only be removed by providing her with something to stand on or a means (in this case a ladder) to reach the same height as the boy. Ensuring equity in this case involves raising the girl to the minimum height needed to reach the apple hanging from the tree.

Modern states have long recognized that eliminating various kinds of disadvantages in the way of education is beneficial for state and society. Assuring equity has been one of the central problems that appropriate education policy formulation seeks to address. Massive public education systems, to operate 'common' schools, were developed by states because of this need to ensure equity. Pakistan has also been striving to achieve education for all children. Its commitment to education is reflected in its endorsement of the international agreement to achieve the millennium development goals related to education and the recent acceptance of education as a fundamental human right in Pakistan's Constitution.

Despite these commitments, however, achieving equity has remained a challenge even in the context of the public sector in Pakistan. This is starkly manifested in its failure to provide a reasonable education to all children attending government schools. Meanwhile, the demand for education has increased

Figure 2.1 Depiction of equity



manifold in tandem with the rising demand for skilled labor in a rapidly globalizing work environment. In Pakistan, as in many other developing countries, the demand for education has exceeded its supply by the public sector. The private schools have moved in to fill the gap in supply of a decent education. Consequently, a thriving private education market—resembling shopping malls of private educational services—has emerged and continues to grow at a fast pace. In a shopping mall, you can buy the same item with different specifications for different prices. Similarly, in the private education market, parents can shop for the education of their children based on their disposable income and the perceived utility of the services they are buying.

As hinted above, most societies that sought to universalize education did not depend on the private sector for this undertaking. While they promoted the operation of the free market in other fields, education remained decidedly in the public sector. Where the state withdrew from the provision of education, it still kept it free at the point of service by financing its provision through the private sector. This rationale for keeping education free at the point of service has always been stated in terms of concerns for equity, which are framed, in turn, in terms of the positive externalities of education for the whole of society. Equity in education has been seen as both a hedge against the potential or real excesses of the markets, as well as beneficial to the latter in the long term.¹¹ Accordingly, equity has been at the center stage of efforts to universalize education.

Unlike states, markets do not pursue equitable, but prof-

ACCESS AND QUALITY DIMENSIONS OF EQUITY

To further understand how equity issues emerge in the context of private schools, consider an anecdote from a low-income household. This anecdote is based on data collected during the course of this study.¹⁵ It provides a window for understanding inequities in terms of the definition offered above. It shows how income and gender related disadvantages influence parental choices regarding the education of their children and ways in which state intervention could impact those choices.

Anecdote: Jamal and Kausar are blessed with twins, a son and a daughter. Jamal is a driver at a local rent-a-car facili-

ty-maximizing, outcomes. Consequently, privately provided services which involve payments at the point of delivery remain inequitable and also lead to exclusion of low-income persons.¹² Therefore, the state's engagement with the private sector to find ways of ensuring equitable outcomes assumes strategic importance.¹³ Accordingly, the regulatory policies of the state and the practices of the private sector must seek to minimize existing inequities in order to ensure equitable outcomes. So while all children may not be able to access education of the highest quality, they have the right to be provided an education that conforms to minimum standards in order to have a real opportunity to succeed. In an inequitable setting the role of education is also, importantly, to bridge the gap to the greatest extent possible and certainly not to contribute further to 'the great divide.'

The plans of provincial governments' to engage with private sector schools in the form of subsidies or vouchers to compensate for socio-economic disadvantages in access to private schools reflects a belief in equality of access. But merely ensuring access to education falls short of ensuring equity. Quality of educational services is also an essential aspect of equity. Most provincial ESPs articulate equity in terms of access alone with the exception of Sindh's ESP that articulates "both access to education and quality of learning outcomes through the prism of equity."¹⁴ Most of this report will concern itself with an examination of the mechanisms used by the state to assure access and quality in both assisted and unassisted private schools.

ty. They live on his monthly salary of PKR 12,000. Jamal is acutely aware of the difference that education can make and laments the days he wasted out of school. Both parents hope for better life opportunities for their children and would like them to get a proper education in order to realize these.

When Jamal and Kausar's children were of school-going age, they enrolled them in a government school, which was about five miles away from their home. However, it did not take long for them to realize that it was not possible for them to pick and drop their children daily. They could not afford to use the regular school vans and it was too difficult to walk the

little children to and from school every day. Unwillingly, they withdrew their children from the free government school.

After removing their children from the government school, Jamal and Kausar decided to enroll them in the privately run Alhamra Primary School (English Medium) that had recently opened in a residential building in the same neighborhood. The school charged flat fees of PKR 800 a month for every child including additional expenses for books and stationary. With the money saved on transportation the couple could easily pay for the fees of one child but not the second child. They lived in a rented house, and knew it would not be possible to set aside PKR 1600 each month to pay for the fees. Ultimately, they decided to send only one of their children to school. Unsurprisingly, it was their son who made it to Alhamra Primary School while their daughter had to stay at home.

ASSURING EQUITY: IDENTIFYING AND REMOVING OBSTACLES TO ACCESS

From the perspective of our definition of equity, Jamal and Kausar clearly had a disadvantage compared with the parents who lived in the vicinity of the public school. Like Jamal and Kausar, some other parents interviewed for this study mentioned that the single most important consideration they had for enrolling their children in a private school was its proximity to their homes. Equity implies, as also mentioned earlier, identifying and removing obstacles to the delivery of an essential service. Mobility in this case was an obstacle to access. There was a financial burden on parents to arrange to pay transportation or fuel costs. The state could remove this disadvantage by subsidizing transport costs or arranging for free and safe transport at public expense. However, it failed to do either.

Enrolling in the nearby private school also had its costs. Jamal's disposable income was not adequate to bear the burden of fees for both children. Parents tend to discriminate

against girls when faced with hard choices such as this. This discrimination is also observed in other studies.¹⁶ The source of such discrimination is primarily the low income of parents. Ensuring equity would require offsetting the costs incurred by the parents of sending both children to the private school, especially when the parents could not find a free public school in the neighborhood.

As already noted, private schools do not seek to produce equitable outcomes and their advantage over public schools is largely stated in terms of efficiency and cost-effectiveness and not in terms of equity.¹⁷ If private schools are not sites for the production of equity, and if there is no public school option for children, then equity can only be ensured through state intervention in the form of subsidies or vouchers to offset the costs of education for parents. This need for state engagement is felt even more strongly in the context of Pakistan, especially after the country's Constitution has given education the status of an inalienable human right.

As we will read subsequently in this report, the provincial governments in Pakistan are not oblivious to the need to ensure equitable access to private schools. In both Punjab and Sindh, the Punjab Education Foundation (PEF) and Sindh Education Foundation (SEF) are running large-scale subsidy initiatives. This chapter is mainly providing a conceptual precursor to the description of the mechanisms used for these initiatives in chapter 4.

ASSURING EQUITY: IDENTIFYING AND REMOVING OBSTACLES TO QUALITY

Access, as we have already noted above, is only part of what constitutes equity. While subsidies and vouchers can solve the problem of access, they do not necessarily resolve the problem of quality. Some observers advocate a hands-off approach to improving quality. They argue that the provincial governments or any other central and formal entity cannot

BOX 2.1 EQUITY CONCERNS IN LOW-COST PRIVATE SCHOOLS

Are the Low-Cost Private Schools always affordable and accessible to low-income households? Some studies, particularly Learning and Educational Achievements in Pakistan Schools (LEAPS), find that private sector schools are able to serve the poorest children. However, a recent fairly rigorous systematic review of literature tested the hypothesis "Private schools provide education to disadvantaged children." It concluded that the evidence in its support was weak due to inconsistent findings from studies across the world. The review found the evidence to be ambiguous and cautioned against assuming that the growth of private schools in rural areas necessarily meant that they were accessible to low-income persons.

The same review also examined the strength of evidence in support of the assumption, "Private schools are equally accessed by boys and girls." It found that girls are less likely to access private schools than boys with some evidence that private schools do at times reduce the gender gap typically found in the public schools. A study based on LEAPS data has found that female enrollment is in fact higher in private schools. Thus, in the case of Pakistan we come across mixed evidence that both supports as well as refutes the above assumption.

Source: Ashley et al, 2014

determine quality of private schools as well as the parents who deal with them on a day to day basis. When parents say the quality of a particular school is good, objective measures also show that it is indeed a better school.¹⁸ Yet, parents, especially those not properly sensitized and informed about school quality, do not always make optimal choices for their children. So whether or not private schools improve quality in an equitable manner is too important from a policy perspective to be regarded as a closed question.

The current evidence in Pakistan, notably generated by the longitudinal Learning and Educational Achievements in Pakistan Schools (LEAPS) study, suggests that private schools are more cost-effective than public schools.¹⁹ What this essentially means is that they produce better student learning outcomes than public schools for less expenditure. However, cost-effectiveness does not necessarily square with the need for equitable distribution of education. The private schools' cost-cutting strategies may not always be responsive to student needs. For instance, while children may require more qualified and experienced teachers, most private schools, including foundation supported schools, do not pay their teaching staff even the government-mandated minimum wage. This results in serious issues of recruitment and retention as far as better teachers are concerned. Furthermore, as discussed in more detail in chapter 5, treating test scores as a proxy for the quality of educational experience imparted by the Low-Cost Private School also has the likely effect of keeping the quality low for both public and private schools. Even if we were to go along with the assumption that test scores are an adequate proxy for quality, the Annual Status of Education Report data available to us over the last five years suggests a lack of variation in the level of outcomes demonstrated by students studying in public as well as private sector schools.²⁰ As shown in chapter 3 of this report, the differential between the two appears to be constant, by and large, with little improvement demonstrated in either case.

Equity in quality is a vexing problem. One perspective on quality in the private sector is that it is a matter between the consumers and providers of education services. That, in a free market, the consumers can always vote with their feet if they are not satisfied with the quality of education in a particular school. Private entrepreneurs would like to cut costs, increase their profits, and keep consumers satisfied. If this is so, we should not worry excessively about the quality of education in private schools. However, even in this situation there may be obstacles to ensuring a minimum level of quality that must be identified and removed by the state.

From the perspective of equity, the following questions need to be addressed to clarify an appropriate policy posture vis-à-vis quality: Which consumers are at a disadvantage with re-

gard to access to quality education in a private market? What can be done to remove this disadvantage? Who should have the responsibility to take steps to identify and address these disadvantages? The following section does not respond to these questions in any comprehensive manner. However, it does make an effort to clarify them and offer some insights about the sort of answers that are available and that we can hope to get in future.

The choice of consumers like Jamal and Kausar was not motivated by quality considerations. They opted for the school that they chose because of its proximity to their home. Did the private school actually offer their son a quality education? If so, how would they know? Consumers with no reliable information about the quality of schools are unlikely to make informed choices and are, therefore, at a disadvantage. This disadvantage can be largely removed by effective regulation of private schools or by making reliable information available to parents. At the moment, the state is failing to provide either. As discussed in chapter 6, equity with regards to quality remains elusive because of information and regulation failures.

A recently conducted experiment shows positive effects on the price-quality menu of private schools when parents are provided with a report card pertaining to various competing private schools.²¹ More research is needed on private schools in different geographical settings within Pakistan to determine the ways in which information can help drive prices down and improve the quality of private schools. In the subsidized setting, however, the onus is on both the state and the private school to find ways of helping children from disadvantaged backgrounds learn more and learn better.

Several possibilities exist for proactive action by the state or another third party to remove the hurdles in the way of accessing quality education. The provision of reliable information and effective regulation as strategies to ensure quality is discussed in this report.

What needs to be emphasized by way of reflections in this chapter is that the government in general, and the foundations in particular, should be cautious in using high-stakes testing as proxies for quality. As discussed in detail in chapter 5, quality has multiple dimensions.²² Not all of these dimensions are captured by high-stakes tests. Furthermore, anxiety to do well on tests is not necessarily in harmony with the aim of achieving better learning. One of the first steps towards ensuring quality is to reduce or eliminate high stakes associated with the test.

Test results should become the basis for further improvement not the basis for penalties or rewards. For example, the Quality Assurance Test (QAT) could become the basis

for a review in which assessment data is used, to say, determine whether students from particular schools are scoring very high or low in categories of learning such as remembering, understanding, applying, and creating.²³ We may find that students in a particular school do well in understanding and applying concepts in general science. We might find that this is not the case with other assisted schools in the region. These differences could be thoroughly discussed and teachers from better performing schools could be invited to share their teaching strategies with peers from other schools. Like-

wise, an examination of results may suggest that students in better performing schools were involved in such activities as making scrapbooks, working on drawings and model building projects which may explain their high score on understanding and application oriented assessment items. Such reviews of assessment data can become a basis for remedial pedagogical strategies in other schools. Schools can learn from each other to improve quality if there are no high stakes associated with tests.

CONCLUSION

The first step in assuring equity is to understand and clearly identify hurdles in accessing a particular essential service. The next step involves adopting measures to address identified disadvantages. Stakeholders can play a role in identifying obstacles that stand in the way of assuring equity. We need to keep raising and responding to questions with this perspective in mind. Policymakers should ask is lack of well-qualified and trained teachers a hurdle in the equitable distribution of quality in private schools? If the QAT does not help in improving quality in assisted schools, then why is this so? Is lack of quality nutrition a hurdle to optimal learning outcomes? These questions are not exhaustive. But their answers can help identify and clarify the nature of hurdles in the way of assuring equity.

Whatever the hurdles might be, the state, given its mandate for ensuring free and compulsory education, must take the ultimate responsibility for identifying and addressing the disadvantages that stand in the way of an equitable distribution of quality education in the public as well as the private sector. Equitable distribution of educational services must involve removing obstacles in the way of access and quality. It becomes crucial, therefore, for the state to identify, document, and take appropriate steps to removing the disadvantage. Efforts to achieve equity must be based on the recognition that the educational playing field is uneven and some segments of society would always be at a disadvantage.

In the last three decades or so provincial governments have attempted to engage with the private sector through the provincial education foundations. The foundations seek to partner with private sector institutions through conditional and targeted subsidies and voucher programs to produce equitable outcomes in education. The scale of subsidies and voucher programs attained by the foundations, particularly the PEF, is impressive. But equally daunting are the challenges of sustaining, improving, and expanding the subsidy programs. Challenges exist in terms of both access and quality.

The foundations need to raise more resources and improve their management capacity to reach out to the maximum number of disadvantaged children. To use their resources efficiently, the foundations also need to come up with better strategies to target low-income households.

This chapter provides a framework for discussion on state engagement with the private sector in Pakistan. It also forecloses some problems pertaining to access, quality, and regulation of the private sector, which will be discussed in more detail in subsequent chapters of the report. The report is framed with reference to equity and discussion in the remaining chapters will examine major impediments to equitable provision of education services to all children in the private market context and the state's role in removing those impediments through appropriate interventions.



03

LANDSCAPE

INTRODUCTION

Over the last three decades, private provision of education has become a significant phenomenon across Pakistan in urban as well as rural settings. This is evident from the expanding share of the private sector in terms of the number of educational institutions, enrollment and teacher workforce. It comprises of one-third of schools, more than one-third of students and close to half of all teachers.¹ The private school landscape today is made up of largely for-profit schools that receive no external support as well as a growing number which receive public assistance either directly or indirectly.

The nature of the private school market in Pakistan has changed qualitatively since Pakistan's independence. In the years prior to independence until the 1970s, the system comprised mostly of non-profit schools (e.g. missionary schools) catering to high-income families living in major cities.² From the 1990s onwards, the sector changed significantly in nature. Most of the schools that opened during this decade were for-profit schools, and the market was and still is fairly segmented catering to high-income as well as low-income families. More importantly, from this decade on, the growth of private schools in rural areas increased to equal that of growth in urban areas, a marked change from the trend before.³ This has meant that more low-income families have been able to access private education.

As the private sector has become an important part of Pakistan's education policy landscape, the state has increasingly seen it as a partner in sharing the burden of providing education to all. Each successive government has encouraged the involvement of the private sector in the financing, management and delivery of education services in Pakistan as indicated by several education policy documents.⁴ The most recent National Education Policy (NEP) 2009 and respective provincial education sector plans recognize the emergence and growth of the private sector as a complementary partner to the state to meet the latter's obligations in universalizing access to quality basic education. The policies and plans suggest numerous avenues through which the private sector can get involved. These include support to private schools. Additionally, the plans suggest the contribution of the private sector in school construction, textbook development, teacher education, transportation, supervision of schools systems, and provision of services such as IT. In line with this policy perspective, the provincial education foundations are working on a variety of programs, which include subsidies to private sector schools, vouchers to disadvantaged students, private management of public sector schools, running schools in underutilized buildings and creating second shift

schools in government buildings.

As such, the importance of the private sector, its size and potential as well as its role in contributing to important educational goals,⁵ is becoming increasingly evident in policy discourse. In order for the state to engage effectively with the private sector, it needs to have an accurate picture of the private sector and must collect data accordingly to do so. However, there continues to be a noticeable information deficit on private sector schools in Pakistan.

The last complete national census of educational institutions was conducted in 2005. Since then the Academy of Educational Planning and Management (AEPAM) has been collating census data collected by the National Education Management Information System (NEMIS) through their provincial Education Management Information Systems (EMIS). However, a major limitation of the AEPAM data is that it uses projections based on the education census conducted in 2005 for private schools in Sindh, Balochistan and other regions. Only Punjab and Khyber Pakhtunkhwa (KP) have recently conducted a census of educational institutions in their respective provinces, which provide useful district-level details for the private sector.⁶ Apart from the census information there are a variety of survey-based data sources, details of which have been provided in Table 3.1. One of the limitations of census-based data is that often they are not able to collect data on all private schools, partially due to the lack of schools that are formally registered. Additionally, the biggest data gap found across the data sources is with regards to publicly funded private schools. Despite the ongoing government policy of supporting such schools through subsidies, the existing data sources (apart from the KP census) do not separately account for them. Consequently, barring the few broad trends, it is difficult to say with confidence what the actual situation is with regards to the private sector.

This chapter will provide a description of the available information on the private sector, particularly the Low-Cost Private Schools (LCPS) given the focus of this report, and also highlight gaps in the data. It begins with providing a profile of a typical LCPS. It then uses the existing information, no matter how scarce, to provide an overview of the growth, scale and participation rates in the private sector including the variations by education level and region. Next it briefly reviews the student performance patterns and the state of the teaching force in public and private schools. Finally, it reviews financial data regarding expenditure and household costs available on the private sector.

Table 3.1 Private school sector data sources

Data source name	Collected by	Year/ Frequency	Type and scope
Census of Private Educational Institutions	Pakistan Bureau of Statistics (PBS)	1999 -2000	Census – national
National Education Census	PBS & AEPAM	2005	Census – national
Pakistan Education Statistics	AEPAM & NEMIS	Annual	Census – provincial, compiled for national picture
Punjab Education Census	Punjab School Education Department & German Society for International Cooperation (GIZ)	2011-2012	Census – provincial
KP Private School Census	KP Elementary & Secondary Education Department & GIZ	2013	Census – provincial
Pakistan Social & Living Standards Measurement Survey (PSLM)	PBS	Annual	Survey – nationally and provincially representative. 97,200 households surveyed at the provincial and district levels
Annual Status of Education Report (ASER)	South Asian Forum for Education Development	Annual	Household survey at national and provincial levels. 92,330 households surveyed in 144 rural districts and 21 urban centers in 2014
IIm-Ideas	IIm-Ideas	2014	Survey at provincial level, 305 private schools
Voice of Teachers (VOT)	Society for the Advancement of Education	2014	Survey at provincial level, 1,264 teachers

PRIVATE EDUCATIONAL LANDSCAPE: THE DATA

PROFILE OF A TYPICAL LCPS

Since state engagement with the private sector aims at promoting equity, it mainly targets LCPSs. Therefore, it is important to know some of their characteristics. This section attempts this by drawing on the IIm-Ideas survey of 305 private schools across Pakistan. It is important to keep in mind that the data is limited on this subject and a fair amount of variation across the provinces and rural and urban settings is likely. Some of the points mentioned here will be explored in greater detail in subsequent sections.

LCPSs have been defined as schools that charge a monthly student fee of between PKR 250 to 2,000.⁷ On average, LCPSs are located in close proximity to the communities they

serve; this is a major factor in parental choice for schooling, particularly for girls.⁸ They often have lower student teacher ratios, for example 19:1, which is lower than the global best practice of 25:1.⁹ Additionally, they often have less qualified teachers who receive a lower salary as compared to public school teachers.

The majority of the LCPSs surveyed are unregistered sole proprietorships (63%), followed by registered NGO, trust, or partnership schools (23%) and registered sole proprietorships or company schools (14%). Schools at the secondary level are more likely to be registered as compared to primary or middle schools as they need to be approved by their respective boards of examination. Typically LCPSs are managed by their owners (82% of school surveyed). This direct

involvement in the school ensures the alignment of business strategy with client needs and feedback. Only 14% of school reports have more than one branch.

Typically primary LCPSs do not have purpose-built buildings, 50% operate from rented buildings, as compared to the public sector schools, which are often purpose-built. Secondary and higher schools are usually found in purpose-built buildings, as there is a need for facilities such as science and computer labs at this level. According to the Annual Status of Education Report (ASER) survey, it appears that in rural areas a greater proportion of private schools have provided important facilities, such as useable water, toilets and electricity, as compared to their government-run counterparts.¹⁰ In contrast, it appears that the level of such facilities is similar in urban areas for both types of schools. Where government schools appear to be better equipped than their private counterparts is with regards to the provision of computer labs, playgrounds and libraries in elementary and high schools in urban areas.

GROWTH, SCALE AND PARTICIPATION RATES

In the last three decades the private school sector has expanded rapidly. Between the early 1980s and 2000 there was a ten-fold increase in private sector schools, with the largest growth happening in the 1990s.¹¹ In the next decade, the share of private institutions increased again from 19% of all educational institutions in 2000 to nearly 30% by 2008.¹² Furthermore, private institutions are expanding at a faster rate than those in the public sector. Between 2000 and 2008, the number of private institutions increased by 69% while the public institutions increased by only 8%.¹³ Thus, growth in the private sector was more than eight times the growth of the public sector. More recently, in the last few years, the percentage share of private sector schools appears to have plateaued closer to 30%, indicating that growth may have plateaued.¹⁴

In terms of participation, enrollment in the private sector accounts for 37% of total enrollment in all educational institutions across Pakistan.¹⁵ This implies that approximately one in every three children that are enrolled in educational institutions is a private school student.

While the number of schools catering to lower income, rural households is increasing at a very fast rate; the sector still predominantly caters to students belonging to urban, wealthier, and more educated households as compared to government schools.¹⁶ Private schooling is also highly concentrated within certain regions, as over 50% of private school students reside in only 10 out of the 113 districts in

the country.¹⁷ These ten districts are characterized as more urban, wealthier and a majority of them are located in northern and central Punjab.

In the next few sections we will explore the growth, scale and participation in the private sector by educational level, gender, region and location. Given the availability of data on private schools in Punjab and KP, we will also provide a more detailed snapshot of the private sector in these provinces.

Level of education

Looking at the sector by educational level, we find the growth of private sector institutions from 2000 to 2008 to be quite substantial at the middle and high school levels where growth has been 98% and 137% as compared to 17% at the primary level.¹⁸ It is important to keep in mind that, although the growth rates at middle and high are greater, it does not imply that their share of the private sector is greater than the share of primary schools.

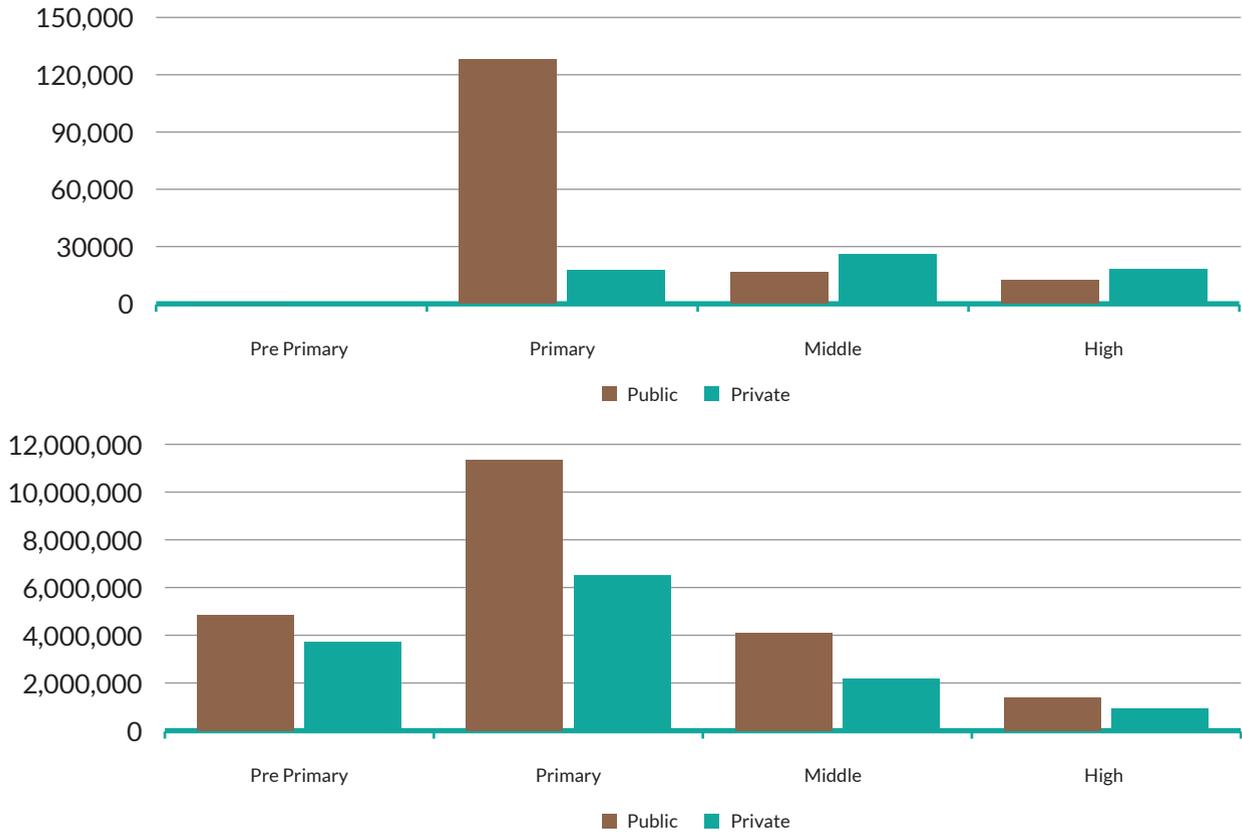
Given that middle and high schools require specialized teachers and laboratories, school owners cannot keep costs low by keeping teacher salary and infrastructure developments to a minimum (as can be done at the primary level). Thus, schools at this level are often significantly more expensive than primary schools, which may explain the reverse exit of students from private to public schools at the middle and high levels.¹⁹

This growth at the middle and high level is also reflected in the 2014 data where public schools dominate the share of institutions at the primary level at 88%, but at middle and high levels there are more private institutions, 61% and 59% respectively (Figure 3.1).²⁰ However, when looking at the enrollment figures, the public sector enrollment is higher at all levels, indicating that the per school enrollment in the public sector is higher than the private school possibly due to the greater capacity of school buildings in the public sector. Interestingly, the number of institutions reported at the pre-primary level is nominal, however, from the enrollment data it is clear that a substantial number of public and private students are enrolled in school at that level. It is likely that many of these students attend pre-primary classes in primary schools.

Gender

In terms of gender, the enrollment of girls in private sector educational institutions appears to be growing at a faster rate as compared to boys.²¹ The data shows a growth of single-sex private institutions and a decrease in mixed institutions between 2000 and 2008. Between these years, single-sex private institutions for girls increased the most by 254%, followed by schools for boys which increased by

Figure 3.1 (a) National educational institutions and (b) enrollment by sector and level (2013-14)
 Source: National Education Management Information System (NEMIS) et al., 2015



210%, while mixed institutions only grew by 64%.²² The growth of single-sex institutions can be viewed as a proxy for parental interest in educating their daughters, as they often prefer to send them to girls' schools. Currently, girls in the private sector account for 43% of the overall private school population.²³

Regional variations

With regards to geographical variations, recent growth trends in the private sector, puts Balochistan at the top at 90% followed by Islamabad Capital Territory (ICT) at 76% and Punjab at 71%.²⁴ In terms of the provincial share of private schools the greatest percentage of all private institutions is found in Punjab at 73% followed by Sindh at 17%, KP at 9%, and a nominal amount in Balochistan.²⁵

The interprovincial patterns hold when analyzing the proportion of the private sector in relation to the public sector within the provinces (Figure 3.2). In Punjab 44% of all schools are private, followed by 17% in Sindh, 15% in KP and a nominal percentage in Balochistan. Enrollment patterns are similar, but interestingly KP has a slightly higher enrollment in the private sector as compared to Sindh, which may be indicative of KP Government's emphasis on strategies that provide

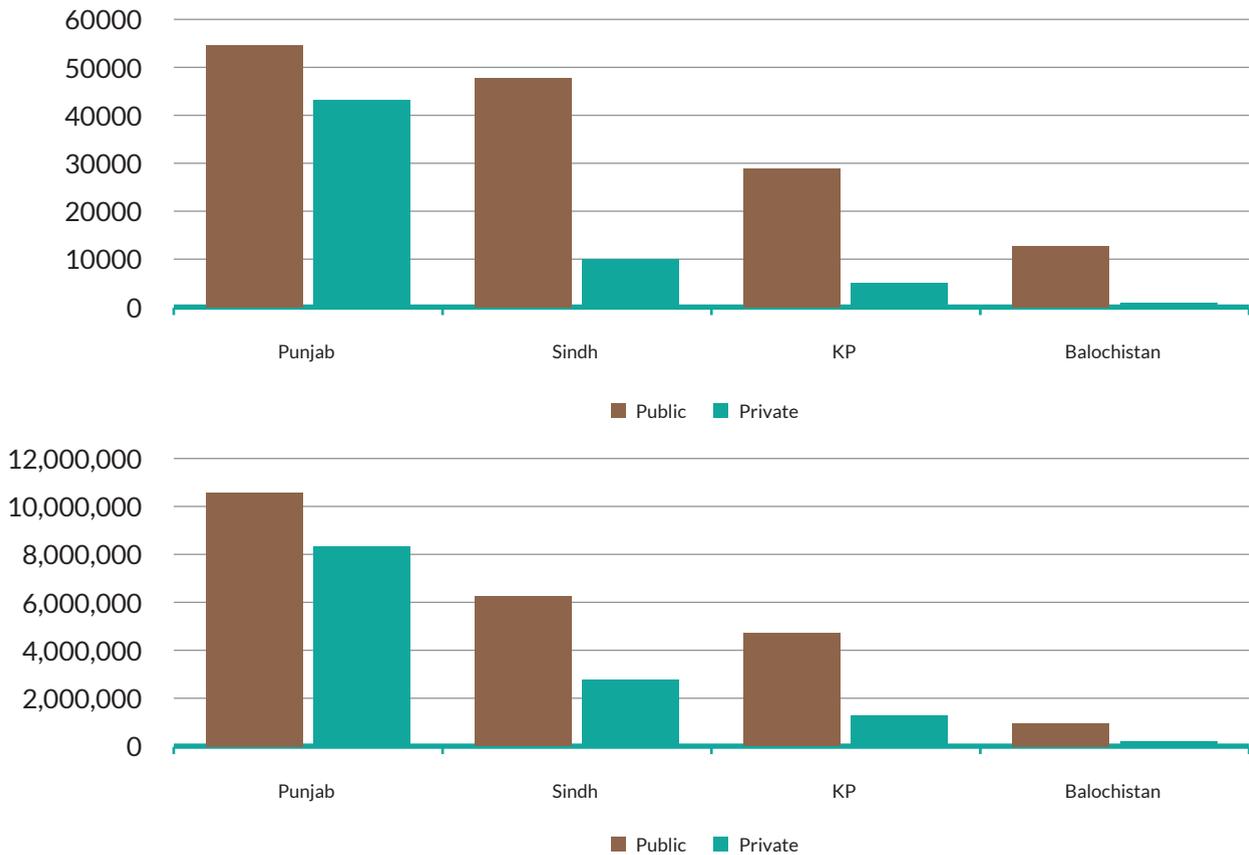
greater support to the private sector in recent policies and plans.

Differences in the characteristics of private school students across provinces are also noteworthy. Private school students are more likely to be female in Punjab and Sindh than in Balochistan and KP and private school students are more likely to come from rural households in Punjab and KP than in Sindh and Balochistan.²⁶ Furthermore, private school students in Punjab are more likely to come from lower income households as compared to the other provinces. Many of the interprovincial differences in the composition of students found in the private sector hold true for the public sector, but they are much larger in the former as compared to the latter.

Rural-urban variations

In terms of the rural-urban divide, data shows that the growth of private schools has been higher (almost double) in rural areas across all school levels as compared to urban areas. In rural areas private primary schools increased by 25%, middle schools by 134% and high schools by 209%.²⁷ In contrast to this, in urban areas private primary schools increased by 10%, middle schools by 73% and high schools by 113%. This reflects the increasing desire of parents in rural areas to

Figure 3.2 (a) Provincial educational institutions and (b) enrollment by sector (2013-2014)
 Source: National Education Management Information System (NEMIS) et al., 2015



send their children to private schools as well as the increasing affordability of private schools due to lower fees, subsidies and vouchers. These findings are supported by other surveys such as the Learning and Educational Achievements in Pakistan Schools (LEAPS) study.

Nonetheless, the prevalence of private schools is still tilted towards urban centers. Of the total institutions in urban areas 63% are private institutions, whereas only 20% of the institutions in rural areas are private (with the remaining 80% from the public sector). Enrollment follows a similar pattern in urban areas: 54% of the total urban enrollment is in private schools as compared to rural areas where 26% of the total rural enrollment is private.

When exploring the trends in enrollment for public and private students in urban and rural areas over the last five years we find similar patterns (Figures 3.3 & 3.4). According to this

data, the private sector dominates the market in urban areas with a considerable difference in enrollment between public and private schools. However, in rural areas public schooling appears to dominate, particularly in Balochistan and Sindh. In contrast to the above findings on rural private sector growth, we find that over the years rural private enrollment has been fairly constant, consistently hovering close to 20%. It is possible that this contradiction is due to the lack of growth in certain parts of the country, such as Balochistan, or it could also be due to the limitations of the data source itself.

Thus, some of the data indicates that rural areas have experienced a faster increase in the number of private educational institutions as compared to urban areas; a corresponding increase in enrollment has not been witnessed. Further data on such trends will be needed to develop a more accurate picture.

Figure 3.3 National enrollment public vs. private (percentage of children 6-16 years)
 Source: ASER (2010-2014)

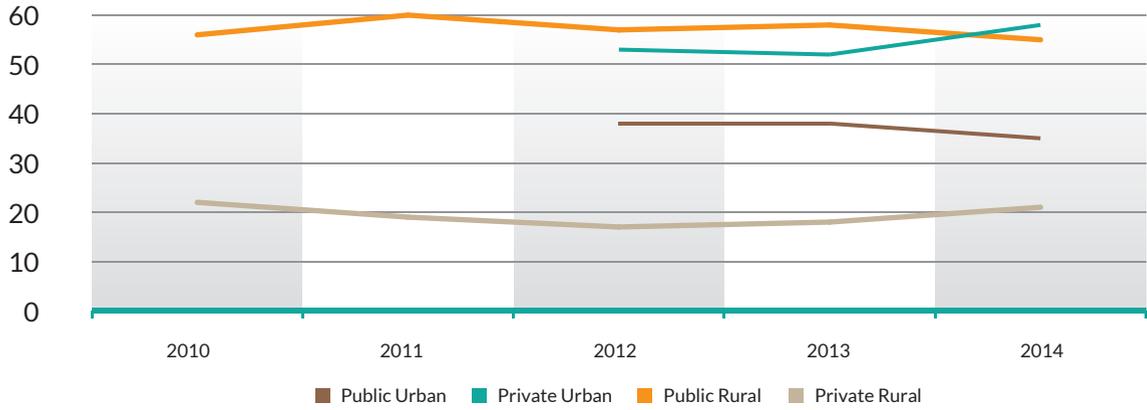
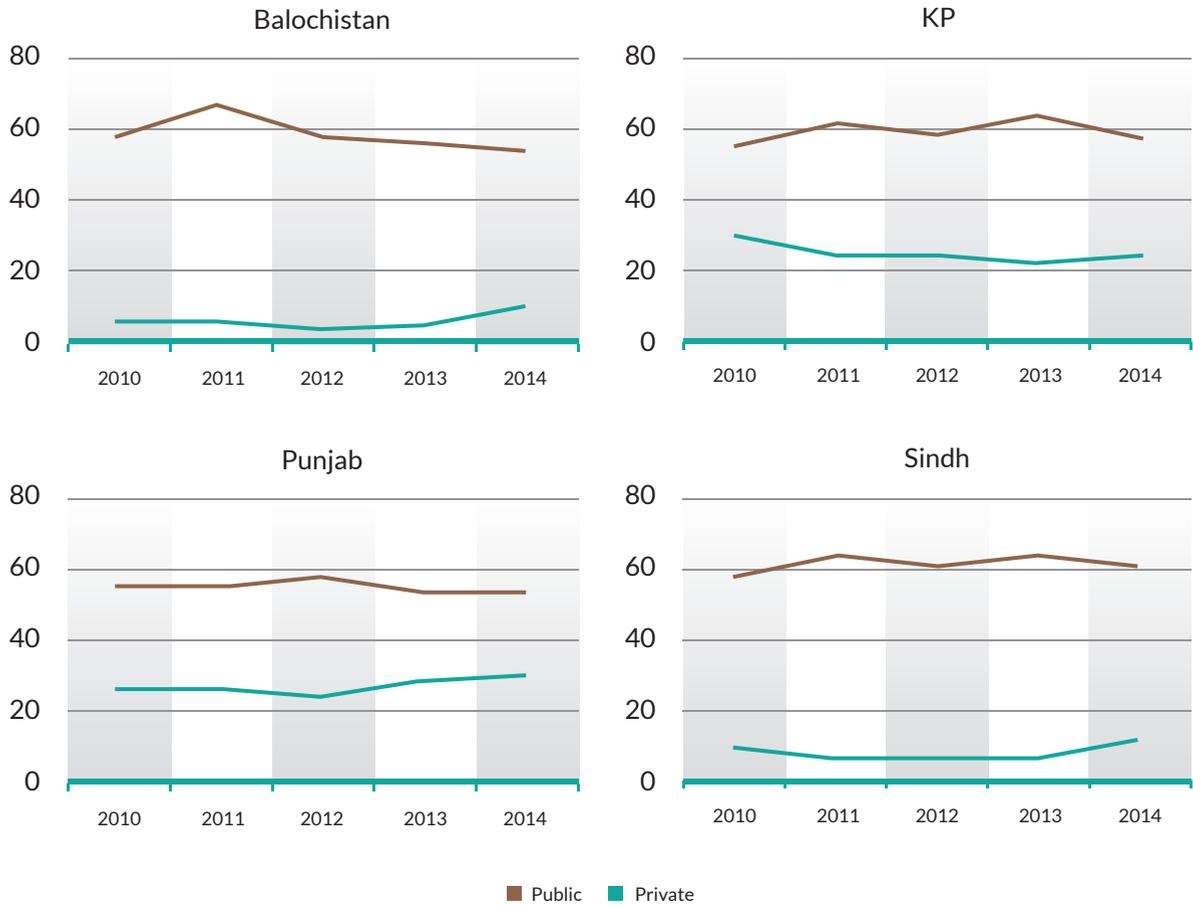


Figure 3.4 Provincial enrollment public vs. private in rural areas (percentage of children 6-16 years)
 Source: ASER (2010-2014)

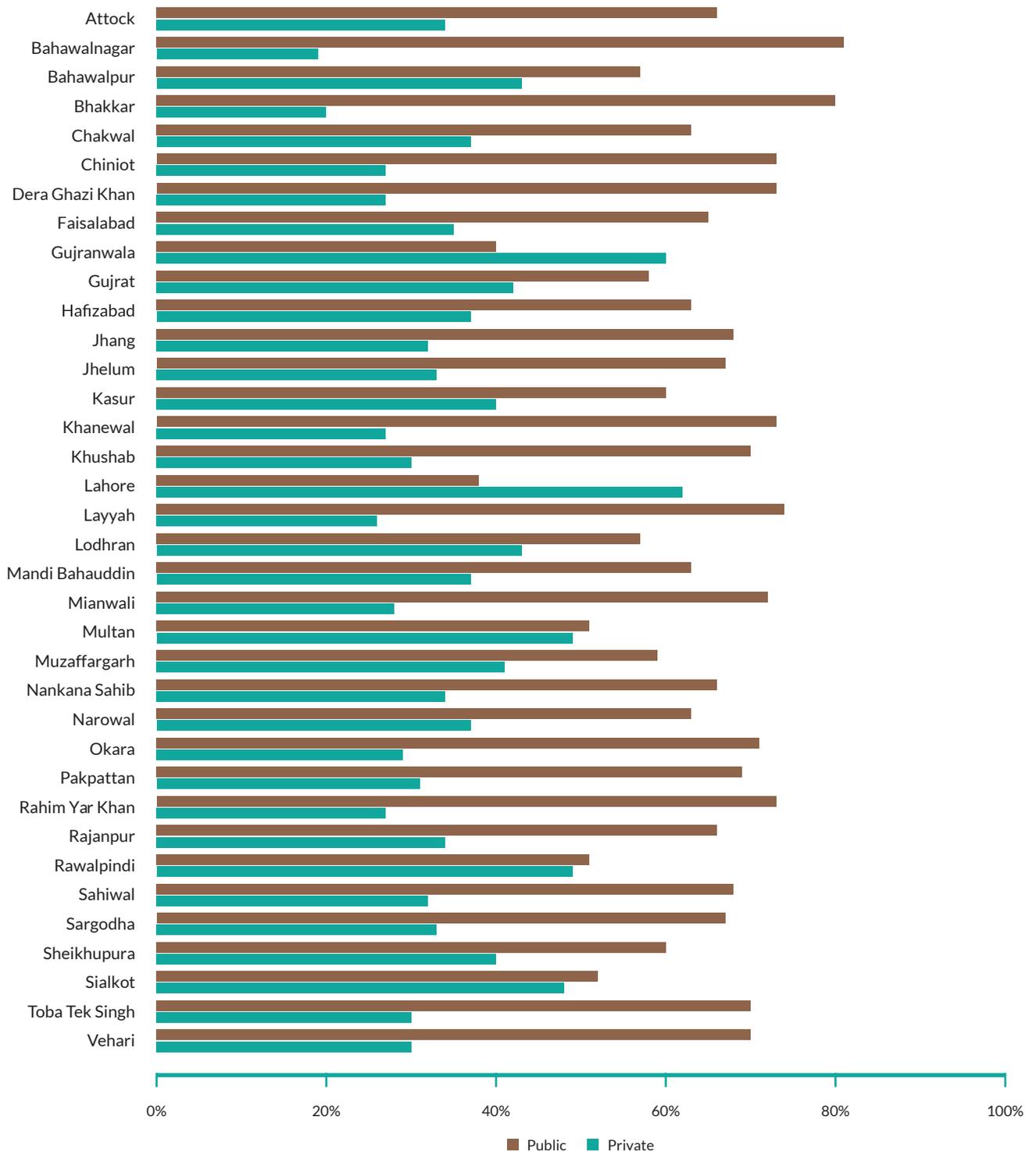


Punjab: A snapshot

Given the greater availability of data for Punjab, from both the Punjab Education Census and the Punjab Education

Foundation (PEF) data, a more detailed picture of Punjab was possible. The census from Punjab indicates that public schools make up only a slightly greater proportion of all schools in the province (57%) as compared to private schools

Figure 3.5 Public vs. private enrollment across Punjab districts
Source: Punjab Education Census 2012



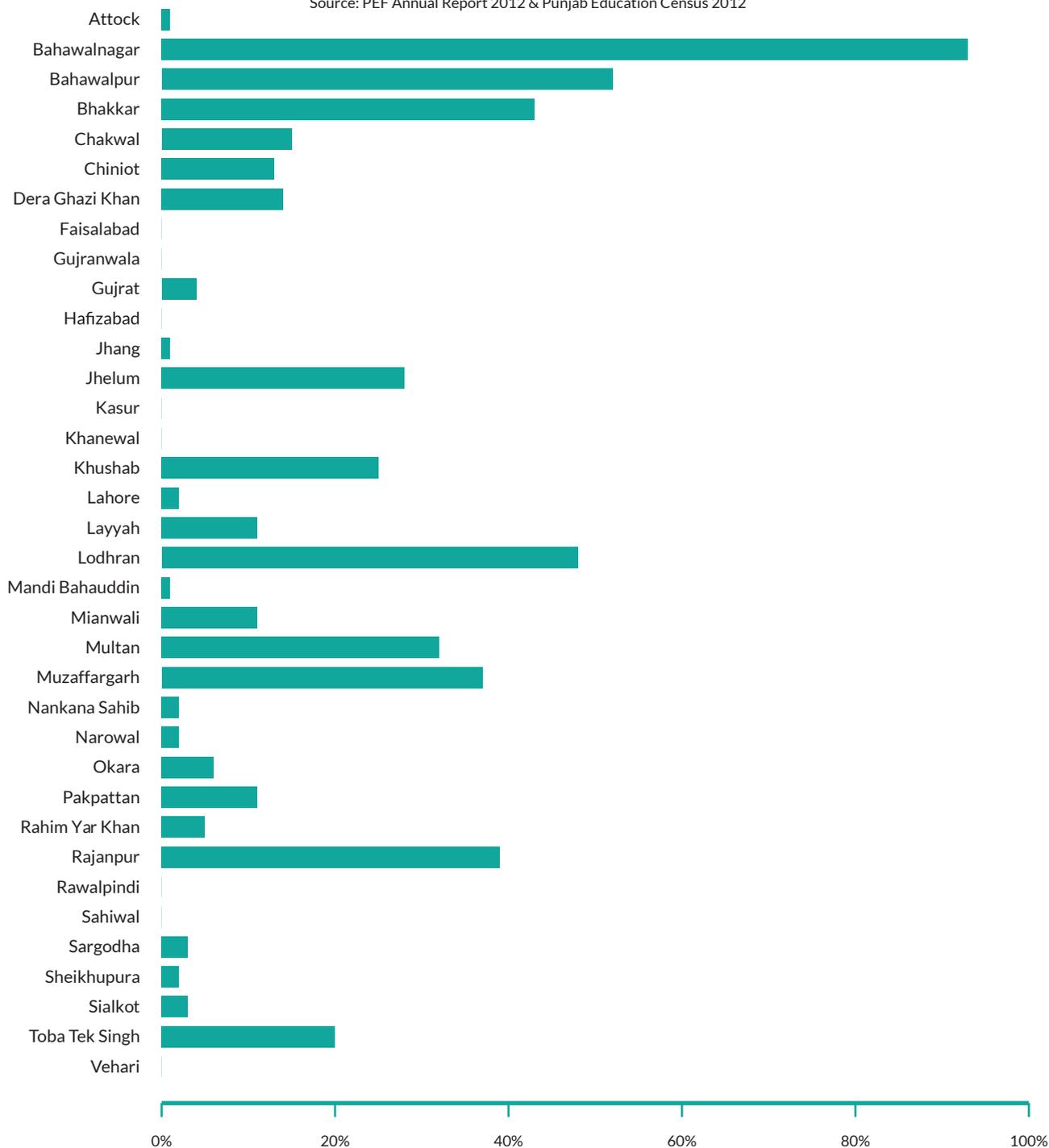
(43%), which corroborates the AEPAM data.²⁸ Additionally, in terms of enrollment across the 36 districts of the province, public schools account for 61% of total enrollment while private schools account for 39% of total enrollment. This shows a high prevalence of the private sector in Punjab.

There is a great deal of variation within the province. In urban centers such as Lahore and Gujranawala private school

enrollment is 62% and 60% of total enrollment in the area, respectively (Figure 3.5). Whereas, in some rural parts of the province, such as Bahawalnagar and Bhakkar, enrollment in private schools is as low as 19% and 20%, respectively. In fact, public school enrollment accounts for more than half of total enrollment (57% or greater) in 32 of the 36 districts in the province. These findings are in keeping with the overall patterns for urban and rural locations and corroborate the

Figure 3.6 FAS school enrollment relative to total private school enrollment

Source: PEF Annual Report 2012 & Punjab Education Census 2012



finding that 50% of private school students reside in only ten districts of the country, mainly in northern Punjab. However, it is possible that the figures provided in the census understate the prevalence of private schools in the province given that many are unregistered.

PEF supports partner schools directly through subsidies and indirectly through vouchers. According to an estimation based on available data sources, PEF partner schools accounted for an estimated 20% of private school enrollment in Punjab as of 2012.²⁹ In fact, in 2011 enrollment in the Foundation Assisted Schools (FAS), PEF's flagship program, alone accounted for an estimated 10% of total private school enrollment in Punjab. Since more recent census data at the district-level is not available, we cannot calculate the current share of PEF's contribution. Additionally, it is important to note that these figures may overestimate PEF's contribution to private school enrollment given the limitations of the school census in adequately capturing the entire private school population (as mentioned above).

A more detailed district-wise breakdown of the FAS enrollment in 2011 as a percentage of total private school enrollment has been provided in Figure 3.6. It is clear that FAS is primarily concentrated in the southern districts of Punjab such as Bahawalnagar, Bahawalpur, and Lodhran.

KP: A snapshot

A more detailed analysis of the educational landscape in KP was also possible due to the availability of recent census data on public and private schools in the province. The census found that public schools comprise 71% of all schools in the province and account for 69% of the enrollment.³⁰ On the other hand, private schools account for 17% of the schools in KP and 27% of the enrollment. The rest of the schools in the province are madrassas. The private sector accounts for approximately 45% of total enrollment in urban areas and only 20% of total enrollment in rural areas.³¹

It is also clear that there is regional variation within the province as indicated by a district-wise breakdown of the enrollment data (Figure 3.7). On the lower end the private sector accounts for close to 10% of all enrollment in some districts (e.g. Dir Bala, Kohistan, Torghar) and between 35 - 40% in some districts (e.g. Abbotabad, Hangu, Haripur, Kohat) on the higher end. Peshawar has the highest private school enrollment, with public and private schools accounting for roughly the same amount of students.

Unlike other data sources, the KP private school census categorizes the data according to the various types of private schools such as those run by the army, police, Water and Power Development Authority, various NGOs and founda-

tions. Based on the available categories we combined the enrollment of schools categorized as semi-government, Elementary Education Foundation, Frontier Education Foundation, Private Public Collaboration, and National Education Foundation to determine the enrollment of all schools that are affiliated with or supported by the government.³² Such publicly supported schools account for less than 5% of total private sector enrollment in the province overall. A more detailed district-wise breakdown (Figure 3.8) shows that the districts of Chitral, Dir Payan, Malakand, and Torghar have a higher percentage of enrollment in publicly affiliated or supported private schools, between 8 to 15%.

It is essential that the other provinces follow suit and create categories that account for the type of private schools to allow for comparisons between supported and unsupported private schools. Such data would enable a more accurate assessment of the efficacy of such programs.

Figure 3.7 Public vs. private enrollment across KP districts
 Source: KP Annual government school census 2013 & KP Private school census 2013

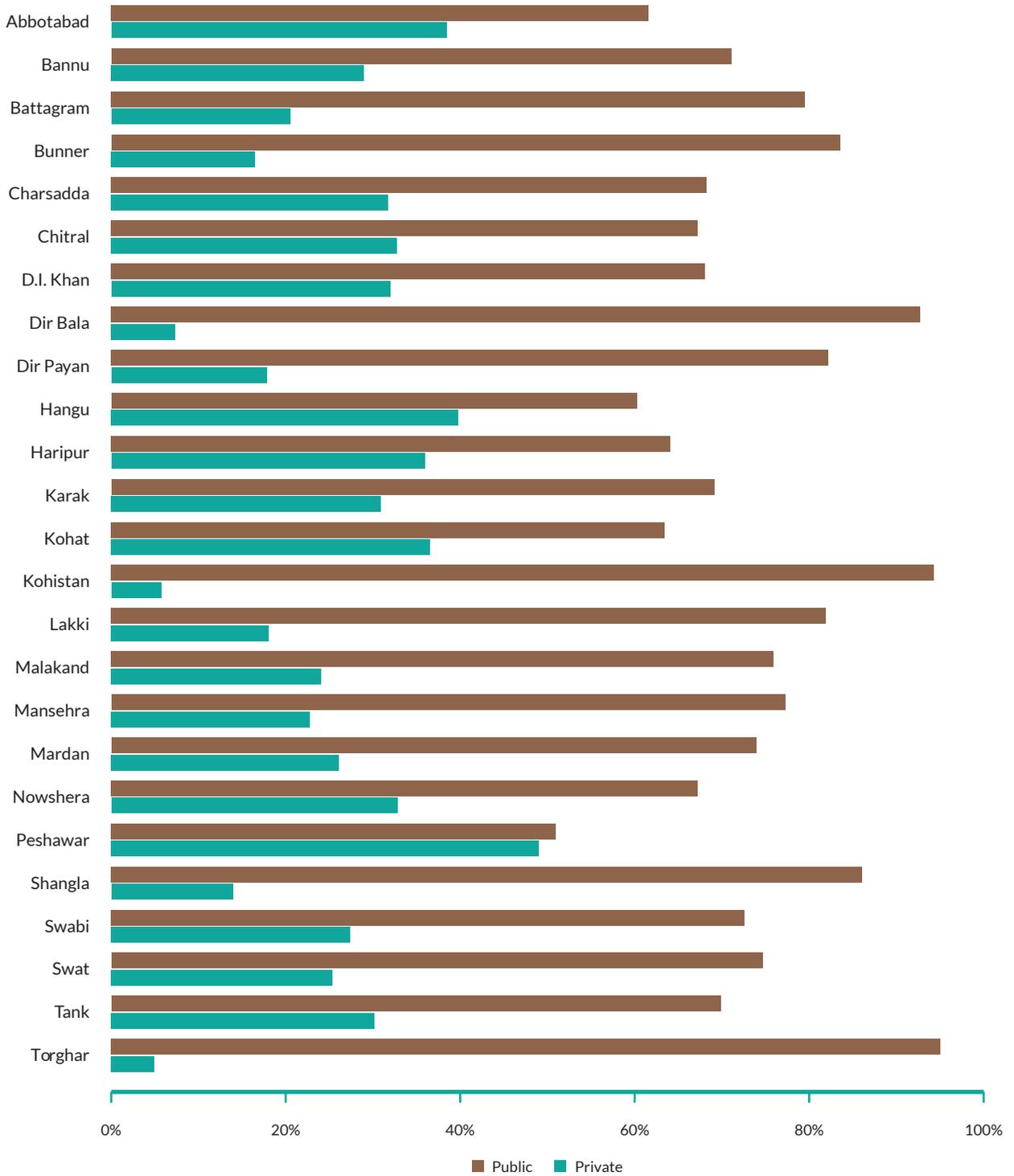
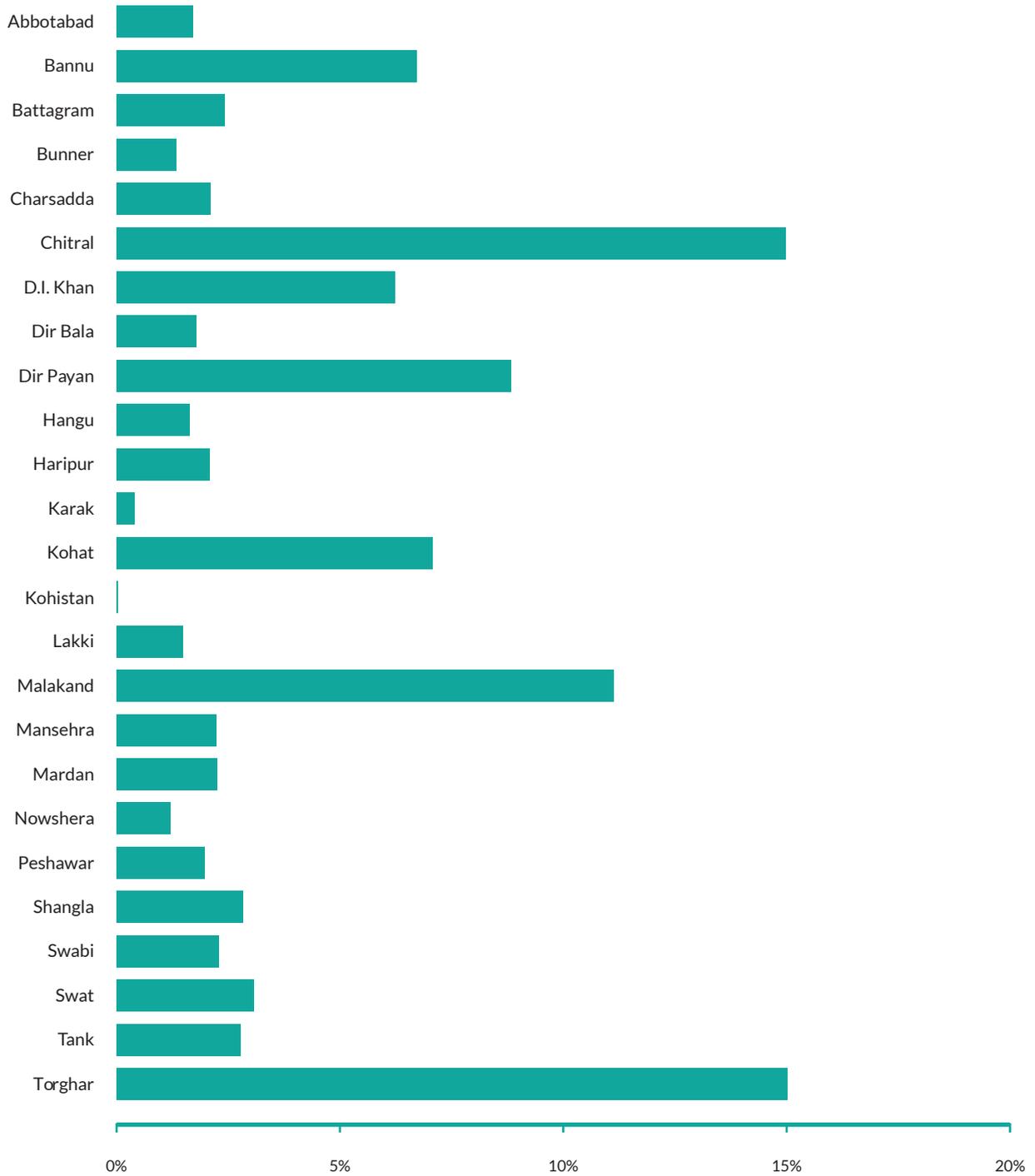


Figure 3.8 Publicly supported school enrollment relative to total private enrollment
 Source: KP private school census 2013



LEARNING ACHIEVEMENTS

Numerous studies have shown that students in the private sector perform better in comparison to public sector students.³³ This holds true for students in both rural and urban areas. In rural areas, 60% of children in private schools can read English sentences in grade 5 as compared to only 37% of children in government schools.³⁴ Similarly, in urban areas, 60% of children in private schools can read English sentences in grade 5 as compared to 48% in government schools.³⁵

It is also important to consider the relative change in the difference between public and private school student performance over time.³⁶ In general we find little variation in the difference between public and private student performance across subjects over time (Figures 3.9, 3.10 & 3.11). That is, although private school students are performing better than public school students, neither private nor public sector student performance is improving with time. It is possible that

the lack of variation in the data can be the result of the limitations of the ASER dataset and its data collection methodology.

An accurate picture of public and private student performance is missing due to the gaps in the existing data sources and the sheer lack of credible data. The often quoted LEAPS study is only Punjab specific and now a bit dated. The Punjab Examination Commission (PEC) data on primary and elementary performance has known quality issues³⁷ and no other province maintains such data. There are also no independent assessments of students in PEF and Sindh Education Foundation supported schools. Finally, the only nationally available dataset, ASER, has its limitations as a household survey looking at the minimum competencies of students of a particular grade level and not at overall student learning outcomes per se. This is an important data gap, which needs to be addressed.

Figure 3.9 Difference in private and public student performance in Urdu in rural areas

Source: ASER (2010-2014)

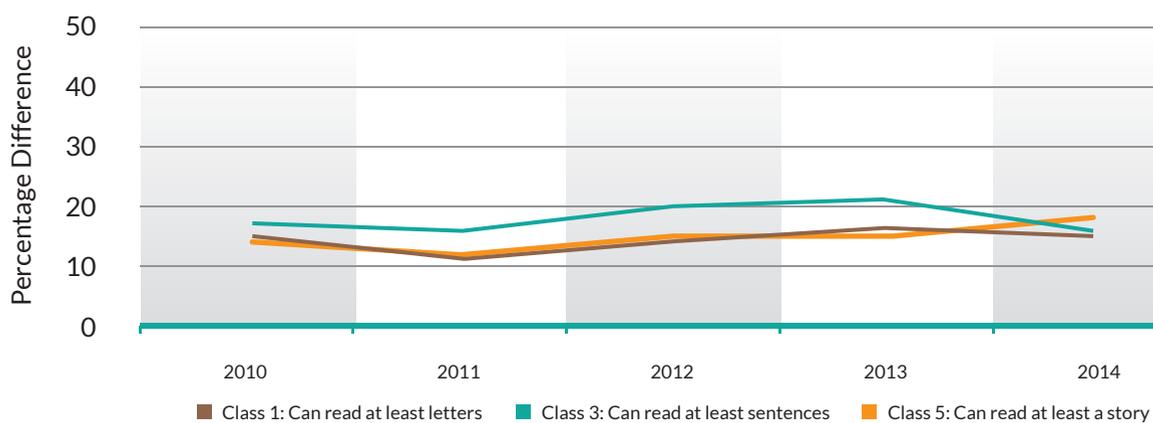


Figure 3.10 Difference in private and public student performance in English in rural areas

Source: ASER reports (2010-2014)

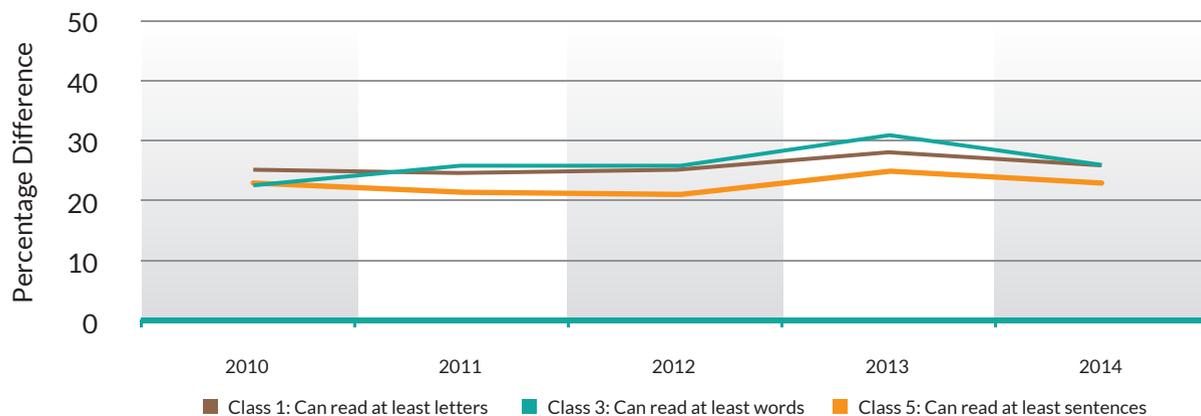
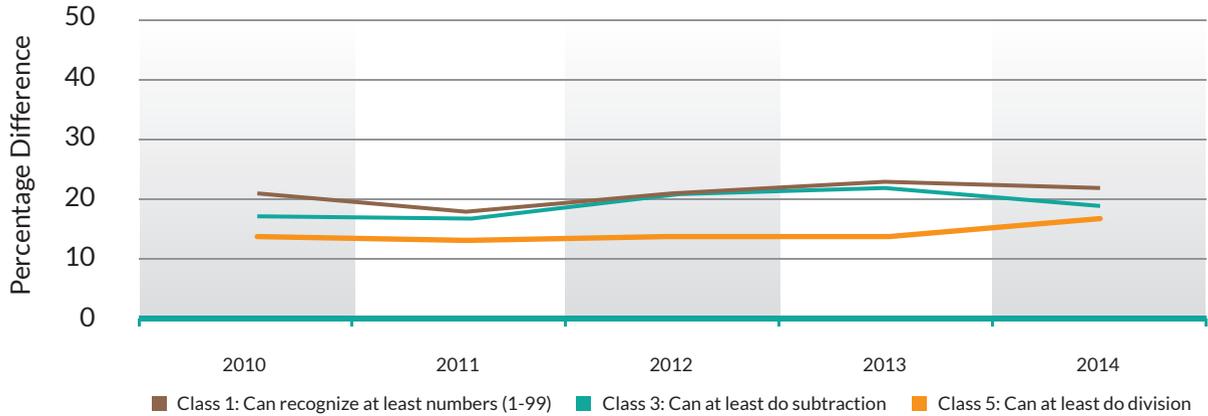


Figure 3.11 Difference in private and public student performance in math in rural areas
Source: KP private school census 2013



TEACHERS

The private sector in education employs close to half, 49%, of the teachers in the workforce.³⁸ Thus, it is important to understand who these teachers are. This section reviews the profile of teachers, their qualifications and work experience, salary, workload, absenteeism, and turnover. Data for this section mostly draws from the ASER, Voice of Teachers (VOT) and IIm-Ideas surveys, as the census data has very little by way of details on private school teachers apart from their numbers. Once again limitations in the data sources have also been discussed.

Profile

In general we find that in the government sector, both urban and rural settings, the greatest proportion of teachers have a master's degree or higher, whereas in the private sector, in both settings, the majority of teachers have a bachelor's degree and the second highest category have intermediate degrees (Figure 3.12).³⁹ In the case of professional teacher

qualifications a large proportion of government teachers, in both urban and rural areas, have M.Ed degrees whereas a greater proportion of private school teachers have B.Ed degrees (Figure 3.13). In addition we find a substantial proportion of private school teachers, around 20%, in both urban and rural areas have no professional degrees. Overall we find government teachers to be better qualified across settings as compared to private school teachers, a reflection of the less stringent teacher qualification requirements in private schools.

In terms of teaching experience, a majority of private school teachers surveyed (67%) have less than five years of teaching experience while most of the government school teachers (62%) have 15 or more years of teaching experience.⁴⁰ A majority of private school teachers are female and tend to be younger than their counterparts in public schools. In public schools the majority of teachers fall within the 41 to 50 age group, whereas teachers in private schools are typically under the age of 30. Additionally, 70% of private school teachers surveyed are unmarried as opposed to 20% of pub-

Figure 3.12 Public vs. private school teachers' general qualifications
Source: ASER 2014

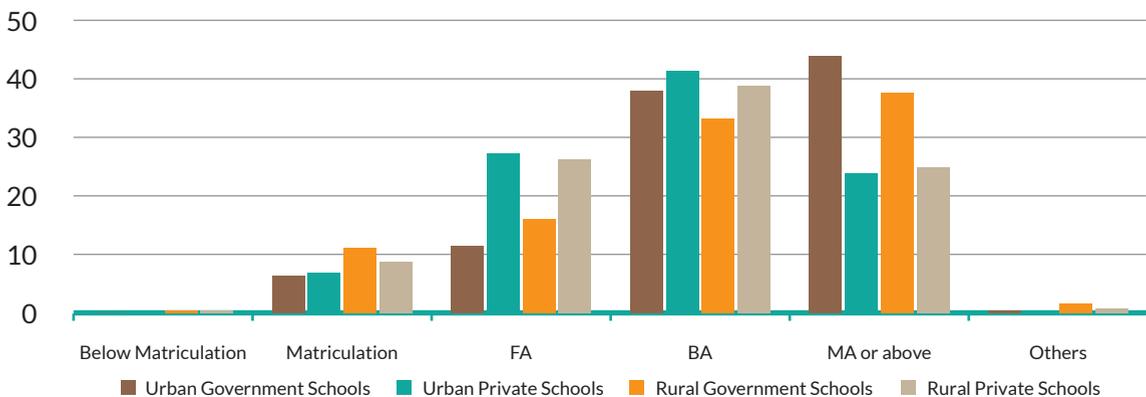
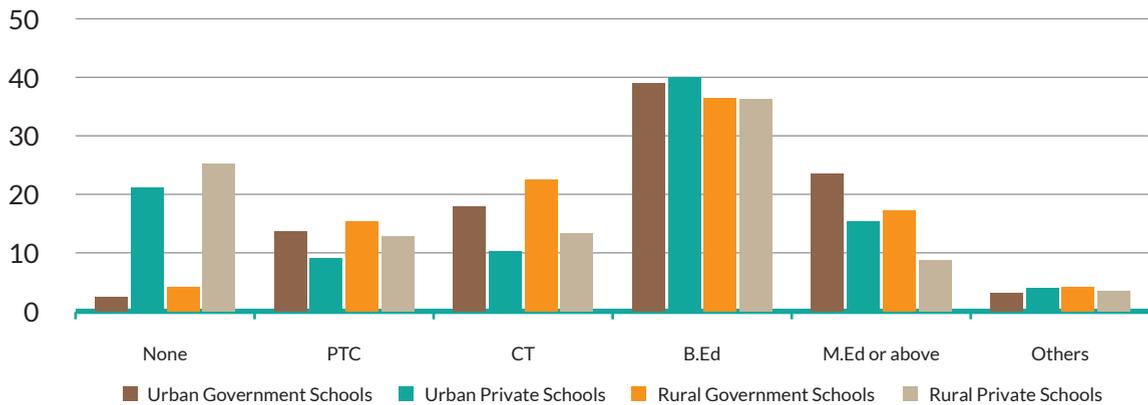


Figure 3.13 Public vs. private school teachers' professional qualifications
Source: ASER report 2014



lic sector teachers. These findings indicate that the private sector tends to hire fresh graduates, younger and unmarried teachers. This might be because teacher salary is often a function of experience where the more experience a teacher has the greater their salary is. Moreover, in terms of initial appointments to their positions, the majority of private school teachers were recruited on a contractual basis rather than given permanent employment.⁴¹ These findings on teacher qualifications and experience echo many of the existing findings on teachers in the private sector.⁴²

Salary

There is a considerable difference in the salaries of public and private school teachers.⁴³ On the high end, a senior government school teacher can earn close to PKR 100,000 a month, while on the low end the salary range is between PKR 15,000 - 20,000 a month. In contrast to this, the average teacher at a LCPS typically earns much less. The VOT survey finds that the average private school teacher salary to be between PKR 2,500 - 5,000.⁴⁴ The IIm-Ideas survey provides data on average teacher salaries by qualifications: for intermediate it is between PKR 3,000 - 4,000, for bachelor's degree PKR 4,500 - 6,300 and for master's degree PKR 6,300 - 9,200.⁴⁵ It is clear that private school teacher salary for most LCPSs is below the minimum wage.

Workload

Data obtained on the workload of teachers implies that government and private school teachers roughly have the same level of work.⁴⁶ They are assigned similar number of classes, teach the same number of periods a week (approximately three-quarters of teachers teach more than 26 periods per week) and spend the same amount of time lesson planning (less than 6 hours a week). Where they differ is private school teachers tend to spend more time checking copies (57% private teachers versus 44% government teachers spend 1-5

hours checking) and conducting monthly assessments (95% private teachers versus 80% government teachers administer monthly tests).

The major difference between private and public school teacher workload occurs in relation to non-teaching duties. Government teachers report that they are required to spend on average close to 50 days a year performing tasks that have nothing to do with teaching.⁴⁷ In contrast to this, private school teachers have no such non-teaching responsibilities. However, they may have additional teaching related duties such as maintaining attendance records and compiling annual exams results.⁴⁸ This finding is likely to affect teacher performance and consequently student performance, as teachers in the public sector have less contact time with their students.

Absenteeism

Poor student performance has been widely linked to teacher absence. Lower teacher absenteeism rates have been observed in private schools as compared to public schools. The LEAPS study finds that the government school teachers' absentee rate is 15% versus 8% for private school teachers.⁴⁹ This pattern is somewhat reflected in the ASER data where 12% of teachers in rural public schools were absent as compared to 7% of teachers in rural private schools and 10% of teachers in urban government schools were absent as compared to 8% of teachers in urban private schools.⁵⁰ It has been argued that greater accountability and sanctions for punishment in the private sector lead to lower absenteeism.

Turnover

LCPSs are known to have a high teacher turnover. The average tenure of teachers in private schools is 1-3 years at middle and high levels and even lower at primary level.⁵¹ Only 42% of private primary school teachers stay for more

than a year as compared to 67% of private middle and high school teachers. The higher teacher turnover, particularly at the primary level, can be explained by a variety of reasons, among which are the low teacher salaries and the fact that many LCPS teachers are not necessarily expecting to make a career out of teaching given the typical profile of these teachers (young and unmarried). At the higher levels since teachers are more qualified and draw higher salaries, the turnover is comparatively lower.⁵²

FINANCE

Data on finance in the private sector is by far the most limited. The 1999 - 2000 Census of Private Educational Institutions was the only data source to comprehensively collect information on finance; none of the other census based sources collect such data. A small survey conducted by IIm-Ideas provides some data on LCPS finance and expenditure.

School fees

The IIm-Ideas study describes the composition of student school fees for LCPSs as ranging from PKR 250 - 2,000 a month (Figure 3.14).⁵³ The majority of the primary and middle schools in this sample charge between PKR 251 - 800 a month and high schools charge between PKR 501 - 1,200 a month.

School expenditure

The largest portion of a private school's expenditure goes to its teaching staff. The 1999 - 2000 census puts it at 57% and the more recent IIm-Ideas survey puts it at 71%.⁵⁴ Following teacher salaries the next largest expenditure is the rent of the building (11%) and utilities (8%).⁵⁵ The total expenditure on salaries and benefits of staff in private schools is significantly lower than the public sector where the expenditure is generally higher than 80%.⁵⁶ This raises the question of how

the private sector achieves better quality despite spending less on its teaching staff as compared to the public sector.

Per child cost by school

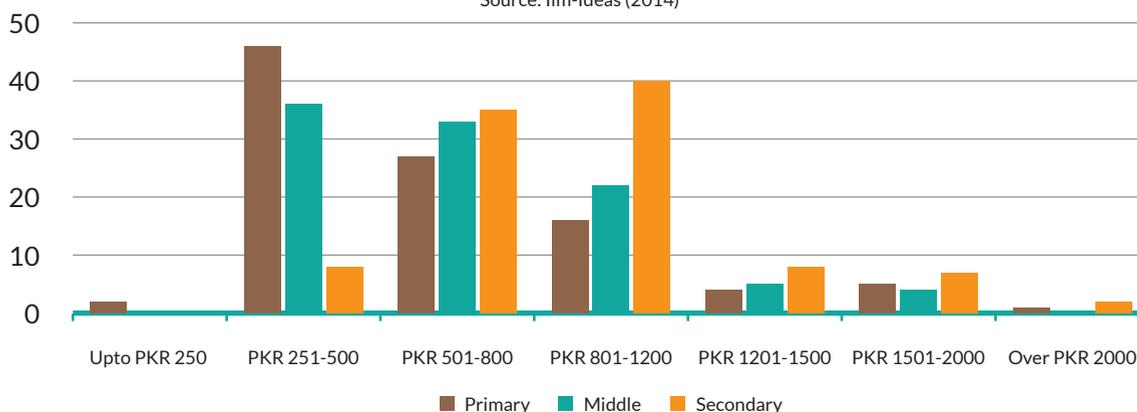
According to the LEAPS survey the per child cost in an average rural private school is PKR 1,012 a year, half the amount that the government spends in its schools which is about PKR 2,039 a year.⁵⁷ According to PEF the average per child cost for all their programs is PKR 511 for the year 2013-2014.⁵⁸ This is even lower than the average rural private school cost.

Household costs

The cost to the household to send a child to an unsubsidized private school is fairly substantial, this has serious implications for equity. In 2007-2008, the average household annual expenditure per student studying in a private institution was 3.5 times higher than the expenditure incurred in public sector institutions across education levels.⁵⁹

IIm-Ideas finds that LCPSs have a strategy for accommodating disadvantaged students by providing scholarships - 20-30% of students in the sample received scholarships - and discounts - up to 25% received a discount covering almost two-thirds of the school fees.⁶⁰ Yet, close to 50% of entrepreneurs state school affordability as a reason for student dropout. Notwithstanding such strategies, given the high household costs for attending private schools, equity issues will remain unless private school education is made free at the point of service, through subsidies or vouchers.

Figure 3.14 Fee range in selected LCPSs across Pakistan
Source: IIm-Ideas (2014)



CONCLUSION

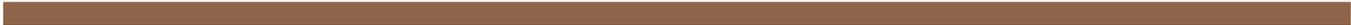
Clearly, the private sector now occupies a substantial proportion of the education landscape in Pakistan. Given the growing importance placed on the private sector in the provision of education in Pakistan, it is important to generate valid and credible information on it. This is particularly important since meeting the goals set out by Article 25-A will require public funding to ensure that all children have the right to free education.

In light of this, it is important that comprehensive information on the private sector is collected, particularly on the publicly funded private schools, which are the focus of recent

policy and reform efforts. It is important that the provincial EMISs collect data on private schools (number of schools, enrollment, facilities, etc.) on a regular basis. It is critical that they develop relevant categories for private sector schools such as subsidy or voucher supported schools or adopted schools. These data sources should also provide information on finance and expenditures associated with schools. There is also a need for independent data generation, as in the case of student learning outcome data, so that the data produced is credible. Only then can well-informed policy decisions be made with regards to the LCPS sector.

BOX 3.1 KEY POINTS: LANDSCAPE

- There are numerous data-deficits with respect to private sector schools. These include, but are not limited to the following areas:
 - Types of private schools: Private sector schools are not a monolithic category. We do not have much information on various types of private schools. Distinctions can be made along several distinguishing features such as, fee bands charged by schools; language used as medium of instruction; faith-based or secular; whether operated by for-profit or by not-for-profit charities; whether government assisted or not.
 - Data on state subsidized or supported schools: There are an increasing number of private schools supported by the exchequer in Punjab and Sindh. The number of schools supported through vouchers in KP is also increasing. However, not much information is available about the characteristics, facilities, and performances of these schools. Independent data should become available about all publicly supported private schools. The public should collect information about all publicly funded private schools and develop a category for such schools in their provincial EMISs.
 - Data on high-fees private schools: There is no independent data collected on high-fees private schools.
 - Data on teachers in private schools: There is very little data available on teachers employed by the private sector, apart from their numbers. The public should at least have access to information about the salaries and qualifications of teachers in publicly supported private schools.
- There is a need to conduct a trend analysis of census-based data available about the private education sector.
- The difference in achievements of public and private students has not changed appreciably over time. Although private schools are performing marginally better than the public schools, the difference between the percentages of students in private and public schools performing well on particular ASER assessment tasks has remained the same over the last five years. This implies both types of schools are performing below par and that the performance of both has remained unchanged overtime.



04

MECHANISMS FOR ENGAGEMENT

INTRODUCTION

The ultimate objective of public policy in education is to ensure that various elements of the system work in ways that expand the reach of free and universal education to all children in accordance with constitutional guarantees. The purpose of private enterprise is to provide products or services to clients at a cost. Private schools are set up by entrepreneurs seeking to provide educational services in a segmented marketplace. In the case of Pakistan, the monumental increase in the size of private schools owes itself to the combined pressures generated by a huge demand for education, the willingness to pay for educational services by parents, and the equally remarkable failure of public policy to equal the challenge posed by constitutional provisions.

Given the growing size of the private school sector, especially Low-Cost Private Schools (LCPS), public policy is steadily shifting towards making use of the private sector to offer education as a public good. The overarching framework for this policy goes by the name of public private partnerships (PPP). However, the policy initiatives involving the private sector are not justified on the basis of support to private sector per se. Rather they must be seen as attempts to harness the entrepreneurial energies of private actors to provide education free at the point of service in accordance with some stipulated standards of quality.

Any mechanisms to harness the potential of the private sector ought to simultaneously preserve the idea of education as a public service and the entrepreneurial spirit behind the perceived success of the private sector. Accordingly, it must consist of providing incentives to private sector entrepreneurs to enroll students without charging them fees. This requires developing well worked out mechanisms to provide targeted subsidies to existing private schools as well as helping entrepreneurs start subsidized schools in areas where there are no existing public or private schools.

Pakistan's subsidy programs are modeled after similar experiments conducted elsewhere in the world. Several kinds of subsidy programs that aim to ultimately benefit children from low-income households exist in both the advanced and developing economies. For example, in South Asia, the Indian government, after the adoption of the 2009 Right to Education Act, has also started subsidizing children enrolled in private schools through direct assistance to the schools as well as through requiring private schools to enroll 25% of their students in first grade from low-income families.¹ A slightly different program was implemented in Bangladesh whereby the government provided private schools a restricted subsi-

dy to cover approximately 80% of teachers' salaries.² Pakistan's subsidy programs are also designed to assure a certain degree of equity within a context that requires the state to provide free and compulsory education for all children.

In addition to subsidy programs some states have also experimented with providing tuition vouchers to low-income households to help them send their children to schools of their choice. The education foundations in Pakistan are implementing voucher programs which are similar in form to the voucher schemes in the US and Chile. In fact, Chile runs one of the largest voucher programs in the developing world. Subsidies and vouchers combined, Punjab Education Foundation is perhaps the largest public to private support program in the world.

In Pakistan, the provincial education foundations, established in the early 1990s, are the institutional structures as well as mechanisms for supporting PPPs.³ These foundations are the conduits for public support to the private sector as well as private to public. While the former take the form of subsidies and tuition vouchers, the latter are variants of adopt-a-school (AAS) models. In Punjab, however, the AAS programs are administered directly by the district governments and adopter organizations.

Access to finance is another issue in private education markets, especially for low-cost schools. Due to inconsistent incomes of low-income families some private schools can be put at risk of bankruptcy.⁴ This often leads to school owners taking out short-term loans at high interest rates to cover the operating expenses of the school.⁵ In order to combat problems linked to access to finance, the development partner community and private finance sector in Pakistan are working towards making microfinance loans more accessible to low-cost private schools.

Apart from access to finance, some emerging developments promise more private to private support. This development has involved the establishment of the Education Fund for Sindh (EFS), a private non-profit foundation with similar aims as the state funded education foundations. It has started providing subsidies and vouchers to LCPSs and their students with funding support from the Department for International Development (DFID).

One purpose of the chapter is to comment on the achievement of these mechanisms, both actual and potential, in terms of providing free and quality education through private

providers. It will cover the entire spectrum of partnerships, including the mechanisms of public support to private sector schools (in the form of subsidies and vouchers); private support to public sector schools (in the form of adoption, management, and finance); and private support to private sector

schools (in the form of access to finance through loans, subsidies, and vouchers). These descriptions will include a discussion of the challenges of each mechanism including issues surrounding the sustainability of such interventions.

PUBLIC SUPPORT TO PRIVATE SECTOR SCHOOLS

The foundations in Punjab and Sindh and to a lesser extent in Khyber Pakhtunkhwa (KP) and Balochistan use public funds to subsidize LCPSs and run voucher programs. This keeps education free at the point of service for the beneficiary students. In this regard, the Punjab Education Foundation (PEF) is currently leading other foundations by supporting over 1.5 million students across all 36 districts of Punjab through its subsidy and voucher programs.⁶ It plans to increase this number to three million by 2019. In addition to the government, PEF's programs are also supported through the World Bank and DFID funded Punjab Education Sector Project II.⁷

The Sindh Education Foundation (SEF) follows the lead by supporting over 200,000 students in two of its programs⁸ which it plans to take to one million in the coming years. Only the Promoting Private Schooling in Rural Sindh (PPRS) program is supported under the World Bank funded Sindh Education Reform Program II.

In KP, the Elementary Education Foundation (EEF) is issuing 1,000 vouchers in targeted areas through its pilot voucher program. EEF plans to take this number to 30,000 in the near future. EEF has also initiated a subsidy program, Rokhana Pakhtunkhwa Taleemi Program, which supports middle and high school students attending LCPSs. This program has

been launched across all 25 districts of the province and supports four private schools in each district.⁹

Similarly, the Balochistan Education Foundation (BEF) has developed a Fellowship Schools program whereby the foundation provides a per child subsidy to schools for a maximum of four years to cover the costs of teachers, quality inputs, and monthly savings.¹⁰ Currently BEF has opened 197 Fellowship schools with the assistance of the private sector and subsidizes another 500 that meet its criteria.¹¹ However, due to its relatively smaller scale and the lack of available data, this program has not been discussed in this chapter.

The next few sections will describe the subsidy and voucher models in Pakistan in detail. It will also cover the various steps involved in the process (Figure 4.1), such as the development of an area selection criteria; household selection (in the case of vouchers); partner school and entrepreneur selection criteria and processes; inputs provided to the school by the foundation and quality assurance and monitoring practices which determine continued eligibility of partner schools in the program.

Figure 4.1 Processes involved in public support to private schools



SUBSIDY MODEL

Overview

A large part of public sector support to private sector schools takes the form of government subsidized education. Since partner schools receive government funds under certain conditions, the nature of their operation is no longer the same as unsubsidized and independent private schools. The provincial foundations that transfer the subsidies also work as a regulator of sorts. By entering into subsidy-driven partnerships with the public sector, partner schools must accept regular testing of their students and monitoring of several other aspects of the schools in order to remain eligible for the program.

This section will provide a comparative overview of the subsidy model by the education foundations in Punjab and Sindh. There are four different variations of this model namely, Foundation Assisted Schools (FAS) and New School Program (NSP) in Punjab, and Promoting Private Schooling in Rural Sindh (PPRS) and Integrated Education Learning Project (IELP) in Sindh (refer to Table 4.1 for an overview).

All of these variations involve the provision of subsidies to cover the per student costs for all students enrolled in a partner school. A school becomes a partner on application and after meeting a defined set of conditions stipulated by the education foundations. The subsidy amounts vary across programs and school level and range between PKR 250 and

PKR 1,650 and are distributed monthly in Punjab and quarterly in Sindh. The total amount of the student subsidy given to a school is determined by student headcount, overall performance, and compliance with key terms laid out in the partnership agreement.¹² Typically it covers the cost of tuition, stationary, lab or library fees, and any costs associated with extracurricular activities. Schools are expressly prohibited from charging students for any service provided. Both foundations offer various types of additional support to the subsidized schools in the form of free textbooks for students, professional development and on-the-job support to teachers.

While FAS, PPRS and IELP provide subsidies to existing schools, the NSP program implemented in Punjab is designed to encourage entrepreneurs to start new schools in low access areas. Under this model, PEF provides PKR 120,000 to the selected entrepreneur in six monthly installments. It is designed to help the entrepreneurs support their schools through an initial period of low enrollment. Meanwhile, the entrepreneurs can devise and implement appropriate strategies to increase enrollment. After six months the school is expected to have a minimum level of infrastructure (e.g. two classrooms and one bathroom).

Most subsidy models offer a fixed per child subsidy that only varies with the level of the education (e.g. primary, middle, high). However, in the case of IELP there is a diminishing rate of per-child subsidy applicable on enrollment greater than 200 students for primary and elementary schools and 150 for secondary schools.¹³ Thus, under this program primary

Table 4.1 Subsidy Programs: Overview

Source: Car-Hill & Murtaza, 2012; EEF website; SESP II PAD; PPRS brochure; IELP brochure

	FAS	NSP	PPRS	IELP	Rokhana Paktunkhwa Taleemi
Launched	2005	2008	2008-09	2009	2011-12
Support Amount	PKR 450 for grades 1-8 PKR 500 for secondary (arts) PKR 600 for Secondary (science) PKR 700 for high secondary (Arts) PKR 900 for high secondary (science)	Initial support of PKR 120,000 and then PKR 450	PKR 350	PKR 250-350 (Subsidy amount diminishes based on enrollment greater than 200 students per primary/elementary school and 150 per secondary school)	PKR 330-1650
Target Areas	All 36 districts of Punjab	16 districts of Punjab	10 districts of Sindh	All 23 districts of Sindh	All 25 districts of KP (4 schools per district)
Students	1.1 million	62,000	59,484	148,368	Data unavailable
Schools	2,312	517	664	1,300	100

or elementary schools that increase enrollment beyond 200 students receive PKR 250 per student per month instead of PKR 300 per student per month.

The subsidies are not permanent and their continuation depends on meeting the stipulated criteria. Both foundations periodically measure the performance of subsidized schools through a system of assessments. In Punjab, these criteria are mainly defined by the Quality Assurance Test (QAT), which becomes an instrument for renewing the partnership and support status by the government. In Sindh, SEF has instituted a similar test to determine continued partnership.¹⁴ Below are some of the steps taken by the foundations, in general, to make decisions about the selection of the schools for subsidies.

public schools and a large number of out-of-school children. Similarly, the PPRS program targeted districts that ranked poorly in terms of the size of the out-of-school children population (6-10 years), distance to the nearest primary school, and gender disparity in primary school participation.¹⁶ PEF's NSP schools were set up in remote and deprived areas of the province at sites which did not have any private or public school within a two kilometer radius.

All subsidy programs, with the exception of FAS in Punjab, have a distance criterion, which restricts the subsidized schools to well-identified educationally deprived localities (Table 4.2). This means that there cannot be an educational facility within a certain distance (ranging from one to two kilometers) of the partner schools.¹⁷ For the FAS program,

Table 4.2 Subsidy Programs: Distance criterion
Source: Carr-Hill & Murtaza, 2012; PPRS brochure; IELP brochure

	FAS	NSP	PPRS	IELP
Distance criterion	None	2 km	1.5 km	1 km for primary/elementary 2 km for secondary

Area selection

The overarching purpose of the subsidy models in Pakistan is to provide free access to quality education to marginalized members of the community. Since subsidies are limited and cannot provide universal coverage to private schools, targeting is a central strategic feature of all subsidy programs. As a result, all subsidy programs aim to support schools in deprived areas. Generally partner schools can be located in all districts in their respective provinces with the exception of the PPRS program in Sindh, which is limited to ten specific districts.¹⁵

FAS was initially designed to target the lowest ranking districts in terms of adult literacy rates based on the 2003 - 2004 Multiple Indicators Cluster Survey (MICS). The MICS also indicated that low literacy areas were also socio-economically depressed areas with low enrollment rates in

since there is no distance criterion in place, it is possible for multiple FAS schools to be located in close proximity of each other, as well as non-FAS private and public schools.¹⁸ Moreover, since PEF does not assess the fee-paying ability of the student, the subsidy may not reach the most deserving children in the case of both FAS and NSP.¹⁹ PEF is aware of these limitations and is developing strategies to identify needy students and change the model so that the foundation only subsidizes low-income students.²⁰

School and entrepreneur selection

In order to qualify for subsidy programs, schools and entrepreneurs have to satisfy certain selection criteria related to the school level, registration, student enrollment, physical infrastructure, and performance on a preliminary QAT, in the case of PEF (refer to Table 4.3).

Table 4.3 Subsidy Programs: School selection requirements
Source: Carr-Hill & Murtaza 2012; SEF officials interviews

	FAS	NSP	PPRS	IELP
Minimum enrollment	100	50	50	40
Student-Teacher Ratio	30:1	30:1	40:1	40:1
Minimum Teacher Salary	N/A	N/A	PKR 5,000	PKR 5,000
School level	All school levels	All school levels	Primary	Elementary and secondary

The programs in Punjab do not have a specified criteria regarding school level. However, although FAS had traditionally targeted all school levels, more recently it has begun to taper off partnering with new primary schools and is shifting its focus to supporting the existing schools' expansion to the higher levels.²¹ In contrast to this, the PPRS program focuses on primary schools and IELP focuses on elementary and secondary schools.²² Similarly, the Rokhana Pakhtunkhwa Taleemi Program targets middle and high schools.²³

All existing schools must be registered with the relevant provincial regulation authority, that is, the District Registration Authority in Punjab and the Private Schools Directorate in Sindh.²⁴ If schools are not registered at the time of application they must register within one year of being accepted into the relevant program.²⁵ Additionally, schools must meet a minimum enrollment criterion. Although the name implies that the NSP program is meant for new schools, data indicates that preference is given to schools that are functional prior to enrolling in the program.²⁶

During the application process school infrastructure is inspected by members of the relevant education foundation team in the case of Punjab and a third party in Sindh.²⁷ The foundations stress the importance of creating an environment conducive to learning. Accordingly, the inspection focuses on the school building, facilities (availability of bathrooms and potable water), classroom (space and ventilation) furniture (availability of benches and tables), existence of a library (in the case of elementary and secondary schools), laboratories (in the case of secondary schools), hygiene, and safety.²⁸ The school must also meet an acceptable Student to Classroom Ratio; for example, the PPRS program has a minimum of 1,600 square feet with 8 square feet allocated per child.²⁹ Schools must also maintain a specified Student Teacher Ratio (STR).³⁰

The programs in Sindh have some additional requirements. PPRS schools are expected to follow the Environmental and Social Management Framework published by the Reform Support Unit (RSU) and Education Literacy Department, Government of Sindh. It includes a list of interventions, policies and responsibilities of each of the parties (i.e. RSU, SEF and entrepreneurs). The framework covers aspects such as school design and construction, waste disposal, health and safety concerns, gender concerns such as separate toilets for boys and girls, hygiene and healthy habits, and casualty prevention.³¹ PPRS also has requirements for teachers specifying that there should be at least one female teacher with the minimum qualification of middle school.³² Unlike its counterparts in Punjab, programs run by SEF include a minimum salary requirement of PKR 5,000.³³ Moreover, in Sindh the entrepreneur must have completed at least intermediate level of education and in the case of an NGO or organization it

must be registered and have a board.³⁴

In Punjab an important component of the application process for the FAS program is the preliminary assessment of student performance, an aspect that the other programs do not take into consideration. The QAT tests English, Urdu, and math skills. In order to be considered for the subsidy, 67% of the students from the applicant school need to pass the exam by scoring 40% or higher. PEF follows a weighted marking system for the different selection criteria to determine whether an applicant school qualifies for PEF support (QAT = 50%; Location = 15%; Faculty = 10%; Infrastructure = 25%).³⁵

Additional inputs provided to subsidized schools

Once selected for subsidies, the selected schools also qualify for foundations' technical support to enhance the quality of their partner schools. This includes provision of several inputs such as free textbooks and learning materials, regular professional development for teachers, and entrepreneur's capacity building in governance and administration of school.³⁶ SEF views it as its responsibility to provide such inputs given that the subsidy is limited and can only cover certain things. SEF has also arranged to provide Oxford University Press textbooks to the PPRS schools.

Teacher training and support

Notwithstanding the differences in modes of provision and coverage, both foundations provide some form of professional development to teachers of partner schools. In the case of Punjab, PEF provides training to teachers from about 40% of its partner schools through its Continuous Professional Development Program (CPDP).³⁷ These trainings are outsourced to training organizations. They focus largely on English, math, and science and are viewed by some partner schools as a means to help schools prepare for the QAT.

SEF provides basic cluster-based training (nine-day and three-day refreshers) through its own district staff and it has covered approximately 26% of PPRS schools up to grade 5.³⁸ Given budgetary constraints, SEF utilizes a sequential training approach, which means that only teachers from a single grade level receive training each year, as the remaining teachers wait for their turn in the following years.³⁹ Moreover, only two teachers from each school are allowed to take part in the training and are expected to train their peers after receiving the training.⁴⁰ The school visited was satisfied with quality of training, but not with lack of yearly training for all teachers.

Field support visits for ongoing training and mentoring support are also provided by SEF. In this master trainers mentor the teachers and spend a day or so in the schools. SEF wants to work towards providing more need-based training and a

system that allows for weekly support and training. However they admit that, although they have the adequate outreach capacity (12 regional offices and staff), due to funding limitations field staff cannot always conduct the mentoring visits.⁴¹ The schools also confirmed that such visits happen only once in a while.

Support to entrepreneurs

The foundations also provide some form of support to the entrepreneurs themselves. Both foundations provide orientations to new partners schools. PEF conducts regular District Coordination Meetings, the purpose of which is to share policy decisions with relevant stakeholders and to get their input and feedback regarding the program. Feedback is collected on all major activities of the program such as the complaint cells, monthly payments, PEF loan facilities, monitoring and evaluation, CPDP trainings, QATs, fee structure, free books distribution, and FAS categorization.⁴²

SEF conducts school support visits in which program teams help the school entrepreneurs bring the schools in alignment with the contractual terms and agreements. For example, the PPRS programs manager has spent time with entrepreneurs encouraging them to reinvest in the school. This is done as a means through which to encourage the entrepreneurial spirit of the school owners and emphasize that the primary goal of the operator should be to support education.⁴³

Quality assurance and monitoring mechanisms

In order to continue to receive foundation support, schools must meet certain eligibility requirements. The foundations conduct periodic monitoring visits to ensure that these basic provisions are being met and administer quality assurance tests to ensure learning of students.

Monitoring

Teacher qualifications are one indicator monitored by the foundations. PEF does not have clear guidelines on this.⁴⁴ Thus, even though the schools monitor this they are unaware of how this indicator affects their ranking. SEF claims to follow the government criteria for teacher qualifications as closely as possible since the regulatory act in Sindh has stipulations for qualifications. However, in the case of PPRS, SEF had to relax the criteria due to the sheer lack of qualified teachers in the districts that they operate in.

SEF also assesses whether the schools are providing accessible learning opportunities to marginalized communities by analyzing the number of beneficiary households.⁴⁵ They monitor the institutional strength of the school in terms of the qualifications of the human resources.⁴⁶ Quality education is also assessed through visiting classrooms and interacting with teachers and students.

In the case of Punjab, the foundation program staff conducts their own monitoring visits and there is an in-house independent Monitoring & Evaluation (M&E) unit that has developed a Monitoring and Evaluation Information Management System to monitor partner schools. Additionally, the M&E unit also conducts simultaneous random checks on partner schools.⁴⁷ Typically, these visits occur three times a year and focus on enrollment levels, school infrastructure, and compliance with PEF regulations.⁴⁸

The monitoring process, in the case of Sindh, is slightly different. There are three different monitoring teams that visit the schools: (1) Surprise monitoring team from the SEF head office which looks at enrollment and retention numbers as compared to the profiles submitted to SEF; (2) Monitoring and inspection team from the regional offices do an overall inspection of the school to ensure the smooth functioning of the school and reaffirm the data provided to SEF regarding enrollment, teachers, and infrastructure of the school; (3) Learning support unit which focuses on the qualitative aspects of teacher and student performance in the classroom, therefore, it spends most of its time in assessing and observing the classroom.⁴⁹ SEF usually visits the school twice a year however, the visits are not always consistent and do not sufficiently address the needs of the school as the findings of the visits are rarely shared with the entrepreneur.⁵⁰

SEF is in the process of strengthening its monitoring capacity in terms of human resources, finances, logistics, and information technology to ensure regular monitoring visits (both announced and unannounced) to PPRS program schools and the use of standardized instruments and procedures to gather required information.⁵¹ Moreover, SEF has strengthened the regional and district staff capacity to carry out monitoring and evaluation and has clarified the scope of these responsibilities.⁵²

Both PEF and SEF have developed systems to keep track of information. PEF has launched a new Student Information System (SIS) to help record, enumerate, and organize student information. The SIS records all enrollment data and has information from the student registration form which includes the student's father's name, Computerized National Identification Card (CNIC) number, classroom, class registration number, a photograph, and status.⁵³ Similarly, SEF has introduced an integrated Management Information System, which is seen as critical for monitoring program schools and creating accountability measures for increased school performance.⁵⁴

Continued eligibility requirements

In general, schooling must be offered to students free of cost and there should be signs outside the school indicating that. Schools cannot charge parents and students for any addi-

BOX 4.1 QUALITY ASSURANCE TEST

The QAT is a 45-65 minute written and curriculum-based assessment that aims to assess a student's knowledge, comprehension, application, and analytical skills. The QAT tests the five levels of cognitive learning under Bloom's Taxonomy: knowledge, comprehension, application, analysis, and synthesis. It covers English, Urdu, mathematics, and science (general science in grades 1-8 and biology, chemistry, and physics separately in grades 9-10). The English and Urdu sections include matching, short-answer, or essay (Urdu section only) questions, whereas the other subject tests only have multiple-choice questions. Instructions for the exam are provided in Urdu and the questions and answer options in the non-language sections are in both Urdu and English.

Source: Barrera-Osorio & Raju, 2010

tional amenity or service. Moreover, the foundation stipulates that schools cannot offer after-hours classes or private tuition service for fees. All furniture and infrastructure must be maintained and upgraded and there cannot be any multi-grade teaching. Additionally, schools should make every effort to ensure that they maintain the stipulated STR, send monthly enrollment reports to the foundation and ensure teacher attendance.

The most important criterion that determines continued eligibility for subsidies is the QAT (refer to Box 4.1 for details on the test). The QATs are conducted annually and biannually in Punjab and Sindh, respectively. In both Punjab and Sindh, relevant departments within the foundations design and assemble the tests whose administration, marking, and grading are outsourced to third parties.

In both Punjab and Sindh, the foundations have put in place several checks and balances to ensure security during test implementation. The test dates are not announced and both the testing agency and the partner school learn which grade is being tested on the day of the test. Punjab tests any two grades in primary and any three in middle and secondary. In the case of Punjab approximately 80% of the students must be present in order to conduct the QAT.⁵⁵ Students who fail to appear on the day of the assessment are disqualified for the subsidy amount for a certain period.⁵⁶ Both these steps are taken to prevent schools from weeding out the weaker children. Teachers and school administration are also barred from entering the testing areas while the exam is in session. In the case of Punjab measures to prevent cheating also in-

clude outsourcing the conduct and marking of assessments to different parties. Whereas in Sindh, each testing booklet developed by SEF has a unique code and student photo to ensure only SEF registered students are tested.

In order to qualify for continued funding, all schools must meet a certain threshold on the test, which varies according to program (Table 4.4). For example, FAS has a more stringent criterion than NSP, as these schools are considered to be more well-established than the latter. Partnership with schools that fail the QAT twice consecutively is terminated.⁵⁷ Evidence from Punjab shows that the threat of discontinuation of the subsidy has been effective in ensuring that schools make changes to their programs.⁵⁸ However, data collected during the course of this study suggests that it is highly likely, given the high stakes associated with the QAT for the school entrepreneurs, for schools to encourage teaching to the test at the cost of comprehensively covering the curriculum. Interviews with teachers in FAS schools suggest that they spend a great deal of time doing sample and past papers and tend to ignore performance in other statutory exams such as Punjab Examination Commission (PEC) exams and matriculation since the lack of performance in the latter does not carry any penalty. This is a serious concern and needs more investigation and appropriate steps to ensure comprehensive coverage of the curriculum.

Another purpose of assessments is to provide feedback for improving teaching practice and inevitably school quality. In Sindh assessment results are shared directly with schools and used to inform the development of teacher training

Table 4.4 Subsidy Programs: QAT thresholds
Source: Carr-Hill & Murtaza 2012; SEF interviews

	FAS	NSP	PPRS ⁶¹
QAT threshold	75% of students need to get 40% or higher (33% in case of English) ⁶²	50% of the students need to score 33%	The average of all students tested should be 40%. And 60% of all students need to actually get 40%. There is leverage that only 10% are allowed to fail.

modules.⁵⁹ On the other hand, in Punjab only recently has PEF begun to share results with schools and there does not appear to be any link to the training.⁶⁰ Results are also not provided in timely manner, which means limited use on the part of the school. This indicates a lack of an understanding of the possible uses of this data for quality improvement or lack of an emphasis to do so.

School rankings

In Punjab, each school is placed in one of five categories—A+, A, B, C, and D. In addition to school performance on the QAT and other monitoring indicators, this ranking also takes into account several factors such as teacher qualifications, complaints about tuition fees, corporal punishment and teacher retention.⁶³ PEF incentivizes improvement by uncapping enrollment for schools in the top three categories, allowing them to enroll an additional 250 students, which means more funding for the school. Currently, approximately 71% of FAS schools are categorized as grade B, 17% as A, and 11% as C.⁶⁴ PEF plans to make these rankings publicly available online. This would be done based on the assumption that availability of ranking information to the consumers will help them make informed choices. It would also encourage healthy competition between schools.⁶⁵ However, the transparency and methodology of the ranking system are called into question by some stakeholders. A common criticism has been that the ranking is not objective and all stakeholders are not aware of the weights assigned to different indicators.⁶⁶

Bonuses and incentives

PEF also offers cash bonuses to teachers and schools to incentivize continuous improvement in learning outcomes. A maximum of five teachers in program schools where at least 90% of tested students obtain a minimum percentage of 40% in the QAT receive a bonus award of PKR 10,000 each and there is a competitive school bonus of PKR 50,000 to the top-performing school in each program district.⁶⁷ However studies find that while bonuses incentivize private schools owners to meet a very minimum level of quality, they do not provide incentives for continued improvement by better performing schools.⁶⁸

EDUCATION VOUCHERS

Overview

Another mechanism for addressing distributional issues is tuition vouchers. Vouchers are widely regarded internationally as mechanisms to address equity issues by increasing parental choice and competition between schools, thereby simultaneously improving the likelihood of more equitable and efficient outcomes in private education markets.⁶⁹

Vouchers are currently being provided in Punjab and piloted in KP through the PEF supported Education Voucher Scheme (EVS) and the EEF initiated Education Voucher program, respectively (Table 4.5). Through these programs, the provincial governments provide tuition vouchers to low-income families, which can then be redeemed at pre-approved partner schools. Children benefitting from the voucher programs are typically from less privileged areas of the provinces, typically katchi abadis, urban slums, and/or other marginalized segments. In Punjab, EVS is currently benefitting 208,246 children in 17 districts.⁷⁰ In KP the voucher program is currently being piloted and benefits over 1,000 children in five target areas in the Peshawar district.

Voucher amounts vary by province and school level and are PKR 400 and PKR 500 for primary level students in Punjab and KP, respectively. In KP vouchers are based on the need per household member rather than entire household need as is the case in Punjab. The vouchers cover tuition, admission, and the cost of textbooks and stationary. They do not cover the costs of the school uniform, which remain the responsibility of parents.⁷¹ According to PEF, private schools in the area typically charge between PKR 150 and 200 and so the additional money the schools receive from the voucher can be used to cover other expenses such as school bags and uniforms.⁷² In both Punjab and KP voucher students can be charged for board exam fees.⁷³

Several regulatory restrictions apply to partner schools that agree to accept student tuition vouchers. Tuition control is an example of such restrictions. The EVS schools can charge

Table 4.5 Education Vouchers: Overview
Source: Carr-Hill & Murtaza, 2012; Ansari, 2014

	PEF Voucher	EEF Voucher
Launched	2006	2014 (piloted)
Support Amount	PKR 400	PKR 500
Target areas	17 districts of Punjab	5 target areas in Peshawar district
Students	208,246	1,422
Partner schools	1,038	22

students who are not covered by the EVS, but this charge cannot be greater than the voucher amount.⁷⁴

Besides the regulatory restrictions, the EVS schools are also eligible for support by PEF to improve school capacity through guidelines, trainings and counseling. The foundations have also instituted anti-corruption mechanisms in area selection, school selection, beneficiary identification and registration, and voucher distribution and redemption.⁷⁵ EEF has also instituted a policy whereby it will provide teacher training to partner schools based on the needs identified in school improvement plans (which are developed by the school).⁷⁶

Target area and household selection

Area selection

As in the case of subsidies, both PEF and EEF aim to target marginalized communities through the voucher scheme. In Punjab, target districts are selected on the basis of poverty maps from Pakistan Social and Living Standards Measurement survey data. Subareas within the districts are selected on the basis of information from government offices and key personnel. Once these areas are identified a survey of 30 households is conducted to ensure that the area is underprivileged. Critics of this process point to some of its limitations. For example, the survey teams may avoid areas that are considered too dangerous but where the neediest children are likely to be.⁷⁷

Similarly, for the pilot in KP, areas were selected based on household surveys and a census of private schools in various target areas. Once the target areas were selected, a needs assessment was also conducted. This involved household surveys, school surveys, and focus group discussions with parents to determine their willingness to participate in the program.⁷⁸ Based on this initial assessment EEF created a criterion to shortlist potential areas for the intervention; these included areas with a high share of out-of-school children, lack of government girls' middle or high school within a 1.5 kilometer radius and the availability of at least two LCPSs in the target area with the capacity to absorb additional students.

Household selection

In order to ensure that the most deserving households and students are selected for the program both PEF and EEF employ private firms through competitive bidding to conduct household surveys. Then on the basis of certain criteria, households are selected.

In Punjab the household survey is conducted in the target areas until 5,000 households are covered after which they stop data collection. Households are selected on the basis of

the EVS Voucher Registration Data Collection Form, which collects information about number of out-of-school children, family income, and utilities such as electricity, gas, telephone, and transport. There are some post checks but information is based mostly on replies of parents, guardians or caregivers. The school owners also play a significant role in student selection as they often collect the initial data of potential EVS students that is then reviewed by PEF.⁷⁹

When selecting voucher recipients PEF considers socioeconomic status of students, parental occupation, and size of the household. Preference is given to large families, laborers, and family workers. In order to receive the voucher a family must reside in a particular area and must send all children of school-going age to school. If a household refuses to send a girl to school, then boys are no longer eligible to receive a voucher. Voucher recipients are mostly primary school students.⁸⁰ Moreover, PEF has modified the program to allow for one family to receive vouchers for all children of school-going age in the household.⁸¹ However, there is concern that not all students who receive vouchers are out-of-school children as an evaluation of the program in Lahore showed that a majority of the interviewed students had spent more than three years in school without EVS support and had an average gap of 5.7 months since attending their previous schools.⁸² Additionally, interviews with EVS school owners suggest that the students who receive vouchers have had some prior schooling as students have to take an admissions exam before being admitted to the school.⁸³

In contrast to Punjab, the household selection in KP focuses on out-of-school children by conducting household surveys to identify students between the ages of 5 and 16 who have been out of school for at least three months (not including summer break).⁸⁴ A list of the children is compiled in addition to household information and crosschecked against enrollment registers to determine whether or not the students are actually out-of-school.⁸⁵ That list is handed over to EEF, which then determines eligibility of students.

School selection for the voucher programs

In both Punjab and KP the selected students can only join partner schools, whose eligibility is determined through a well-defined process. In Punjab, schools interested in becoming partners in the EVS program must meet certain eligibility criteria to be shortlisted and then pass a physical inspection and a preliminary QAT in order to be selected.

School selection criteria in both Punjab and KP ensure that partner schools must be registered and functional for at least one year prior to joining the program (Table 4.6).⁸⁶ Schools must meet minimum infrastructure requirements, for example in Punjab schools must have at least one classroom,

Table 4.6 Education Vouchers: School selection requirements
Source: Carr-Hill & Murtaza, 2012; Ansari, 2014

	PEF	EEF
Established	One year	One year
Distance	Located within 0.5km of katchi abadis	N/A
STR	35:1	30:1 in primary and 35:1 in middle and high schools
Enrollment conditions	Between 100-500	40 with capacity for more

one teacher per grade and required minimum infrastructure such as a functional toilet, electricity, and clean drinking water, for the designated school level. Both Punjab and KP have enrollment conditions for partner schools. In Punjab, the EVS partner schools should have between 100 and 500 students, whereas in KP schools must have a minimum of 40 students and adequate capacity to absorb additional students. Both foundations have a STR requirement as well. EEF also stipulates that 90% of teachers must have completed matriculation. Unlike EEF, PEF requires the school to be located within 0.5 kilometer of katchi abadis to ensure that schools are within walking distance of students' homes.⁸⁷

Additional inputs provided to voucher schools

Similar to the subsidy program schools, EVS schools are eligible for PEF training conducted through the CPDP although not all schools receive such training (as mentioned above in the subsidy section). In KP, as part of the quality assurance component of the program, EEF also provides partner schools with teacher training. The schools identify the teacher training needs in their school improvement plans and the EEF develops training modules accordingly.

Quality assurance and monitoring mechanisms

Both foundations have put in place some measures to prevent corruption and assure that the quality of the above mentioned processes are maintained. Given that EVS has been in place for several years now, it has well-established protocols to do so, EEF on the other hand is in the process of developing their system.

PEF has instituted a policy of biannual monitoring of partner schools. It has developed an e-register system for EVS and plans on improving its electronic database and database management at the school, household, and child levels.⁸⁸ As part of its monitoring and anti-corruption strategy PEF has established checks and balances for distribution and redemption of vouchers. Its new voucher distribution mechanism verifies all beneficiaries reported by the school. This mechanism has resulted in a bi-annual verification of all voucher recipients. PEF has also placed barcodes on all vouchers issued to en-

sure redemption by the correct recipient. While vouchers carry a barcode and a security feature, they do not carry any photo ID of the child and/or the parent. PEF is of the view that nearly every parent has a CNIC and therefore vouchers can be verified with ease. CNICs are also produced at the time of registration.

In order to monitor student attendance, schools must send weekly attendance data to PEF. If a student fails to attend school for one week, then funding for that student is withheld. PEF depends on school records to verify attendance. However, given the incentive for schools to keep the vouchers, their attendance records alone cannot be treated as reliable pieces of evidence. Since PEF cannot conduct surprise checks for all the EVS schools, the possibility of schools providing incorrect attendance documents cannot be ruled out. Also, due to the low clearance threshold of QAT, schools have no reason to push all students to attend and do well.⁸⁹ EVS schools are also not allowed to provide evening tuitions, but as our data shows such tuitions are provided. Once again it is difficult for PEF to prevent such activities without continuous surprise checks. In addition to the EVS specific checks, PEF also monitors several other aspects of the school as described in the section on FAS and NSP initiatives above.

In the case of KP, EEF also conducts some similar checks for its voucher program. Since the scale of the program is not as large as PEF's EVS program, EEF staff conducts bimonthly visits at the voucher schools. They use a monitoring form to verify student and teacher attendance and to observe school infrastructure and facilities. This data is used to ensure that schools continue to meet the criteria for partnership and will eventually be housed on a web-based database that will be used to monitor beneficiary and partner school performance.

The main quality assurance mechanism used by PEF is the QAT, which tests students' learning outcomes thereby ensuring that students have attended school as well. The test clearance bar, however, is low – only half of the students are required to obtain 40% marks.⁹⁰ As with the QAT for the FAS program the critiques are the same: teaching to the test, no detailed feedback is provided to schools and there is no real

comparison with external tests. In KP similar QATs will also be administered by EEF. The first round of tests are scheduled to be conducted in spring 2015 to establish a baseline and if in subsequent tests students do not improve then the partnership with the school may be revisited.⁹¹

DISCUSSION OF MODELS

Are subsidies and vouchers successful in reaching out-of-school and disadvantaged populations?

Equity considerations will require that foundation programs target low-income households for inclusion in their subsidy and voucher programs. These initiatives, by definition, should seek to remove financial barriers to access. However concerns have been expressed that the subsidy initiatives are not always able to reach households most in need. There has been a concern that the FAS program subsidizes the education of students who are able to pay for schooling and that it does not reach students most in need. When the subsidy programs provide precisely the same resources to children from households of different socioeconomic backgrounds, then the design of such initiatives needs to be revised.

Notwithstanding the above concerns expressed by the stakeholders in interviews, some emerging data also suggests that approximately 80% of students enrolled in FAS schools are actually deserving of the subsidy.⁹² Nonetheless the foundation is currently in the process of improving the selection criteria to ensure that FAS students demonstrate their need prior to enrollment.⁹³ The NSP program has also faced problems in finding entrepreneurs willing to start high quality schools in disadvantaged areas, which again has an impact on the foundation's reach.

With regards to reaching the out-of-school population, although EVS aims to target out-of-school children, as mentioned above evaluations indicate that the program faces problems identifying them.⁹⁴ Moreover, based on stakeholder interviews it is possible that many of the students in the programs were already enrolled in school prior to joining the

foundation programs as most schools require an admissions test in order to get into the school.⁹⁵ Thus, only students who have had prior schooling will be able to gain admission to partner schools and so the programs are not effectively targeting out-of-school children.

Another related issue is that discontinuation from the program is linked to the performance on the QAT which can be problematic as students from low-income households often have more difficulty with formal tests.⁹⁶ Removing subsidized schools from the program based on their performance on the QAT works against the original intentions of the subsidy as it reinforces financial barriers to education. Moreover, it may not be equitable to have the same QAT and performance expectations of a school attended predominantly by children from highly disadvantaged backgrounds and a school where this is not the case.

Both subsidies and vouchers must be designed as a function of income.⁹⁷ It is "particularly important for poor households, and private school vouchers to be means-tested and categorical."⁹⁸ If these interventions are dependent on the ability of students to do well on a test, then schools would either favor students from relatively better-off households or would excessively teach to the test. The following excerpt from a study on the Chilean vouchers program says it all:

"...the quantity of resources provided to families should be inversely proportional to their income; and, access should be –explicitly or implicitly- restricted to families with an income below a certain level. It should be noted that high or medium income families can be restricted from voucher systems by explicitly establishing a means test (an income ceiling)..."⁹⁹

Low test scores should only be seen as indicative of teaching and learning problems. They should be used to discern and remove those problems, not to exclude already disadvantaged children from the educational process altogether. The only valid criterion for including students in subsidy and voucher programs is their socioeconomic disadvantage (not their performance on a test). To be sure, the foundation

BOX 4.2 POSSIBLE IMPACT ON PUBLIC SCHOOLS

The foundations' programs have been critiqued for supporting private schools where public schools already exist and in effect drawing children away from public schools. This makes the public pay twice for the same children, once by supporting a public school and second through subsidy to a private school in the same area. For the most part this has been taken care of by the distance criterion. However, the lack of such a criterion for FAS has led to criticisms of the program.¹⁰⁰ This has led to some rethinking amongst PEF officials as well as development partners such as DFID and the World Bank. There are suggestions afoot to support FAS only in socially excluded areas where the high demand for LCPSs does not match their supply.¹⁰¹ The shift to supporting middle and high schools, especially for girls, is an attempt to address the issue of school location. Moreover, DFID's strategy has now shifted to provide greater support to the EVS and NSP programs, which are believed to have better targeting mechanisms.¹⁰² There have also been similar concerns in Sindh. Some officials mentioned that the PPRS schools were also opened in areas where public schools already existed. However, in some cases exemptions have been given to school owners because a railway crossing or canal without any bridges prevented all students from accessing the existing school.¹⁰³

is making serious efforts to assure quality of schools they subsidize, which this report acknowledges. Observations on QAT are only made in relation to its possible effects on equity and teaching and learning practices. PEF may consider re-designing its quality assurance strategies after reassessment of their effects on equity.

Have subsidies been able to target education at all levels?

The transitions from primary to middle and secondary schools are a further financial constraint on low-income households. School fees as well as other costs increase substantially. The LCPSs cut teacher salary costs substantively at the primary level by hiring less qualified teachers. For example, in Punjab, 48% of teachers in FAS schools and 87% of teachers in the NSP had completed only 12 years or less of education. However, LCPSs are unable to employ such cost-cutting strategies at the secondary level due to the need for subject specialist teachers. While the costs of schooling in private schools increase at the secondary level, the amount of subsidies does not increase in the same proportion. The increased costs are one of the main reasons for a drop in enrollments in private schools at the secondary level.

PEF is currently in the process of increasing its operations at the middle and secondary school level. However, doing so might require it to divert its resources from primary to secondary schools. While these steps may reduce financial barriers to access at the secondary level, they can end up doing the opposite at the primary level due to withdrawal of subsidies. Governments can only ensure equity with respect to access by ensuring that financial barriers do not dissuade parents from sending their children to schools at all levels of schooling. Transferring subsidies to middle and secondary schools should be done through injection of more financial resources and not by reallocation of existing resources.

Additionally, in some areas of Sindh, there has been a problem of finding qualified teachers as only individuals with middle or higher secondary education are available for teaching jobs. SEF has attempted to make up for the lack of formal education by providing teachers with training and support. This effort is based on the assumption that with adequate training and support the teachers can overcome most of their formal education deficits. The impact of these trainings, however, is yet to be seen.¹⁰⁴

Are the foundations well-equipped to support continued expansion?

Equity concerns (related to access) as raised by Article 25-A imply that all private schools in low-income areas not served by public schools are completely subsidized regardless of the academic achievements of the children attending the LCPS. This means sustaining existing levels of subsidies and vouchers as well as expanding them to other schools and children. While the foundations aspire to respond to this need for expansion in their subsidy programs, there is concern about the resources and capacity of the foundations to manage this. This is evident in PEF's decisions to taper off subsidies at the primary level and reallocate funds to the secondary level. Removing subsidies in the presence of financial disadvantages would result in exclusion of children from low-income households. This would undercut the very objectives of ensuring equity. In fact, according to development partner representatives PEF is "operating at the limits of its capacity" and consequently efforts must be made to build its capacity to expand its outreach to underserved districts and improve targeting of poor children.¹⁰⁵

Likewise SEF's ability to manage the program and support quality inputs, as perceived by development partners and other stakeholders, has decreased with the increase in the scale of its operation.¹⁰⁶ This is evident in the foundation's ability to support teachers. For example SEF itself points to limitations with regards to its ability to conduct field support visits for teachers (as noted above).

In addition, despite having well developed monitoring systems it is clear that contract stipulations are not always effectively enforced. For example in Punjab one finds the problem of partner schools offering private tuition and in Sindh one finds schools that suffer from the same school infrastructural and environmental deficiencies as government schools.¹⁰⁷ In the case of PEF the M&E department is hampered by its staff being borrowed by other departments and by the lack of seriousness with which its reports of possible irregularities are treated by senior management (i.e. long delays in responding and lack of any serious penalties).¹⁰⁸

Are quality assurance measures resulting in improved quality of the assisted schools?

Due to the high stakes nature of the QAT, schools are motivated to teach to the test and game the system (such issues will be discussed in more detail in chapter 5). This comes at the cost of a well-balanced notion of quality teaching and learning. In addition, QAT results are not compared with the external tests or board exams, thus it is not clear if the students in partner schools are doing any better on the statu-

tory and board examinations. Furthermore, the government agencies, when contacted for comment on the QAT said that they could not accord the same credibility to the QAT as they do to the PEC and Board exams.

ARE SUBSIDIES AND VOUCHERS SUSTAINABLE?

Sustainability of the subsidy and voucher programs can be viewed in terms of government commitment to these programs and financial support to the foundations as well as the foundations own resources.

Government commitment

The foundations' programs enjoy high-level support from the Secretaries of Education, the Chief Ministers and the development partners (World Bank and DFID) who support the governments' reform agendas. One aspect of this commitment is the provincial governments' commitment to Article 25-A. Governments and donors see subsidies and vouchers as low-cost alternatives to opening and managing more public schools to meet the Right to Education goals. It is for this reason that both the foundation staff as well as their supporters in the donor community feel that the respective provincial governments will continue to support the subsidy program. Another aspect of this commitment is the scale of the program itself as a reason for continued support. For instance in Punjab, PEF has over 1.5 million students (out of an overall estimated 17 million students in Punjab¹⁰⁹), this according to several stakeholders,¹¹⁰ bolsters the government's existing enrollment numbers and is too large a number for the government to give up on. In fact SEF explicitly states

that their strategy is to try to reach one million students in the next year or so, as a means for ensuring sustainability of their program.¹¹¹

However, support for the foundation programs, disappears in the education departments among the second tier officials. Staff in the Sindh Education and Literacy Department (ELD) is not always supportive of the foundations' programs. Evidence for this can be seen in the fact that SEF has had trouble with fund releases from ELD, due to which they have not been able to release subsidies on time in the non-World Bank supported programs (IELP and rural based community schools project). They fear that if such practices continue, some schools may shut down. In the case of PPRS, the World Bank does ensure the timely release of funds, but this may become an issue in the future.

Financial sustainability

Government commitment for the subsidy and voucher programs has translated into continued financial support for the foundation programs. The budget lines for the programs in Sindh have been put into the recurrent budget. Although development partners continue to support the programs, this does not count towards sustainability because it can be withdrawn.

The foundations' endowments can continue to sustain the programs at a certain level. It is expected that there would be some reduction in their operations if development partner support is withdrawn. However, it is reasonable to assume that the foundations will continue to support their equity based programs, albeit at a reduced level.

BOX 4.3 KEY POINTS: SUBSIDIES AND VOUCHERS

- Pakistan is operating one of the largest subsidies and vouchers programs in the world (a total of 1.7 million children are benefitting from this in Punjab and Sindh).
- Targeting issues: The subsidies and vouchers are successful inasmuch as they are able to target the most disadvantaged children. To this end, both PEF and SEF are facing some challenges as the existing mechanisms do not always ensure effective targeting.
- Subsidies at the middle and secondary level schools: Subsidizing private schools beyond primary is much more expensive. PEF is prioritizing the secondary level but in order to do so it is tapering subsidies off at the primary level.
- Sustainability: It is more cost efficient for the government to pursue its commitment to 25-A by supporting a LCPS than establishing another public school. This ensures sustainability of subsidy programs at their current level. However, expansion of programs would be difficult without enhancing the foundations' resources and institutional capacities.
- The high-stakes tests, such as QAT, need to be reconsidered as strategy for quality assurance. There is very little independent evidence that they add to the learning gains. Furthermore, no comparisons exist between the assisted and non-assisted schools on the basis of other mandated examinations conducted by Punjab Examination Commission and the Boards of Intermediate and Secondary Education.

PRIVATE SUPPORT TO PUBLIC SECTOR SCHOOLS

An important component of the education landscape in Pakistan is partnering with private sector entities (civil society organizations, nonprofits and individuals) to support the public education sector. This mainly takes the form of private management of public schools, but it also includes financial support to public sector schools. Fixing the failing public schools has proved to be a formidable challenge for the government. Subsidizing private sector schools is one of the ways in which the state tries to meet its commitments. Another state response has been to permit private sector philanthropic organizations and individuals to contribute to the improvement of public schools with their resources. This has resulted in the development of various adopt-a-school models. These models are largely operative in Punjab and Sindh at present.

This section will describe three models: the adopt-a-school (AAS) model, the Education Management Organizations (EMO), and the Tameer-e-School program in KP. The first two of these are initiatives that permit private entities to take over the management of public schools. The first, as the name indicates, involves a private organization or individual adopting one or more public schools at no extra cost to the state. The EMO model, however, is a business model in which aspiring EMOs participate in competitive bids to win contracts under which they will provide paid management services to selected public schools. The third model, currently started in the KP, involves no other intervention except private financial support to public schools. These models are discussed in some detail below, including the selection processes, contractual agreements (of adopters and managers), the various interventions implemented or supported by partners, and quality assurance and monitoring mechanisms for each model.

ADOPT-A-SCHOOL MODELS

Overview

In Pakistan private support to public sector has mainly taken the form of AAS programs. These programs aim to improve infrastructure and create an environment conducive to teaching and learning.¹¹² They are most prevalent in Punjab and Sindh. Currently, there are 600 and 450 schools adopted by philanthropists in Punjab and Sindh, respectively. In Punjab the AAS model involves direct negotiation and con-

tracting with the district government and adopter, whereas in Sindh the AAS model is regulated and facilitated by SEF. Additionally, the Education Fund for Sindh (EFS), an independent nonprofit,¹¹³ has recently begun facilitating private management of public schools by partnering with the Progressive Education Network (PEN) to fund the adoption of eight government schools in Karachi with a target to enroll 2,000 out-of-school children. Currently, Government of KP is also in the initial stages of exploring an AAS model in collaboration with The Citizens Foundation (TCF). Since these latter two programs are currently in the early stages of development, they have not been discussed in this chapter.

The landscape of AAS in Punjab is dominated by a few medium to large organizations such as CARE Foundation, PEN, Idara Taleem o Aghahi (ITA), Tareen Education Foundation, and National Rural Support Program. In contrast to this, the AAS model regulated by SEF in Sindh, comprises of mostly individual adopters and some organizations such as Justuju Welfare Organization, Maskatiya Charitable Trust and Rizq Foundation. In both Punjab and Sindh the corporate sector is also involved in AAS initiatives with companies such as ICI, Nestle, Unilever, Shell, and Engro playing a significant role in staff trainings in adopted schools.

Under the AAS model the government allows private organizations and individuals to invest in state schools to provide infrastructure and/or additional teaching aids and resources. Under such agreements the responsibilities of the adopter can include financial management, staff management, long-term planning, and leadership development. Adopters in Sindh and Punjab do not have control over the appointment and removal of teaching staff in their schools. In terms of cost, the provincial governments are responsible for the operating expenditure and capital expenditure budgets but the adopter is responsible for any additional expenses incurred for activities they undertake.

Identification of adopters and school selection

The process involved in the identification of adopters and schools for adoption is fairly similar in both Punjab and Sindh. The major difference between the two is the involvement of SEF in Sindh, which changes the way the process is initiated

and managed. In Sindh the adoption process begins with SEF publishing an advertisement and calling for applications from prospective adopters (both individuals and organizations are eligible to apply). In contrast to this, in Punjab the adoption process can be initiated in a variety of ways: the provincial government can contact individuals or established adopters, an established adopter can approach the government with a specific area or schools in mind, or a community member or elected representative approaches a potential adopter who in turn contacts the government. Beyond this, the processes for school selection and adoption are fairly similar and follow a three-step application process which includes school identification by the adopter, a needs assessment, and then approval of adoption which culminates in the signing of a contract with the respective education department.

Selection of schools follows a slightly different approach in both provinces. In Punjab, although final approval for areas where schools are adopted rests with the government, adopters themselves are able to select the schools and the area particularly if a development partner from an area approaches them to adopt a school. Once this initial contact is made, then a survey is conducted in the selected area, which aims to identify potential schools based on the selection criteria. Selected schools are usually dysfunctional, lack resources, infrastructure facilities, and teachers. The survey includes information about the infrastructure of schools such as missing walls, toilets or furniture and includes information about the number of teachers available in schools. Once schools are shortlisted the list is shared with the District Education Department, a No Objection Certificate is issued and the adoption is initiated.

In contrast to this, in Sindh SEF and the adopter mutually agree upon the selection of schools. In practice though in Sindh adopters do have quite a say in selection of schools, they have tended to prefer adopting high schools and those schools in the more easily accessible parts of Karachi, rather than the most deprived ones.¹¹⁴

Contractual agreement and terms

In both provinces, once adoption is initiated a Memorandum of Understanding (MoU) must be signed between the relevant government department and the adopter. The MoU indicates that the legal status of the adopter is that of a volunteer and their responsibilities include providing infrastructure and supporting and monitoring the teachers. However, in practice in both Sindh and Punjab, adopters assume a high level of involvement in the operation of schools.

In Punjab the MoU is signed between the adopter and the City and District Governments through the District Coordination Officer (DCO) whereas in Sindh the adoption process

is initiated at the provincial level and the signatories include the provincial education secretary, representatives of SEF, and the adopter. This difference in the level of government at which the process occurs impacts the role and responsibilities of the adopter. Moreover, in Punjab, adopters maintain regular liaison with the line department. Whereas, in Sindh the adopter is not in direct contact with the education department as SEF takes on the role of facilitator between the two.

In both Punjab and Sindh the MoU signed between the government and the adopters has a finite limit of approximately 10 years. However, more often than not the government renews the MoU and few schools have been handed back to the Punjab Government. Similarly, in Sindh, adopters have been unable to exit schools after investing heavily in school inputs and management. A notable exception is ITA, which has the most streamlined exit strategy upon completion of the MoU.

Nature and scope of interventions

Once the MoU is signed the adopter can develop different interventions to initiate changes in the school. These interventions range from increased investment, supplementing teachers, improving management, pedagogical improvements, and increased monitoring. In Punjab the school improvement plans vary by adopter and are developed independently, whereas in Sindh SEF has devised uniform guidelines for school improvement plans.

In both Punjab and Sindh adopters often begin by conducting a needs assessment to provide missing or improve existing infrastructural facilities such as boundary walls, additional classrooms, toilets and water supply. Adopters are also able to institute a change in management practices and government structures within schools. For some adopters this involves the development of a hierarchical structure of management. Based on the MoU, adopters are also able to hire contract teachers based on a standard STR. These contract teachers are usually from the community or nearby localities. It is important to consider that although adopters are able to hire contract teachers, they cannot fire an underperforming teacher; they can only request a transfer from the Executive District Officer (EDO) after a fair assessment. Any government staff dismissals or transfers are very rare due to strong unionization of teachers and the lack of autonomy granted to adopters.

Quality assurance and monitoring mechanisms

The monitoring practices in the provinces vary. In Punjab, the lack of institutionalization of the AAS program means that adopters deal with the EDOs and DCOs in an individual

capacity. There is no framework for evaluating the performance of adopters and thus no defined criteria to determine continued eligibility of adopters. At most adopters can conduct self-appraisals of their performance. In contrast to this, in Sindh SEF carries out regular school visits to monitor the progress of the adopter and support them in resolving any administrative and academic issues.¹¹⁵ During these school visits the foundation officials collect information related to student enrollment and attendance, teacher attendance, academic and co-curricular activities. This data is used to evaluate the progress of schools and adopters.

EDUCATION MANAGEMENT ORGANIZATIONS

Overview

The Government of Sindh is in the initial stages of initiating another private management model known as EMO. The EMO model is seen as an answer to the shortcomings of the AAS program such as the lack of adequate accountability as indicated by several stakeholders. Unlike AAS, EMOs will be provided a management fee for their services such as the day-to-day management of the school, management of the operational budget and school improvement.¹¹⁶ EMOs will be asked to develop a list of areas of improvement, which will form the basis for Key Performance Indicators (KPIs).¹¹⁷ The government will then monitor and evaluate the EMOs on the basis of performance on such KPIs.

The EMO model has already been piloted in 2011 in the district of Khairpur where the management of six public schools has been outsourced to two organizations.¹¹⁸ It is on the basis of the findings from this pilot that the current model is being designed. This model is being initiated with the support of the United States Agency for International Development (USAID) funded Community Mobilization Program (CMP) of the Sindh Basic Education Project on a pilot basis in 120 schools built particularly in the flood affected areas of Sindh.¹¹⁹ However, the Government of Sindh is keen to expand the program beyond the pilot schools. To support this goal the Government of Sindh revised the 2010 Sindh Public-Partnership Act to expand the definition of PPPs to include service delivery and allow for the private sector organizations to play a larger and more significant role in the management and delivery of education services.¹²⁰ The Government of Sindh has also setup a PPP node within the ELD to facilitate this work.

Selection of organizations and schools

As the EMO model is still in the development phase, the selection criteria for organizations is still in the process of being

devised. It is moving towards a framework that does not bar any type of organization from applying to become an EMO (i.e. it will be open to both nonprofit organizations and for profit organizations).¹²¹ The idea is that variation in capacity of organizations can be overcome by organizations partnering together, for example a non-education related organization can partner with an existing training organization to train teachers. The government is, however, looking for organizations that have experience working with the public sector.¹²²

In the current EMO phase, schools will not be selected from existing schools but newly built in the districts affected by floods in 2010. A maximum of two to three schools will be contracted out to any EMO. In future, if the program expands, existing schools will also be selected for handover.

Contractual agreement and terms

In contrast to AAS, a legally binding contract will be developed for each school based on the areas of improvement required and it will be signed between the EMO and Sindh provincial government. As mentioned earlier, organizations that take on the management of public schools will be paid a management fee, which will be sent to an escrow account to be accessed by the EMO. The cost to pay the EMO will be included within the government's per child annual expenditure.¹²³ Similar to AAS, the contract is meant to be for a limited term, in the Khairpur pilot it was eight years, after which the schools will be handed back to the government.

Nature and scope of interventions

Similar to AAS, the EMOs will be expected to visit schools and develop individualized need-based improvement plans for each school. These can cover anything from student assessment to teacher development to health and hygiene programs. The plans will differ for each school depending on the baseline from which they are starting, but not in terms of the standards they are expected to meet eventually.¹²⁴

Under the Khairpur pilot, each contractor was able to utilize a different approach to the management of their schools and use their own teacher training facilities and staff to conduct training.¹²⁵ Both organizations faced considerable resistance from school staff as teachers were worried about their job security and did not have the relevant information about the program. Clearer communication between project managers and school staff enabled them to overcome most of these concerns.¹²⁶ Moreover, the organizations faced issues related to teacher transfers (teachers trained by the EMO were later transferred) and the lack of an institutional framework. Despite these challenges, there was evidence of positive results such as an increase in student and teacher attendance.¹²⁷

Moving forward, under the current model, the project developers hope to revitalize the role of the district government to reduce communication gaps and help build political will and a greater understanding of the intricacies of the program.¹²⁸ In this regard, CMP has just completed its first round of training with district education officers, however it was a one-day training and more training will be needed in the future.

The EMOs are still likely to face jurisdictional issues as they will not have control over hiring and firing decisions of government school teachers, however they will be able to work with district governments to discuss their potential grievances and make the case for a teacher transfer if necessary.¹²⁹ EMOs will also have the ability to hire temporary teachers to fill vacancies as long as these teachers are paid the minimum wage. However, it is important to note that as this project is still in the initial phases of development there are numerous structural impediments, such as the lack of qualified teachers in areas such as Tharparkar that will need to be addressed.¹³⁰

Quality assurance and monitoring mechanisms

In response to the lack of institutionalization and accountability in AAS, the EMOs will be expected to deliver on the KPIs set out in their contract and if they are not met management fees can be revoked. For example, if the indicator is student performance then the EMO can conduct a student assessment and will be expected to improve performance from the baseline by a certain percentage. The expectation appears to be that there will be greater accountability as the government will have clear-cut indicators to monitor and leverage in terms of its management fee. How this plays out in practice remains to be seen. An important factor in the success of this program will be the capacity of the district education departments and the PPP Node in ELD who will be responsible for monitoring and managing the EMOs. Currently there are concerns that more capacity will be required for effective monitoring and management.¹³¹

PRIVATE FINANCIAL SUPPORT TO PUBLIC SCHOOLS

Overview

Another means through which the private sector supports the public sector is by providing financial support to schools for improvements. Under the Tameer-e-School Program implemented in KP by EEF, interested organizations and individuals can provide funding to support improvements to the infrastructure and facilities of government schools in the province. This model actively involves Parent Teacher Committees (PTC) in the development of improvement plans and monitoring of activities.

The first phase of the program was launched in April 2014 and targeted 122 schools in five districts¹³² with a high number of out-of-school children, overcrowded classrooms, and a large proportion of missing facilities.¹³³ This phase is projected to benefit 35,000 students and the KP Government plans to gradually expand the program to include all existing and new schools.¹³⁴

Selection of schools

During the pilot phase of the program, school selection took place by consulting the Education Management Information System to determine the schools with the greatest need and with active PTCs to oversee the improvements to the school.¹³⁵ The shortlisted schools were verified through visits from EEF staff. Out of the 122 schools selected, 46 were girls' schools.

Nature, scope and process for interventions

The PTCs of these schools are tasked with developing a school improvement plan to prioritize and budget their needs, these plans have to be approved by the District Education Officers. School improvement can include the construction or repair of toilets, classrooms, or boundary walls, providing safe drinking water, establishing computer labs, procuring tables and chairs for students or providing teaching and learning aids, sports and playground equipment and material for science labs.

The program has created an online payment gateway that allows people to donate to a particular school. On the website potential development partners can view schools, select a school to support, and even select the items they wish to purchase for the school.¹³⁶ Once the payment is made it is channeled to a bank account operated by EEF. The PTC then collects the funds and oversees and monitors school improvements.¹³⁷

Quality assurance and monitoring

The foundation has designed payment release and monitoring mechanisms to ensure transparency throughout the process. Payments are released directly to the vendors once a certain pre-determined milestone is achieved. Moreover, members of the PTC are given cell phones to track and document the school improvement plans. These are then verified by foundation staff before finances are released.¹³⁸ However, this creates a system where the school is accountable to too many people without a strong reporting model in place.¹³⁹

Additionally, the website for the program will eventually allow development partners to track their donations and will feature information about donations by location, school

type, and school improvement. It is hoped that by making this information more readily available, it will allow potential development partners to make more informed decisions.¹⁴⁰

DISCUSSION OF MODELS

Are there system level issues for adopters and EMOs?

At the level of legislation, the PPP Act focuses on infrastructure development. Sindh has taken positive steps to amend their act to include education services, whereas in Punjab no such actions have been taken. As a result, in Punjab the provincial government views the partnerships for management as a means through which to cover the cost of missing facilities.

Are there jurisdictional issues for adopters and EMOs?

In the AAS and EMO models there appear to be two important jurisdictional issues. One issue occurs at the school level between the adopter or EMO and the head teachers. For example with day-to-day management and financial decision-making there may be conflicts between what the adopter or EMO wants to do and what the head teacher wants. Or for example who do teachers report to, their head teacher or the adopter or EMO representative?

Another important jurisdictional issue occurs between the government and the adopter or EMO. The hiring and firing of teachers is the jurisdiction of the government but the adopter or EMO is expected to manage teachers. In neither model does it seem that the government is likely to relinquish such control. As a result, AAS and EMO models are facing (or are likely to face) issues in managing teachers. Proponents of the EMO model expect a push back from teachers and teacher unions, but they feel that the mere presence of an EMO will be enough to encourage better attendance and performance. However, in practice we know that the adopters have faced such issues, as in the Khairpur pilot, so how this issue will be resolved is not entirely clear.

Are there effective frameworks for ensuring accountability?

Monitoring the work of adopters is a challenge due to the lack of defined criteria and processes. The EMO model appears to address this issue by institutionalizing the KPIs. However, issues related to the capacity to manage and monitor the adopters, at the level of the PPP node and district education staff, appears to apply to the EMO model as well. The process will be important as well, as can be seen with Tameer-e-

School, too many monitors seems to be a challenge.

Is there a viable exit strategy for adopters and EMOs?

More often than not an exit strategy is not built into the MoU signed between the adopter and the relevant government authority. This lack of an exit strategy creates a situation where adopters can indefinitely take over the management of the school and it is not transferred back to the government. In the case of the EMO model, it is not likely that the management organizations will take on the management indefinitely, apart from the clearly defined KPI based contracts, the state would not be able to sustain the cost of doing so. However, it is not enough just to define the exit strategy for the adopter or EMO and put it in their contracts. It is equally important to ensure that the capacity at all levels to manage, monitor and support the schools is built in the interim so that the schools can be successfully returned. Such capacity is needed at the level of the school, the district and within the institutions that support the schools. Most importantly, the adopters and management organizations bring with them voice. Thus, ensuring a means for sustaining this voice, either through the school management committees or through some other means, will be critical.

ARE AAS AND EMO MODELS SUSTAINABLE?

Sustainability of private support to public school programs can be viewed in terms of the government commitment to these programs and the financial support provided in the case of the EMOs.

Government commitment

Government commitment to the AAS model is important for ensuring continued partnerships and effective school improvement. In Punjab there is no institutionalized mechanism for initiating adoption, which may indicate a lack of ownership on the part of the government towards this strategy. In Sindh, there is an institutionalized mechanism in the form of SEF. However, there does not appear to be a lot of ownership of the program itself within the education department and other stakeholders due to complaints about the selection of schools (i.e. those schools that are already performing well) and the lack of accountability. SEF is not viewed as a representative of the government, and with it AAS is not seen as a government program, whereas the EMO model appears to enjoy support so far, as it is perceived as a "government program."¹⁴¹

With the EMO model, various stakeholders claim high levels of interest and support from the political leaders and bureaucracy as grounds for sustainability of the program. The Government of Sindh is keen to move beyond the anticipated scale of 120 schools to a much larger number. The level of seriousness on the part of the government can be seen in terms of steps taken to amend the PPP Act of 2010 to include “education services”, setting up a PPP Unit in the Finance Department and then a PPP Node in the ELD, and the ELD seeking legal opinion to work out legal aspects of government partnerships with private entities for education. The program and development partner staff appear to have anticipated ownership issues at the level of the district. They have emphasized the importance of communication at all levels and have conducted a training for district staff to address this, but more time will need to be devoted to orienting

district staff and providing briefings at all levels.

Financial sustainability

Financial sustainability relates to the EMO model only. Sustainability in this case relates to the management cost the government would be providing to the EMOs for the period of the partnership. The Sindh Provincial Assembly has approved a recurrent budget line earmarking PKR 200 million to ensure that money is ready to facilitate partnerships with EMOs. However it is not clear how the government will support the management cost of EMOs if or when the model goes to scale as intended.

BOX 4.4 KEY POINTS: PRIVATE MANAGEMENT OF PUBLIC SCHOOLS

- **Partnership for management:** Taking the form of the AAS and EMO models (the latter of which has not yet matured as an initiative), these programs present a window of opportunity for the private sector to help improve the public sector. A fair amount of eagerness exists in policy circles in nearly all provinces in favor of partnerships for management models.
- **Policy gaps—there is a need to develop policy formulations in the following areas to facilitate these initiatives:**
 - **Sustainability and exit issues:** (For both EMO and AAS) the public sector should have the capacity to sustain the inputs/improvements beyond the partnership period.
 - **Accountability:** There are concerns about accountability especially in the AAS programs. Specific indicators for school improvement are needed, against which the partnerships’ performance is ascertained.
 - **Jurisdictional issues:** The powers to hire and fire school staff, especially teachers, remains with the government under these models, giving rise to jurisdictional issues that may impact performance of adopters and EMOs.

PRIVATE SUPPORT TO PRIVATE SECTOR SCHOOLS

The interactions between the private entrepreneurs and lending enterprises as well as other kinds of nonprofit organizations are also emerging in the educational landscape of Pakistan. Specifically banks and microfinance institutions are developing credit products to reach out to private school entrepreneurs. Typically the subsidies to the private sector are provided by the public sector, as is the case of Punjab and Sindh. However, in the case of Sindh an independent organization, EFS, has also been set up with support from DFID to focus on out-of-school children by providing subsidies and vouchers for children to attend private schools. It is noteworthy that EFS draws no support or funding from the Government of Sindh. The following sections will review private support to private schools provided through EFS and then access to finance models.

PRIVATELY SUPPORTED SUBSIDIES AND VOUCHERS

Overview

Yet another means of support to private educational institutions comes in the form of subsidies and vouchers through the non-profit private sector itself. This has been institutionalized in Sindh via EFS. The aim of EFS is to finance interventions to expand private schooling opportunities to disadvantaged children and engage the private sector in managing or supporting government schools, with an emphasis on meeting minimum child literacy and numeracy levels.¹⁴² It has three main programs: intermediaries program (subsidies),

education voucher scheme and public private partnerships (discussed earlier). It has currently enrolled 94,515 out-of-school children: 35,551 under the intermediaries program and 58,964 under the EVS program.¹⁴³

The intermediaries program allows EFS to provide funding to existing private schools in order to increase their capacity. Under this program EFS has partnered with intermediaries such as Green Crescent Trust, BRAC, TCF, and Deaf Reach Schools in districts around the province.¹⁴⁴ EFS is not involved in the day-to-day running of the school and only provides the schools and organizations with a per child subsidy.¹⁴⁵

Under the EVS, EFS provides vouchers to out-of-school children that they can then redeem at EFS qualified schools. Students are usually from poor households with income ranges of PKR 6,000 - 12,000 per month and are provided with a voucher of PKR 400 per month, which covers the cost of tuition, books, and uniforms.¹⁴⁶ In order to qualify for the program, potential partner schools need to provide quality education in a safe environment conducive to learning.¹⁴⁷ As of 2014 the program has distributed approximately 20,833 vouchers and aims to distribute 120,000 by 2015.¹⁴⁸

Selection process

Schools who wish to become a part of the intermediaries program must complete an eligibility form and submit a concept note. EFS then assesses the school, develops a due diligence report on that intermediary and then solicits detailed proposals and budgets.¹⁴⁹ Once the proposal is evaluated, a school is selected and provided support.

In the case of the vouchers program, all schools are free to accept vouchers, but once they do, they are expected to meet a certain minimum standard with regards to facilities, teacher ratios, and learning outcomes.¹⁵⁰ Schools must be running for approximately two years, the fees should be between PKR 400 - 500 and they should have the necessary infrastructure requirements in order to be eligible for the program.¹⁵¹ Schools must be accredited before they can receive vouchers. This accreditation is renewed based on the maintenance of a certain set of criteria. The pre-accreditation of schools is meant to maintain a minimum standard of education and provides a monitoring mechanism for EFS.¹⁵²

Quality assurance and monitoring

An important component of the project is to develop an assessment system to determine the quality of the program. Currently, an Early Grade Assessment tool has been developed for English, Urdu, Sindhi and math for grades 1 and 2 with final papers ready along with analysis tools. The pilot

was conducted in December 2013 and is currently in use in EFS partner schools.

Additionally, EFS has developed a school rating system and school report cards have been finalized and sent to all partner schools. The report card will include information on school infrastructure such as toilets, furniture, lighting, classrooms, teacher attendance and performance, and student learning outcomes.¹⁵³ It is hoped that the report card will be useful and easily understood by parents to develop competition between EFS schools in a number of areas including school facilities, governance, learning outcomes and for parents to assess the quality of schools. EFS conducted awareness-raising sessions in partner schools on the use of report cards, which have been distributed to all of the schools.¹⁵⁴ In order to ensure effective tracking and monitoring of students in the EVS program, EFS issues a unique ID number to each registered child, which is also includes photo IDs of enrolled children. This is used to monitor enrollment, attendance, and track assessment.¹⁵⁵

ACCESS TO FINANCE FOR PRIVATE SCHOOLS

Overview

Given the sheer size and growth levels of the LCPS market in Pakistan, they are viewed as a business opportunity by lending institutions, including the microfinance sector. Studies find that returns are projected to be high given the current enrollment growth trends and demand for private education.¹⁵⁶ Notwithstanding these opportunities, there are competing views on the provision of finance to LCPSs.

One perspective is that the dearth of financial resources available to LCPSs have severely limited expansion and investment in providing quality education and it is important to remove constraints to the growth and functioning of private sector educational institutions.¹⁵⁷ It is argued that numerous factors contribute to the limited availability of formal sources of finance to LCPS owners. More often than not, LCPS owners lack business and management skills and do not have formalized operational policies and procedures making them risky investments. Moreover, the underutilization of formal financial services due to the predominance of cash transactions in LCPSs also severely limits the formal lending opportunities available to them.¹⁵⁸

According to proponents, there is a high demand for external financial resources, as the schools require funds to improve physical infrastructure, purchase classroom equipment and to take part in technical assistance trainings to improve teacher quality. Revenue generated from running the school

is primarily used to cover the cost of teacher salaries and in some cases rent of school premises, utilities and repair and management. Given these constraints the only way that LCPSs will grow and provide high quality education (through teacher training and upgrading facilities) is through access to external finance.¹⁵⁹

However, another perspective is that there is no such market failure. Such proponents point to the dramatic growth of the LCPS sector without any external funding support as evidence in itself. Research shows that most of the existing LCPSs are self-financed and their reasons for not previously applying for loans were due to perceptions of high interest rates or the perceived un-Islamic nature of loans.¹⁶⁰ Also, at times operating at an approximately 50% profit margin, LCPSs can recover the entire initial investment as quickly as within the first few years of operation. In addition enrollment rates remain robust despite fee increases, which means that LCPSs can keep increasing their fees without fear of exit and increase profit.

Notwithstanding these perspectives there are financial products that are being made available to LCPSs. These developments in access to finance are occurring independently and concurrently and include credit guarantee schemes and microfinance loans.

Potential and current financial products

One of the planks of DFID's strategy is to provide access to finance to LCPSs. It focuses on 'extending commercial wholesale funding' to microfinance providers and encouraging commercial banks to lend to Micro, Small and Medium Enterprises. This strategy builds upon the ongoing Financial Inclusion Programme (FIP) started in 2008 in conjunction with the State Bank of Pakistan. The main aim of FIP is to improve access to financial services for marginalized groups and small enterprises through capacity building and credit enhancement strategies (amongst other things).¹⁶¹ FIP identified lack of collateral as a major barrier to accessing finance for small businesses and this resulted in the development of the FIP Credit Guarantee Scheme that reduces the risk taken on by the lender. This State Bank of Pakistan managed scheme will be used to underwrite 40% of the loan amount (from both microfinance organizations and commercial banks) in the event of the first loss on the LCPS' loan portfolio.¹⁶² The main aim of such a program is to increase enrollment rates and enhance the quality of schooling in Pakistan.¹⁶³ It is believed that increased access to financial products will allow school owners to invest in business and management development and teacher training.

Several institutions have developed microfinance loans, which are already available in the market. Table 4.7 provides

an overview of such loans.

Another part of the access to finance landscape in Pakistan is the Pakistan Poverty Alleviation Fund supported initiative by Kashf Foundation that provides microfinance loans to LCPSs. This product was piloted in 2013 in urban areas of Lahore and covered ten schools (almost all schools received a loan of PKR 100,000).¹⁶⁴ These loans were for 12-18 months and took a holistic approach to education. This particular loan is different from other proposed products as it ties the loan to quality improvement through technical support in the form of curriculum development, capacity building workshops for school owners, teacher training, and additional monitoring support to schools.¹⁶⁵ All training is provided free of cost to the schools. Based on their experiences during the pilot Kashf Foundation has developed a comprehensive eligibility criterion which includes a minimum enrollment of 100 students, average fee of PKR 1,000 and coeducational schools with a minimum of 40% female enrollment.¹⁶⁶ Currently, Kashf is working in 80 schools, has trained 265 teachers, 105 school owners and vice principals, and 1,000 students have received financial education. Kashf aims to expand the product to include all areas where it has a presence and hopes to reach 1,500 schools in the next three years.

Tameer Microfinance Bank (TMFB) is currently piloting a product targeting LCPSs, which includes revenue contingent loans that are both collateralized and uncollateralized. The main feature of this type of loan is that in months when revenue collection is low (e.g. because of a drop in enrollment) then schools do not need to pay any interest on the loan amount.¹⁶⁷ The loan is typically for PKR 100,000 with a tenure of three years. Additionally, TMFB is already catering to the LCPS market through its Small and Medium Enterprises portfolio. TMFB is lending to 1,500 to 2,000 LCPSs in Punjab and Sindh. The size of this loan is between PKR 100,000 to 200,000, the interest rate is 20 to 22% and the term of the loan is between 1-5 years.¹⁶⁸ Typically, loans are given for infrastructure development, teacher training, setting up of labs, and purchase of furniture. TMFB lends only to LCPSs that have been in business for at least one year, have enrollment records, and charge a maximum fee of PKR 500 a month. Moreover, they only lend in areas where the concentration of schools is high and in peri-urban areas and will not lend in villages that are more than 35 kilometers from an existing TMFB branch.¹⁶⁹

Khushhali Bank has also developed a product targeting LCPSs. The Khushhali School Loan is offered to private school owners involved in providing low-cost education to improve school infrastructure and acquisition of quality enhancing products and services. Loans range from PKR 50,000 to 500,000 with a loan tenure of 6 to 36 months.¹⁷⁰ In order to be eligible for the loan, schools must be operation-

Table 4.7 Microfinance loans: Features

Source: Kashf foundation interview; Tameer Bank interview; Khushhali Bank interview; First MicroFinance Bank interview

Feature	Kashf Foundation	Tameer Bank	Khushhali Bank	First MicroFinance Bank
Loan amount	PKR 100,000-200,000	PKR 100,000-200,000	PKR 50,000-500,000	PKR 150,000 in the pilot. Will increase to PKR 500,000
Loan period	12-18 months	12-60 months	6-36 months	6-36 months
Interest Rate (per annum)	Information not available	20-22%	28%	26-28%
Quality requirements	Loans tied to quality improvement mechanism	N/A	N/A	N/A
Enrollment conditions	100 students minimum (40% female enrollment)	N/A	100 students minimum	100 students
Average fee conditions	PKR 1,000	PKR 500	PKR 350 for small loans and PKR 500 for larger loans	PKR 350
Other school conditions	N/A	Must be operational for at least one year High concentration of schools/peri-urban area Within 35km of Tameer Bank Branch	Must be operational for at least two years	Must have completed 2 revenue cycles

al for approximately two years, have a minimum enrollment of 100 students and charge a minimum fee of PKR 350 per month for smaller loans and PKR 500 per month per student for larger loan amounts.¹⁷¹

First MicroFinance Bank (FMFB) has also implemented a pilot program in Bahawalpur as part of Development Alternatives Incorporated's initiative to increase access to finance for LCPSs. The program was only piloted in three schools with an average fee of PKR 350 and minimum enrollment of 100 students.¹⁷² In order to be eligible for the loans school owners need to be residents of the community, have completed two revenue cycles and undergo a credit check. Interestingly, schools can be both registered and unregistered in order to be eligible for the product. During the pilot the loan amount was for PKR 150,000 but FMFB plans to increase that to PKR 500,000. They charge an interest rate of 26-28% per annum and stipulate that schools must collect fees in FMFB bank accounts.¹⁷³

Most loans that are currently made available to LCPS do not have any conditions on what the loans can be used for, thus most seem to be used for infrastructure development rather than teacher training. Only Kashf Foundation links its loans to teacher quality enhancement mechanisms.

DISCUSSION OF MODELS

The main challenge, for the state, remains ensuring minimum standards of quality in all schools. With regards to access to finance for LCPSs, there is a little the state can do to ensure quality. For the banks and microfinance institutions the profit motive will trump all other motives as ensuring a return on their loans is their main focus. And clearly there is no incentive for the schools to improve quality as proven by the fact that LCPSs have, more often than not, used loans to improve infrastructure rather than teaching quality. In fact, in the case of the Kashf loan, that explicitly ties the loan to activities that improve school quality, schools were initially reluctant to take on such activities. Therefore the onus, for the state, is on effective regulation.

With regards to the EFS subsidy and voucher programs, currently the programs are new and their scale is small, so challenges have yet to appear. However, as they scale up it is likely they will face similar issues to those that the foundation programs face. They too are likely to experience similar issues of targeting the most disadvantaged students and ensuring quality of learning in their partner schools. Sustaining and expanding the EFS programs, both in terms of finance and institutional capacity, can also be issues they face if their

programs are taken to scale.

BOX 4.5 KEY POINTS: PRIVATE MANAGEMENT OF PUBLIC SCHOOLS

- **Access to finance:**
 - There has been some growth in the private financing of private school entrepreneurs. However, with very few exceptions, most loans are sought for infrastructural enhancements and not for quality improvement activities.
- **Subsidies and vouchers through nonprofits such as EFS:**
 - Continuation of subsidies and vouchers through the private sector is not sustainable in the absence of large endowments. Currently, it is a donor-funded initiative which has implications for its sustainability.
 - The subsidies and vouchers initiatives are substantively similar to the programs undertaken by the foundations and are likely to face similar issues as well.

CONCLUSION

The provincial governments are making significant efforts through the subsidy and voucher programs in Punjab and Sindh and more recently in KP to ensure equity and quality in the private marketplace. However, several important challenges remain. Targeting the most disadvantaged students and out-of-school populations has proven to be a difficult task. Supporting education at all levels also appears to be problematic, since better-qualified teachers become a necessity at the middle and secondary levels with implications for costs. The small subsidy and voucher amounts cannot support cost of teachers with different subject specializations.

The current mechanisms for quality assurance, namely the high-stakes QAT, has been shown to apparently improve quality, but we have found that it can encourage teachers to teach to the test and schools to game the system. This comes at the cost of a well-balanced notion of quality teaching and learning. Furthermore, teaching to the test can problematize inferences about learning based on the test scores.

As the scale expands, the foundations may need to rethink the conditions associated with the subsidy, refine their monitoring and support system for the subsidized schools accordingly, and also improve their capacity to implement it. Some rethinking of key processes is required to ensure equity and quality in the subsidy and voucher models. Capacity building within the foundations themselves, particularly developing their ability to respond to an expanded notion of quality and to train teachers accordingly, is needed as well.

On the issue of sustaining subsidies and vouchers, there is

a fair amount of commitment to the foundation programs due to their scale and contribution to achieving the goals of Article 25-A, particularly in the Punjab. However, while the foundation programs enjoy high-level support within the government, this does not always translate down the education departments as we have found in Sindh and may prove problematic in the long-run particularly when donor support is withdrawn. The financial sustainability to maintain programs at their current scale does not seem to be an immediate problem. However, expanding subsidies to secondary schools while also maintaining them at the primary level does appear to be a problem. Therefore universal subsidies and vouchers do not appear to be a possibility.

As far as the PPPs aimed at supporting the public sector schools are concerned, two key models, AAS and EMOs, have emerged in recent years. One of the biggest challenges to these models appears to be jurisdictional, particularly with regards to teachers. Since the adopters do not have the authority to hire or fire teachers, they have faced issues in managing and ensuring their effective performance. How the EMOs will deal with this remains to be seen, however it is likely to be an issue unless careful consideration is given to means for preventing it.

Secondly, a viable exit strategy is a critical challenge for private management of public schools. The focus cannot be solely on the adopter or EMO, it needs to be on the government institutions and systems as well. What will change in the interim while schools have been handed over to another party to manage? Systems at the level of the school and district will need to be reinvigorated and capacity will need to

be strengthened so that they are capable of managing, monitoring and supporting the schools once these contracts end. A most important issue in all of this is finding a mechanism for inserting voice back into the school once the adopter or EMO leaves.

When the scale of the EMO model is expanded, its financial sustainability will need to be meticulously considered. At the moment the Sindh Government has earmarked funds for the pilot of the EMO. However, a sound plan for funding the intended expansion is still needed.

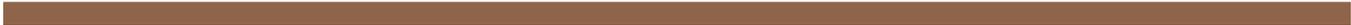
With regards to private support to the private sector, the role of state remains minimal. It cannot control what happens between the banks or microfinance institutions and the schools. The purposes for which the entrepreneurs seek finance may be altogether different from what the reformers anticipate as they will be guided by the profit motive. Government engagement in this regard should remain restricted to its usual regulatory functions, and it should not attempt to shape the purposes for which the loans are sought and given. The most the state can do is to effectively regulate the LCPSs to ensure that they meet minimum standards of quality.

As for private support through EFS to private schools, it is likely to face many of the same challenges that the publicly supported foundations do, that is ensuring equity and quali-

ty, and sustaining and expanding its programs.

Finally in the context of Sindh one finds fragmentation of efforts in the PPP models at the level of the donors. We find that the World Bank is supporting SEF to implement the PPRS model for subsidies, while DFID is supporting the EFS model for subsidies as well. For partnerships for management there is the existing AAS model run by SEF, a parallel AAS model run by EFS and the newly introduced EMO model supported by USAID to be implemented by the ELD directly. Following different channels to support the private sector through the same mechanisms does not appear to be the best use of resources. Donors would do well to strengthen one particular center, such as the semi-government institution SEF, to manage, monitor and support PPP models.

On the whole the governments and development partners have experimented with a variety of mechanisms for harnessing the potential of the private sector to contribute towards the goals of providing free or at least low-cost education to all children of school-going age in Pakistan. In some respects they have made considerable progress. However, these mechanisms bring with them their own sets of challenges that have implications for equity and quality. The proceeding chapters on quality and regulation will explore these challenges in more detail.



05

PERSPECTIVES ON QUALITY

INTRODUCTION

The current policy trends in Pakistan are informed by the perpetual failure of the public school in meeting both access and quality targets. It is against the backdrop of this failure, and as a reflection of increased demand for education, that a thriving, though highly segmented, market of education has emerged in the last three decades. The existence of a growing number of private schools alongside the traditional public sector has created numerous challenges for public policy regarding education as well as opportunities for policy research. As a result, a growing number of research programs and reports aim at comparing the quality of education in public and private schools.¹ Most of these studies have sought to do so in terms of learning outcomes and neatly, at times very narrowly, defined input variables. Most of these studies and surveys suggest that children from private schools are achieving more for less. In other words, they are more efficient.

This chapter is also about the quality of education in private schools but it does not assume a narrow definition of quality in terms of learning outcomes. Rather it traces shifts in the perspectives on quality education as the attention of policy makers, policy entrepreneurs, development partners, and the general public shifts from the public to the private sector as a possible alternative to the public sector to achieve education for all. This shift involves a decreased emphasis on the quality of inputs and educational processes and emergence of student learning outcomes as proxies for quality of education. The analysis in this chapter hopes to inform the debate on quality education in private schools by offering insights into how our current ideas about quality and our preferences in measuring quality limits the ways in which the state engages with the private sector.

The analysis in this chapter is not advanced from a neutral position with respect to the perspectives on quality. It is based on a belief in educational justice, which implies the right of every child to have access to a safe and friendly school and be taught by appropriately qualified and trained teachers regardless of his or her socioeconomic background. This belief is consistent with a multidimensional notion of quality. The chapter explores the ways in which a narrow approach to quality stated in terms of learning gains and measured through standardized tests may constrain the opportunities for development within private schools as well. With the private sector becoming a significant actor in the education landscape of Pakistan, it has become critical to debate ways of preserving and persistently working towards realizing the dream of quality education for all children. This chapter

should be read as an effort to stimulate this debate rather than a set of recommendations about how to improve quality in private schools.

The chapter first presents two main perspectives on education quality—the first a multidimensional and holistic focus on inputs, processes, and outcomes of education and the second a narrow focus on quality in terms of student learning outcomes. It then traces the ways in which the policies and plans articulate the former in the case of public schools and the latter in the case of private schools. It also critically examines the perceptions of quality that influence the choices made by individual parents.

Having laid out the perspectives on quality and their articulation in the work of the government, donors, foundations, and the perception of parents, the chapter will turn towards the ways in which the current trend of comparing private and public schools affects quality. Notwithstanding their usefulness, the comparative statistics have had the unfortunate effect of making the performance of public schools a reference point for the performance of private schools. When we shift focus away from comparative statistics towards assessing both public and private schools against a wholesome definition of quality, including the quality of inputs and processes, we run into several dilemmas that will be described and examined in some detail.

As discussed in chapter 4, the government is doing a commendable job of expanding free access to private education through the education foundations. Fully recognizing these efforts to achieve equity in a private education market, this chapter reflects on the ways in which efforts to assure quality in subsidized schools may work against the government's intentions.

The chapter will end with a discussion on dilemmas faced in assuring quality of private schools that require further debate.

PERSPECTIVES ON QUALITY

The discussion in this section will first outline two prominent perspectives on quality education. It will then explore how they are articulated in the discourse on private education as well as their implications.

DEFINITIONS AND FRAMEWORKS OF 'QUALITY'

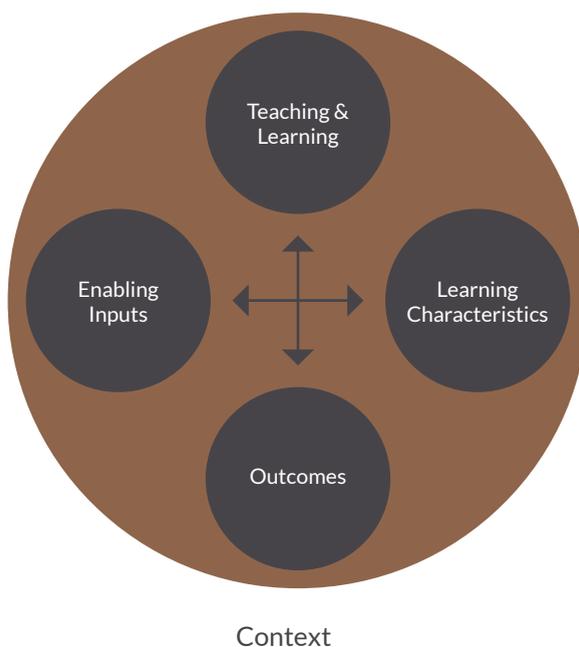
A discussion on quality of education imparted in private schools must proceed from a description of perspectives on quality. These perspectives range from multidimensional coverage of several aspects of school-based educational experiences to a narrower focus on learning outcomes in some important school subjects.

As an example of a multidimensional notion of quality education, we refer to UNICEF's definition, which in turn draws upon the Convention on the Rights of the Child (CRC). The CRC, which centers on the education development of the learner, promotes child centered education and teaching processes. Drawing on the CRC, UNICEF defines quality in education in terms of five main themes: learners, environments, content, processes and outcomes.² It focuses on "the rights of the whole child, and all children, to survival, protection, development and participation."³

These five themes are further elaborated in terms of five dimensions of quality by UNESCO: (1) Learner characteristics dimension includes important features such as socioeconomic background, health, cultural and religious background of the student and the amount and nature of prior learning, aptitude and school readiness; (2) Contextual dimension includes those factors that have a strong influence on learning, for example economic and labor conditions, availability of public resources, national standards, national governance and management strategies, parental support, globalization, and aid strategies; (3) Enabling inputs dimension includes the resources made available and how they are managed, for example, material resources (including teaching and learning materials and physical infrastructure and facilities), human resources (teachers, principals, inspectors, supervisors and administrators) and school level governance (leadership, safety, school environment and community relations); (4) Teaching and learning dimension describes the key arena for human development and change and includes learning time, class size, teaching methods, assessment and feedback methods, and language of instruction; (5) Outcomes dimension includes literacy, numeracy and life skills, creative and emotional skills, values and social benefits.⁴

As can be seen in Figure 5.1, as per this definition, the elements of quality are interdependent. For example, an im-

Figure 5.1 Five dimensions of quality
Source: UNICEF, Italy & UNICEF (2000)



provement in enabling conditions may not change learner characteristics, but can inform outcomes by providing a child-friendly learning environment and by improving teaching and learning support to teachers. Thus, learning outcomes depend on enabling inputs, learner characteristics, characteristics of teachers, teaching and learning processes, and the context. This multidimensional perspective requires a systemic approach towards understanding, measuring, and intervening in quality education. However, it has proven difficult to use and design interventions that can actually improve schools in accordance with such a wholesome approach towards education quality.

In practice, education reforms have tended to gravitate towards a simple and reductionist approach towards measuring the quality of education. More often than not, this implies focusing exclusively on learning outcomes in key subject areas, while disregarding other inputs and processes. Given the ease of measurement, an emphasis on learning outcomes has increased in influence in public policy decision-making in the last decade or so. This approach has become even more popular in recent years given the discourse on standards, accountability, and privatization. Some observers worry about using cognitive outcomes alone as measures of education quality in policy discourse. Learning outcomes are indeed one indicator of the quality of education. However, learning outcomes can be an important indicator of quality but cannot be one that solely defines quality. “When this happens, qualitative indicators and concern with processes of teaching and learning in the classroom can be easily overlooked.”⁵

The two approaches to understanding quality in education have their strengths as well as limitations. A multidimensional view of quality provides us with numerous indicators of education quality, but makes it just as hard to measure the quality of education and to intervene. The learning outcomes driven view of quality is easy to understand and measure. It is for this reason that it has become increasingly popular with politicians, policymakers, and observers of private schools.

STAKEHOLDERS’ PERSPECTIVES AND PRACTICES REGARDING QUALITY

This section will explore the perceptions of different sets of stakeholders in Pakistan with regards to quality. It will look at how various approaches to quality are manifested in policy documents and practices in general, and with regards to private schools in particular.

Education Sector Plans

The Education Sector Plans (ESPs) lay out strategies regarding inputs and expected educational outcomes within each

province. These plans are framed by overarching policy frameworks such as the Millennium Development Goals and Article 25-A of the Constitution. They attend to both access and quality. This chapter is concerned with the perspectives on quality that are embedded in the ESPs.

All the ESPs define quality holistically in terms of inputs, processes and outputs. Assuming a wholesome definition of quality, the ESPs underline the need to assure quality at each stage and for each element of the educational process. It is important to note that the idea of quality assurance at all stages of the educational process is different from sole focus on learning outcomes. While it is important to assure quality of inputs and processes, it is also vitally important to hold the system accountable for the goals it has set out for itself. For a system of education, we can think of these goals as promises that the system has made to consumers of education and the public in general. The quality of educational services can be ultimately judged by how well the system is able to keep its promises.⁶ With approximately 25 million children out of school⁷ and with learning levels in public schools registering low gains, the public school system has not made good on its promise of universal quality education. Notwithstanding this failure of the public sector, the plans for its improvement continue to present a multidimensional vision of quality.

The perspective on quality undergoes a substantive shift from being holistic and multidimensional in the case of public schools to learning outcomes based in the case of private schools. The quality of inputs is unsuccessfully regulated in practice for a variety of reasons (more fully discussed in chapter 6). Several commentators have argued that it is not possible for private schools, especially Low-Cost Private Schools (LCPSs), to meet the requirements of regulators. This is because restrictions on fees, minimum wages, and adherence to school building codes would not be possible without raising the fee charged to students. Since the viability of LCPSs depends on their affordability for low-income households, they are likely to lose their clientele by raising fees beyond affordability thresholds. Therefore, the quality requirements can only be met by either providing financial support to the LCPSs to meet minimum standards or narrowing the indicators for quality. All ESPs indicate an awareness of this limitation.

Given below is a brief account of how the ESPs approach quality in schools. The Punjab ESP subscribes to an elaborate perspective on quality in education covering various elements in the system:

“The provincial government controls key quality factors of education (teacher training, textbooks, curriculum, examinations and standards) along with enjoying the policy and planning functions. The district authorities are responsible

for service delivery using the quality inputs developed at the provincial level. School management, teacher monitoring, management of recurrent expenditures and engagement with community are some of the key issues dealt with by the district authorities and their lower tiers.”⁸

The Punjab ESP conceptualizes the quality of teaching and learning processes in terms of emphasis on learners and deep [instead of rote] learning.⁹ It also duly recognizes that such learning can only be achieved by assuring high quality teacher preparation and professional development. As the Punjab ESP puts it: “The relative importance of factors like school management, textbooks, quality of infrastructure and teachers is debated, but few would dispute that the quality of teachers matters.”¹⁰

The Punjab ESP also builds on the premise that initial teacher preparation and subsequent professional development is a key factor in determining the quality of teaching in the classroom.¹¹ It is concerned that teaching practice has suffered from poor quality and ‘unregulated’ teacher preparation programs.¹² The quality of recruitment processes to keep under-qualified teachers out of the system is also accorded high priority in this ESP. It accordingly identifies strategies to mitigate teacher-related issues in the form of standards for pre and in-service education, development of teacher qualification frameworks, performance appraisal systems and merit-based recruitment.¹³

This elaborate focus on teachers, the centrality of teacher recruitment and professional development, the emphasis on learner-centred teaching and the need to make school environments conducive to learning is absent altogether where the Punjab ESP talks about private schools. The Punjab ESP begins with stating, by relying on the results of the Learning and Educational Achievements in Pakistan Schools (LEAPS) study, that the quality of private schools is relatively better than the quality of public schools. As it puts it, “In case of private schools...a perception of relatively better quality exists (also demonstrated in the LEAPS study).”¹⁴

In this shift from the public to the private sector, the Punjab ESP loses its perspective on quality. This is so because the perspective on education quality articulated in the LEAPS study is substantively different from the one stated in the Punjab ESP (as described above). The LEAPS study compares public and private school students’ learning outcomes, based on standardized tests. It is not premised on a comprehensive approach to quality assurance of inputs, practices, and processes. As the widely cited report states: “The main educational outcome that the LEAPS report focuses on is learning, as measured through test-scores of grade-3 children in English, mathematics, and Urdu.”¹⁵

The Punjab ESP allocates an intrinsic value to inputs in the education process but then ends up ignoring these where it discusses efforts to regulate private schools. Regulation, as the Punjab ESP puts it, “should focus mainly on outputs and outcomes of the private sector and not on inputs and even processes.”¹⁶ Furthermore, while the Punjab ESP relies on the LEAPS study to justify its departure from an input and processes focused perspective, it ignores the LEAPS study’s suggestions about the futility of regulating the quality of private sector schools.¹⁷ In other words, the Punjab ESP fails to maintain a uniform and coherent approach to quality for both public and private schools. Its emphasis on improving the quality of inputs, processes, and outcomes in public schools is lost in the formulation of a position regarding the quality of private schools.¹⁸ Given the current state of public schools, we know that a mere espousal of a comprehensive notion of quality does not, in and of itself, assure its provision. However, while the government has at least formulated a holistic perspective on quality for the public sector, such a perspective does not apply to the quality of private schools.

The limitations discussed above are not limited to the Punjab ESP. The ESPs of Sindh, Balochistan, and Khyber Pakhtunkhwa also emphasize multiple dimensions of quality. As in the case of Punjab, however, the discussion on quality becomes more circumspect when the ESPs dwell on the role of the private sector in the context of education provision.

There are two main takeaways for readers from this description of perspectives on quality embedded in the ESPs. First, when discussing quality in the case of public schools the ESPs are clear in their approach towards quality as multidimensional and encompassing the need to assure quality of inputs, processes as well as outcomes. That in practice, the provinces have not so far been able to follow through and assure good quality of public schools is a different matter. Second, the ESPs become vague and ambiguous when discussing the quality of education in private schools. Furthermore, the regulation of private schools as called for in the ESPs is unlikely to be successfully implemented. This is because most private schools, especially LCPSs, cannot meet the regulators’ requirements without increasing their fees, which are likely to make them less viable.¹⁹

International development partners

This section explores the international development partners’ perspectives on quality in general, and for private schools in particular. These perspectives have been elicited from publicly available documents, specifically business cases, project appraisals, and other policy documents as well in interviews with key staff at donor organizations.

The World Bank, Department for International Develop-

ment (DFID) and United States Agency for International Development (USAID) all echo a focus on the quality of education moving forward. The World Bank has been supporting education reforms in Punjab for over a decade with policy credits, and puts a premium on improvement in service delivery at the school level as a way to achieve “meaningful and continuing gains”.²⁰ School quality standards are also seen as an important means for increasing demand for education and driving competition for better quality in both public and private schools.²¹ At some places, stakeholders take a long-term approach and see quality of education in terms of better employment prospects for its recipients.²²

The development partners’ strategies to improve quality in public sector schools suggest an implicit assumption of its multidimensional nature. These strategies refer to improving quality of teachers by improving recruitment, training, and retention.²³ Emphasis on helping improve teaching and learning is evident in the detailed initiatives to help teachers improve their competencies particularly in teaching early grade reading and mathematics.²⁴ The strategies that target improvement in teaching practice comprise of strengthening mentoring and support to teachers, improving the structure of incentives for better performance such as performance pay and performance based evaluation.²⁵ Other quality improvement initiatives include textbook development and improving physical facilities in public schools.²⁶ Nearly all international development partners’ strategies emphasize the importance of improving the quality of governance, including efficient financial administration and accountability in the education sector.²⁷

Apart from improving the quality of inputs and processes, the development partners’ perspective on quality also reflects a focus on learning outcomes. Development and improvement of the regular assessment of students has been an ongoing theme that cuts across nearly all documents of the World Bank, DFID, and USAID. This has taken the form of support to large-scale testing such as that undertaken by Punjab Examination Commission (PEC) as well as provincial sample-based assessments of educational achievements.

The interventions involving support to private schools reflect a slightly different emphasis on quality. Donor strategies begin by acknowledging the higher quality of private schools. These strategies liberally cite comparative studies of public and private schools, primarily the findings of the longitudinal LEAPS study and the Annual Status of Education Report (ASER). With this as a starting point, the interventions mostly focus on providing subsidies and access to finance to private schools. Thus, in the case of interventions related to private schools, donor policies shift away from a wholesome notion of quality.

Strategies for improvement in the quality of private schools are grounded in a discussion related to the subsidy programs. The subsidies are primarily linked with student learning outcomes instead of other aspects of quality. This is clearly reflected in the World Bank’s Punjab Education Support Program I completion report in these words: “With subsidy payments directly linked to school performance (achievement of a minimum level of learning) this funding mechanism creates the right incentives for service providers (private schools) to be responsive to the needs of students in program schools—ensuring quality education is delivered in these schools.”²⁸ This shows the shift from a holistic approach to quality in the case of public schools to making schools accountable only for learning gains in the case of subsidized private schools.

The donors expect that when private schools accept subsidies from the government they open themselves up to monitoring by the government that aims to make private schools meet a minimum level of student learning gains. In the case of subsidized private schools in Punjab and Sindh, this monitoring takes the form of the Quality Assurance Test (QAT). The subsidies are also tied with professional development programs offered to teachers in private partner schools. However, programs for teacher development in private schools do not feature as prominently in donor strategies as compared with strategies concerning public schools.

In a nutshell, donor strategies, much like the ESPs discussed in the previous section, espouse a multidimensional perspective on quality. However, this perspective is not maintained with reference to strategies for supporting private schools. In the case of private schools, comparative studies establishing their relative superiority work as the basis for a different set of development interventions. Readers should note that this report is not judging the reasonableness of pursuing different strategies in the private and the public sectors. It would suffice to recognize this difference to inform the debate on improving the quality of private sector schools.

Education Foundations

This chapter also explores the perspectives of the provincial education foundations, especially those in Punjab and Sindh. This focus is justified in terms of the scope of work being undertaken currently by the foundations in both provinces. Punjab Education Foundation (PEF) is currently impacting over 1.5 million in Punjab while Sindh Education Foundation (SEF) benefits approximately 200,000 students.

Both PEF and SEF are sensitive to the importance of assuring quality education in their partner private schools. Staff at the foundations link quality to outcomes and access to higher education or the job market. We gain a deeper understand-

ing of the foundations' perspective on quality by examining their inputs as well as quality assurance and monitoring mechanisms. As suggested in the previous section, their perspective on quality is guided by the imperative to justify partnership with selected schools. The student learning outcomes on a test created and administered by the foundations provides the basis for this justification. Quality is mainly seen, therefore, in terms of schools meeting a minimum threshold in producing student outcomes on the test. It is noteworthy that the quality assurance tests carry high-stakes for the schools as their subsidy status depends on their students' performance.

Both foundations support their partner schools with teacher training. However, these trainings cannot be expected to be comprehensive in either their scope or coverage. PEF, for example, has reached out to only 40% of all teachers in its partner schools. The quality of training providers is also deemed uneven and some concerns have been raised about this. In Sindh, only a few teachers are directly trained by SEF. These teachers are then charged with passing on the relevant information to their colleagues.²⁹

The foundations also make an effort to provide continuous on-the-job support to teachers. Both PEF and SEF provide field support for ongoing training and mentoring. This shows that the foundations are sensitive to the teachers' needs for mentoring and support. However, mentoring is not always undertaken due to funding limitations. In the absence of independent evaluations, we do not have any reliable estimates of the effect of mentoring and support on teaching practices.

Do the foundations include additional indicators of quality education apart from student learning outcomes on standardized tests? In the case of the PEF, there is evidence of the use of indicators such as teacher qualifications, infrastructure and school facilities, student to classroom ratios, teacher attendance and student teacher ratios.³⁰ Evidence from some Foundation Assisted Schools (FAS), however, indicates that the emphasis on the QAT trumps other indicators. Schools gain, sustain, or lose subsidies primarily on the basis of the QAT results. Both foundations find it hard to monitor teacher qualifications in partner schools with such rigid criteria for teacher qualifications (as discussed in Chapter 4).³¹ Many partner schools make compromises in rural areas, especially on teacher qualifications, because of the unavailability of qualified teachers in the area.

Teachers' salaries in partner schools are also used as monitoring indicators. However, foundations are unable to collect accurate data on this. Some argue that private schools, especially the LCPSs, cannot follow minimum wage regulations without passing the cost of doing so onto the consumers. Schools can only keep fees low by cutting their operational

costs and teachers' salaries are a large part of their recurrent expenditures. As a result, teacher quality in partner schools, in spite of being emphasized by the foundations, remains inadequately assured.

In the case of both PEF and SEF, student learning outcomes remain the single most important indicator through which quality of education in partner schools is monitored. PEF and SEF take several measures to ensure the integrity of the tests. These include unannounced tests, penalties for absent children and use of a third party to administer and mark tests. However, it is the potential inclusion or exclusion from programs on the basis of this test that raises the stakes.³² With such high stakes serious problems may arise that work against the original intention of using these tests to assure quality. These problems include possibilities of gaming the system and excessive teaching to the test that are discussed subsequently in this section.

The foundation staff at PEF and SEF articulate a much more wholesome notion of quality than one that relies on student learning outcomes. When asked about their views on quality education, most foundation staff included such elements as adequately qualified and trained teachers and extra-curricular activities in the curriculum.³³ However, when asked about the extent to which the current levels of subsidies to private schools could support a multidimensional approach to quality improvement, they recognized that the subsidy was inadequate. In addition, they also thought that the current levels of subsidies could work only for primary schools. Secondary schools needed teachers with better content knowledge and subject specialization, and the subsidy was not enough for them to hire and retain qualified teachers.

Thus, even though foundation officials, like government officials and donors, articulate a wholesome notion of quality, the current levels of financial support and available resources restrict them. They are constrained to interpret, measure, monitor, and, therefore, assure quality in terms of student learning outcomes.

Private school entrepreneurs

What constitutes quality education from the perspective of private school owners? Most entrepreneurs approached in the course of this study were inclined towards defining quality in terms of learning outcomes. As has been described by several observers of LCPSs in Pakistan, entrepreneurs are able to cut costs and make their schools affordable to low-income households by hiring inexperienced, unqualified female teachers at low salaries. Given that the examination system still relies, to a large extent, on memorization or rote learning, student outcomes can still be relatively high and entrepreneurs are content to rely on this indicator as reflect-

ing the quality of their schools. They do not see a problem with this, not least because other key stakeholders including the students and parents themselves often share this same perspective. This is also buttressed in considerable measure by global testing regimes. In the case of publicly supported private schools we find that for school owners outcomes matter even more. This is because entitlement to subsidies and vouchers are linked to student outcomes. Interviews with teaching staff at some FAS schools in Punjab, found that school owners required teachers to spend most of their teaching time preparing students for the QAT. In fact, according to some teachers, the QAT was given more importance than the statutory annual examinations conducted by PEC or the board of examinations for secondary schools.³⁴ The effects of the QAT on teaching practice are examined in more detail in the subsequent section.

In the case of unsupported private schools, entrepreneurs' choice of investment and areas of priority are shaped by parental perceptions of quality as well as their own priorities based on profitability.³⁵ Since parents are mostly interested in academic achievement as reflected in their children's report cards, "edupreneurs feel some pressure to deliver academic results, if not real learning outcomes."³⁶ The entrepreneurs take action in response to parental perceptions of quality. This includes taking steps such as additional classes for students to improve scores.³⁷

As far as the quality of teachers is concerned, entrepreneurs seemed more concerned about traits such as punctuality and regularity as opposed to the quality of actual teaching practices. This finding was echoed in field interviews with representatives of microfinance banks. The latter noted that, by and large, entrepreneurs were more interested in financing for adding a room to the school or buying furniture. Credit is seldom sought to invest in teacher training. In fact, stakeholders, including some major international development partners such as DFID, worry about this lack of interest in using available credit to invest in quality improvements. The microfinance providers, however, can play a role in encouraging the entrepreneurs to invest in quality. Kashf Foundation, for instance, links its loans to private school entrepreneurs with teacher training activities. However, it is the only microfinance institution providing such conditional loans to private school entrepreneurs. Kashf Foundation had also documented initial resistance from schools in accepting mandatory teacher training.

Parents

Research on parental perceptions of quality shows that parents in many developing countries perceive private schools to be of better quality than public schools. In terms of what constitutes quality, parents often cite teacher punctuality

and regularity, using English as the medium of instruction, syllabus completion, better results in exams, being updated by school on students progress, teacher practices of checking homework and providing feedback and access to better opportunities in the labor market. However, parental perceptions of quality also vary by school level according to a study of parents in rural Punjab.³⁸ The study found that at the primary level, the regularity of teachers matters most to parents and not the quality of teaching practices. In middle and high schools, however, parents are more concerned with the quality of teaching in school subjects such as mathematics, science and English.

One approach to conceptualizing quality of private schools could be to leave it as a matter between parents and school management. Parents have been conditioned, based on their own experiences as children, to perceive quality in terms of doing well on a test. This translates into a focus on learning outcomes. Several observers believe that parents are the best judge of quality of the school. More often than not, schools regarded as being of high quality are also the ones producing more learning gains.³⁹

This perspective is bolstered by the exit, voice, and loyalty framework for understanding the impetus for improvement in private schools.⁴⁰ According to this perspective, private schools, like any other business, improve the quality of their services because of fear of exit of consumers. This argument is compelling but it begs the question of parental perceptions about quality. It is possible that the parental view of quality education is shaped by their perceptions grounded in the limited information available to them. There is always a risk, therefore, that parents may make an ill-informed decision about the admission or removal of their child from particular schools.

Signaling by parents may, therefore, represent a perverse incentive for schools as they become more responsive to parental perceptions instead of a well-rounded notion of quality education that is independent of parental views. The lack of valid, reliable, and accessible information on the quality of LCPSs can work not just against the interests of parents but also the interests of schools, which would seek to retain students by aligning their services to the demands of parents.

As described in chapter 6, several commentators have suggested that federal and provincial governments should only attempt to address information failure in the market rather than directly regulating private schools. They assume that if accurate information about student learning outcomes of all private schools is presented to parents, the price-quality menu will improve with quality going up and prices going down.⁴¹

BOX 5.1 KEY POINTS: STAKEHOLDER PERSPECTIVES AND PRACTICES

- The policy posture towards quality of private schools is not stated in the same terms as the policy posture towards quality of public schools. While some policymakers and entrepreneurs see private schools as instruments of meeting the state's public goal of universalizing education, their capacity to intervene in private schools to improve their inputs and processes remains very restricted.
- Stakeholders' descriptions of quality, as given in the policy and planning documents and revealed in interviews with key officials, tend to be fairly holistic. However, this holistic perspective is compromised in practice and reduced to a narrower focus on student learning outcomes as a proxy for quality of schools. For instance, most stakeholders, when asked, are aware of the need to provide the students with qualified and trained teachers. They would like to assure the presence of child-friendly learning environments. They would also not disagree with the need for extracurricular activities for the well-rounded development of students. Yet, when it comes to implementation, even in the case of public schools, this awareness does not translate into tangible actions in terms of enhanced quality of inputs and processes in schools.
- Policymakers, donors, staff at the education foundations, entrepreneurs, and parents prefer to speak about quality of private schools solely in terms of student learning outcomes in specific subjects. Additionally, while most strategies for improving quality, even if flawed, are directed at the public sector, very little attention is focused on creating useful and meaningful ways of regulating the quality of private schools. The main indicator of quality for private schools becomes student learning outcomes rather than standards of inputs and processes.
- It should be a matter of serious concern and debate for all stakeholders that despite relatively more comprehensive attention to quality by governments and donors, public schools continue to perform, as far as learning outcomes are concerned, at a lower level than private schools. This also raises another key question: are the private schools performing at a level, which is, *ceteris paribus*, better than public schools despite a low level of inputs? This is a question that this chapter hopes to address to some degree subsequently in a discussion on the merits and demerits of comparative studies of learning outcomes.

LEARNING OUTCOMES AS A PROXY FOR QUALITY: AFFORDANCES AND LIMITATIONS

As stated above, attention to quality in private schools is characterized by an emphasis on student learning outcomes. This emphasis occurs in tandem with a proliferation of data on student achievements. There are several agencies, including governments, non-profit organizations, and researchers, that are producing data on learning gains of students in both public and private schools. Several national⁴² and international⁴³ comparative studies on the quality of public and private schools, mostly based on data on student learning gains generated under controlled conditions by researchers, suggest that private schools produce better learning as compared to public schools. Independent citizen-led household surveys such as ASER also confirm this trend.⁴⁴ Most of these studies are designed to evaluate the relative efficiency of public and private schools in producing learning outcomes.

The policy focus on student learning outcomes should, ordinarily, be useful in terms of helping stakeholders see the relationships between inputs and processes and learning outcomes. However, the comparative studies are, more often than not, investigating the relative performance of private schools in terms of test scores. This section comprises a discussion on why such comparisons might not be a good idea.

OUTCOMES-BASED COMPARISONS OF PUBLIC AND PRIVATE SCHOOLS

Some limitations of comparative studies

Regardless of the rigor with which comparisons between students learning gains in public and private schools are un-

dertaken, these can result in limited efforts to improve quality in both types of schools. Several commentators in the past have suggested that irrespective of the apparent relative superiority of private schools, learning gains remain low in both types of school. Since the comparative statistics make the performance of public schools a reference point from which to observe the achievements of private schools, it has the unfortunate effect of keeping both stuck within a narrow band of achievement relative to each other. This is evident by looking at the ASER national level data for the last five years.

ASER reports the percentage of children who are able to demonstrate the knowledge and skills that are expected to have been developed at a particular grade level. This data is presented in the form of bar charts, with each bar representing percentages of children from public and private schools able to perform a certain task stipulated in ASER's assessment instruments. The percentages are computed at the district, provincial, and national levels. Notwithstanding the limitations that accompany averages by way of hiding variations in the data, the evidence from ASER's household data confirms the overall findings from other studies about the relative superiority of private schools over public schools. However, when seen over time, this data also confirms, worryingly, that the difference between students of the two types of schools in performance on ASER tasks is not that large and does not change significantly over time (refer to chapter 3 figures 3.9 – 3.11 for details). The difference between the percentages of children from public and private schools who are able to perform a particular task on ASER's assessment remains within a very narrow band over the last five years in subjects such as mathematics and English.

With a substantial percentage of children unable to perform the task, both types of schools are well below the mark in producing learning. This is troubling given the fact that ASER tasks are remarkably simple when compared with items in other international assessments such as those given routinely for comparative assessment to children of the same age and grade level from the Organization for Economic Cooperation and Development countries. Students perform at low levels, by way of simple reading and numeracy tasks, in public as well as private schools and ASER sets the already low bar even lower. This is a matter of grave concern and considerably more significant than the marginally superior performance of private sector schools.

We can understand this problem crudely by reference to criterion and norm-referenced assessment. A criterion-referenced assessment represents the test taker's performance against predefined criteria in a selected domain. Norm-referenced assessment ranks students, or schools, with respect to achievements of others. In the criterion-referenced assessments the purpose would be to determine whether the

students in each type of school are achieving standards. In norm-referenced assessments the purpose would be to determine relative positions. When the relative achievements of private schools are established with respect to already failing public schools, low expectations are set for both kinds of schools. If we compare the performance of both relative to a set of standards that are independent of either's performance, then we can hope to pursue high standards for both kinds of school.

Strength of evidence about learning outcomes

As mentioned above there are several issues with comparative or other studies looking at the impact of private schooling on outcomes. As stated before, the aggregate performance of private schools is only marginally better than public schools serving similar populations. Critics suggest that factors, such as covariates or shadow education, can account for the marginally better performance of students in private schools.

A rigorous review of 59 studies on the low-cost private sector, rated the available evidence on key assumptions about quality, equity, cost-effectiveness and choice as strong, moderate or weak.⁴⁵ This study found that there was only moderate evidence to support the claim that private school students achieve better learning outcomes than public school students, despite having the largest body of evidence. One of the issues they point out is that although several of the studies do account for differences in socioeconomic backgrounds of students, they do not do so adequately. For example there are some 'un-observables' such as home educational environment, or the degree to which parents are educationally motivated, which are hard to account for in such studies. They also state an important caveat, namely that we should not lose track of the point that the overall learning levels of children in rural areas in many of the countries studied are extremely low in both the public and private sector. The study echoes the finding that learning outcomes in private schools are only better than the very low baseline provided by public schools. The rest of the section mentions some of the factors that may be reflected in the marginally better performance of private schools but which are not considered adequately in comparative studies.

Several observers point out the importance of covariates and selection effects on student performance in comparative studies.⁴⁶ Covariates are factors such as the student's ability and family background that may determine student performance. Research needs to separate the effect of these variables from the school's effect on student performance. Even when studies control for covariates they do not always do so in the most effective manner.

Selection effects

In terms of selection effects we know that private schools by nature can select students at the time of admissions. This is true for both the vast majority of LCPSs and publicly supported private schools. FAS schools and Education Voucher Scheme (EVS) schools clearly state that they have limited space and, therefore, must administer admissions tests.⁴⁷ They have the option to select better students, something that public sector schools cannot do. It is possible that children they admit come from homes where parents are more motivated, more educated and more well-to-do.

Private tuition effects

One important covariate is that of shadow education or private tuition, which may account for better student performance in these studies. A higher proportion of private schools students take tuition; 42% of private school students take tuition compared with 21% of public school students.⁴⁸ Studies have also found that more than 50% of Public Private Partnership (PPP) students take tuition.⁴⁹ Although the foundations prevent their assisted schools from providing private tuition by fining them, anecdotal evidence in Punjab shows these schools continue to run tuition centers. In any case, children are still free to take tuition on their own initiative.

The role of private tuition and its contribution to the learning gap between public and private school students is largely overlooked in comparative studies. However, several commentators have pointed out the high incidence of private tu-

ition amongst private school students. Instances of students taking private tuition go up as we move to higher quality/cost private schools.⁵⁰ They find that private tuition accounts for much of the learning gap in English between public and private students.

Private tuition accounting for student performance is somewhat contradicted by other researchers who studied ASER data and found that of all variables, private tuition is the best predictor of achievement. On average, children taking private tuition are 86% more likely to succeed on academic tasks than those not taking private tuition.⁵¹ It is noteworthy that tuition accounted for 17% of this school-type effect on student learning.⁵² PPP students (including those in publicly supported schools provided with subsidies and vouchers) outperformed their government counterparts but this effect completely disappeared when taking into account other factors especially tuition. In fact, tuition accounted for 75% of this school-type effect. Interestingly, the effect also disappeared when moving from low-fee private schools to high-fee private schools. They found the difference could be attributed to a combination of child-level indicators such as age, gender, pre-schooling and tuition.

For the purpose of this report it is important to note that, contrary to their claims, the publicly supported private schools may not be doing much better than public schools. Private tuition could in significant measure account for better performance. This indicates the need for more rigorous evaluations and research.

BOX 5.2 KEY POINTS: LEARNING OUTCOMES AS A PROXY FOR QUALITY

- Comparative studies based on student learning outcomes limit the possibilities for improvement in LCPSs. Public schools set the bar very low and policymakers should be engaging with the task of improving learning gains in both government schools as well as private schools. The learning outcomes of public schools and LCPSs need to be measured against education standards and not against each other.
- It has been established through several studies that the learning gains in private schools are relatively better than in public schools. However, this relative superiority decreases after adjustments are made. Private tuition evidently accounts for approximately 75% of the school-type effect. Some observers argue that differences in child-level indicators such as age, gender, pre-schooling and tuition could appear in household data.
- An exclusive focus on learning outcomes tends to result in stakeholders ignoring and overlooking other important aspects of quality in private schools, such as teaching and learning processes.

EFFECTS OF HIGH-STAKES ASSESSMENTS ON TEACHING PRACTICE

The last section focused on the use of learning outcome-based comparative studies. This section focuses on how schools may respond to high-stakes assessments. The state, through education foundations, attempts to achieve equity in terms of access and quality by subsidizing schools and regulating them for quality. In the case of subsidized schools in Pakistan, the latter is achieved through quality testing. By way of illustration, this section focuses on QATs used to see if private schools qualify for subsidies in the FAS, New School Program (NSP), and EVS initiatives of the PEF.⁵³ These tests are also used to determine the continued eligibility of the schools.

The purpose of the QAT is to assure quality of subsidized private schools. This policy assumes that a performance-based subsidy will create incentives for schools to improve quality. Anecdotal data from teachers employed at FAS schools also suggests that the QAT assumes very high-stakes for schools. The QAT results effectively become a proxy for quality of teaching and learning at FAS schools. However, evidence about whether the QAT improves quality is mixed.⁵⁴ Observers are unsure if positive outcomes of the program are because the FAS program is “heavily supported and monitored by donors.”⁵⁵

A study of the program also reveals that the threat of exclusion from the subsidy program induces large learning gains as measured on the QAT after the threat becomes imminent due to a first failure. Barrera-Osorio and Raju attribute these large gains to “accountability pressures.”⁵⁶ In addition to accountability pressures, there are also incentives for teachers who receive annual bonuses if their students perform above a certain threshold on the QAT. Thus, the high-stakes of the QAT are driven by both accountability pressures as well as performance-based financial incentives for teachers.

The research conducted for this report suggests the possibility of excessive teaching to the test that may become the normal practice in FAS schools because of the QAT. This is discussed below.

It is important to note that this report is not making an argument against high-stakes testing per se. It is, however, making an argument for teaching to the curriculum instead of teaching to the test. Teaching to the curriculum, if it is done well, can result in higher gains on high-stakes tests. However, imagine a situation in which the teachers teach from guess papers or sample papers or items collected by the schools’ principals from previous tests. If a teacher is drilling the students on test items from the previous tests than the results of the test will not reflect student learning gains with respect to the curriculum. For example, teachers noted that the only question regarding dengue that appears repeatedly on tests is on the causes of dengue.⁵⁷ As a result they only teach students the causes of dengue and not other aspects (for e.g. the symptoms of the disease). Drilling the answer to a likely question on tests cannot help children engage in meaningful learning about dengue. Valid inferences about learning cannot be made on the basis of test results because of item teaching. “Teaching either to test items or to clones of those items eviscerates the validity of score-based inferences. Whether those inferences are made by teachers, parents, or policymakers, item-teaching is reprehensible.”⁵⁸

Anecdotal evidence from some FAS schools reveals that a substantial portion, several months sometimes, of the school year is used to continuously practice for the QAT using model and past papers.⁵⁹ Any subjects or chapters that are not tested in the QAT are not taught as they are not considered to be a priority. There are no extracurricular activities at all and as the test date approaches activities such as assembly and time off for recess are also curtailed.

Readers should note that claims about teaching to the test in the case of subsidized schools are based on a few school visits. These are suggestive in nature and cannot be generalized to the entire population of subsidized schools subject to the QAT. The potential adverse effects of teaching to the test on the validity of the QAT results are, however, a real concern just as these are an issue in the context of public sector schools. The bottom line is that teaching to the test calls into question the validity of any conclusions drawn about the quality of education imparted in subsidized schools.

Measures may need to be taken by PEF to prevent the use of guess and model papers in classrooms. According to interviewees, some schools cover the curriculum at an inappropriately fast pace to create more time for test preparation. PEF should consider introducing curriculum pacing guides to

address this problem. FAS, being a flagship program by way of public-private partnership initiatives in education in Punjab, should move quickly to address these issues as it gears up for further expansion.

BOX 5.3 KEY POINTS: EFFECTS OF HIGH-STAKES ASSESSMENTS ON TEACHING PRACTICES

- The QAT involves high-stakes testing for subsidized schools and teachers. There is a strong possibility, as a result, that teachers will teach to the test. Some evidence of excessive teaching to the test has come to the fore in the course of this study. In some supported schools a substantial portion of the academic year is spent in preparing students for the QAT based on guess and model papers.
- Given the importance of the QAT, a market for guess papers has emerged and the QAT model papers are being sold across Punjab. These are being used by schools to teach to the test.
- Teaching to the test means that inferences about student learning gains based on test results may be flawed. This calls into question claims about the improvement of quality in FAS schools.
- Steps need to be taken to ensure that teaching to the curriculum replaces teaching to the test in subsidized schools. Some schools cover the curriculum at a very fast pace in order to give more time to teach from guess/model papers. PEF may consider introducing curriculum pacing guides to ensure that the entire curriculum is covered at an appropriate pace.

ASSURING QUALITY IN PRIVATE SCHOOLS: CHALLENGES AND WAY FORWARD

A narrow focus on student learning outcomes in place of a comprehensive notion of quality is evident in the case of private schools by provincial governments, international development agencies, local organizations, and researchers. Nearly all of these stakeholders speak of quality in private schools primarily in terms of student learning outcomes.

Student learning outcomes are a critical indicator of the overall performance of any system of education. However, a sole focus on these outcomes can potentially make observers neglect other aspects of a quality education experience. Key stakeholders interviewed for this report believed in a holistic idea of what constitutes quality education. This implied that all schools be able to meet minimum standards, not just for learning outcomes, but also for inputs (infrastructure, teachers, curricular and extra-curricular activities), processes (teaching and administrative practices) and outputs (better learning). Yet, most stakeholders were also content with comparative findings that private schools performing

better than public schools in terms of student learning outcomes. Many respondents used the findings regarding the relatively better performance of private schools to support a something-is-better-than-nothing position.

Improving the quality and quantity of inputs costs money. This problem is not as pronounced in the case of high-fee private schools, which can assign resources to provide extra-curricular experiences to children, hire better qualified teachers, and set up better/ child-friendly facilities. However, the LCPSs, given the low-level of fees they charge, can provide none of the above without additional financial resources. The LCPSs will not be able to improve their infrastructure, hire qualified teachers or train existing teachers, or provide extra-curricular activities to their students without either increasing their fees or depending on government subsidies to raise standards. The former will make them unviable and the latter will put additional financial burden on governments. The state will need to increase its level of conditional subsi-

dies to the LCPSs in order to preserve a holistic approach to quality of education.

This also, however, requires revisiting the existing approach of using targeted subsidies dependent on the ability of subsidized schools to achieve student learning targets as an effective means of assuring quality. This report suggests that an emphasis on student learning outcomes is creating a structure of incentives in which subsidized schools may resort to excessive teaching to the test. There is need for greater research and debate regarding conditions under which subsidy programs can achieve a holistic improvement in the quality of subsidized schools.

Undeniably, the LCPS sector is a large contributor to the education of children from disadvantaged households. It may be providing slightly better student learning outcomes than the public sector. However, establishing this fact in comparative studies of LCPSs and public schools does no good to either. The problem of delivering quality exists in both public and private schools. Using the former as the benchmark for student learning outcomes can induce a sense of complacency in the latter. Thus, in advocating quality of education in private schools we should not lose sight of a holistic vision of quality and use it to define future directions of reforms.

06

REGULATION: PRACTICES AND POSSIBILITIES

WHY IS REGULATION NECESSARY?

What should the state's stance towards the private sector be? According to market principles, markets have an inbuilt mechanism for self-regulation and the state's intervention in the workings of private schools can have adverse effects on their abilities by stifling their creative and innovative impulses.

Those who argue in favor of state regulation of private schools, premise their claims on education as a public good as well as its status as a fundamental human right. As per this argument, it is the responsibility of the state to protect the interests of children by ensuring that private providers of education work within certain bounds. In particular, regulation should ensure that students are receiving quality education (i.e. that minimum standards are being met) and that they are learning in a safe environment (i.e. safety standards are being met). Additionally, it should ensure that private schools do not expose children to teachers who do not have the knowledge and skills needed to be a professional teacher. Requiring private providers to hire certified teachers with minimum academic qualifications and to support them to continually upgrade their knowledge and skills may achieve this. Under this view, the public aims of education can be compromised in an unregulated private education market. Regulation is, therefore, necessary to enforce and ensure that minimum standards are being met with regards to quality as well as safety.

Those who argue against the regulation of private schools state that regulation has a negative impact on competition. It intervenes with and violates consumers' freedom of choice. Efforts to regulate school fees can stifle private school entrepreneurs' flexibility to cut costs to deliver the level of quality education demanded by consumers. In the context of low-cost private schools (LCPSs) in Pakistan, this argument will be interpreted as follows. The LCPSs remain viable by keeping their fees low. However, they cut their costs by reducing the salary bills of teachers by hiring primarily unqualified and untrained teachers. The government could attempt to protect teachers by requiring LCPS entrepreneurs to increase the salary of teachers to an acceptable minimum. However, in order to keep their profits at current levels, the entrepreneur will either have to fire some teachers to keep the salary bill constant, or will have to increase student fees in order to adhere to government regulation. Both options will leave the schools and their consumers worse off. The first alternative

would result in increasing the student-teacher ratio and the second would make it difficult for low-income households to pay the increased fees. Additionally, proponents argue that LCPSs are delivering better student learning outcomes while keeping their costs low with no regulation. The state will do better by adopting a hands-off approach towards these schools and leaving things, as they are, between parents and the school.

Regardless of arguments against regulation, the extent and effectiveness of regulation of private schools has emerged as a critical issue in Pakistan's policy discourse. All provincial governments in Pakistan aspire to regulate the private sector. Yet many commentators suggest that the governments should improve the management of public schools before they attempt to regulate private sector schools. Others have pointed out flaws in existing regulatory policies and their implementation. All independent observations so far suggest that the government is unable to achieve the objectives that effective regulation of the private sector hopes to achieve. This chapter looks at the scope and coverage of existing regulations on different aspects of private schooling. It also examines the state of existing regulatory policies and their implementation in Pakistan. Assuming that effective regulation of private schools is needed; the chapter also looks at challenges in its way and makes some suggestions about the way forward.

WHAT IS THE NATURE OF REGULATION OF PRIVATE SECTOR SCHOOLS IN PAKISTAN?

Privatization of education in Pakistan appears to have taken place not in the presence of a strong public sector, but largely due to its failings. The private education sector in Pakistan comprises of a highly segmented education marketplace, ranging from very high-fee schools (PKR 50,000 a month) to very low-fee schools (PKR 300 per month). This shows huge socioeconomic disparities. All of these private schools (high-cost as well as low-cost) are subject to regulation by the state. Regulation is the responsibility of the provincial government by virtue of various acts and rules issued by the governments from time to time. This section of the chapter examines the policies, legislative frameworks, and rules in place pertaining to the regulation of the private education sector in Punjab, Sindh and Islamabad Capital Territory (ICT). The discussion also centers on aspects of private schools that the state seeks to regulate and the challenges it faces in the process.

LANDSCAPE OF REGULATION

In order to provide context to the reader, Table 6.1 briefly describes the laws that provide the basis for regulation across the country and the bodies responsible for enforcing and monitoring the regulation of private schools. The discussion focuses, as mentioned above, on three main regions of the

country, namely, ICT, Punjab and Sindh. In ICT, the regulation of private sector schools is governed by a recently enacted piece of legislation. The relevant legislative Act was passed in 2013 and rules are currently being drafted in order to operationalize it. In Punjab, the private schools are being governed by legislation dating back to 1984 (amended in 1995). The Punjab government is currently in the process of revising legislation on private sector regulation; the ‘Punjab Private Education Commission Bill 2014’ has been drafted but not been passed as yet. This bill proposes the establishment of a sector-specific regulatory body to oversee regulation. Sindh already has a separate directorate (the Directorate for Private Institutions) that regulates private schools in the province as per the ‘Sindh Private Educational Institutions (Regulation and Control) Rules 2005’.

EXISTING POLICY AND LEGISLATIVE REGULATORY FRAMEWORKS

Governments’ views and outlook on regulation

The National Education Policy (NEP) 2009 and the provincial Education Sector Plans (ESPs) touch upon the regulation

Table 6.1 Regulatory framework in ICT, Punjab, & Sindh

Area/ Province	Islamabad Capital Territory (ICT)	Punjab	Sindh
Act or Ordinance	ICT Private Educational Institutions (Registration and Regulation) Act 2013- Rules have not been passed under this as yet	Punjab Private Educational Institutions (Promotion and Regulation) Ordinance 1984- Punjab Private Educational Institutions (Promotion and Regulation) Rules 1984	Sindh Private Educational Institutions (Regulation and Control) Amendment Act 2003- Sindh Private Educational Institutions (Regulation and Control) Rules 2005
Regulatory body/ Department	Private Educational Institutions Regulatory Authority (PEIRA)	School Education Department, Punjab	Directorate of Inspection and Registration of Private Institutions Sindh

of private educational institutions.¹ The NEP draws attention to the inadequate regulation of private schools in the country and recommends the development of regulations for establishing and running private sector institutions. According to the NEP, a number of private schools have not registered with the provincial government and often do not comply with existing regulations. It also expresses equity concerns in terms of the need to regulate fees and enforce a quota system in all private schools. It observes, with concern, that registered private schools often charge higher fees than allowed and that they do not comply with the mandate to enroll 10% of their students from disadvantaged households. Moreover, the NEP also observes that the difference between the official and enacted school curriculum is higher in the case of private sector schools, further exacerbating the problems created by parallel education systems. The NEP proposes the development and enforcement of a common curricular framework that will bring the public and private sector together.

The concerns expressed in the NEP are reflected in the provincial ESPs inasmuch as all of them recognize a role for the state in regulating the private education sector. The plans highlight in particular the need to regulate the curriculum in all private schools. A major concern appears to be the disconnect between private and public schools with respect to the curriculum and the importance of bridging this divide. This concern cuts across the ESPs of Punjab, Sindh, and Balochistan. The plans also echo the NEP in its call to reinvigorate regulatory bodies to improve and enforce regulations.

Thus, the national and provincial governments view the regulation of the private sector as an important concern of the state and envisage a stronger role for the provincial governments in regulating private schools. It is noteworthy that, whereas the NEP and ESPs emphasize the need for effective regulation in principle, they do not make any tangible suggestions about how to regulate the private sector.

Legislative frameworks

Punjab, Sindh and ICT all have legislation in place to address the regulation of private educational institutions in their respective jurisdictions. In Punjab, as mentioned earlier, the 'Punjab Private Educational Institutions (Promotion and Regulation) Ordinance 1984' under which the 1984 rules were promulgated is in place; in Sindh the sector is regulated as per the 'Sindh Private Educational Institutions (Regulation and Control) Amendment Act 2003' under which revised rules were promulgated in 2005 and in ICT the 'ICT Private Educational Institutions (Registration and Regulation) Act 2013' has been passed with rules currently being drafted and debated by various stakeholders. However, the laws are being implemented and followed to varying degrees in each

of the provinces.

SCOPE AND COVERAGE OF REGULATIONS

Regulations typically target a variety of aspects pertaining to private schooling. These may include registration, teacher pay and qualifications, fee levels, curriculum and infrastructure, amongst other things. There is disagreement in the literature with regards to exactly what aspects of private schooling should be regulated. It is widely held that certain aspects of private schools should be regulated (and regulations should be clear and justified in these cases) especially with respect to health, safety, achievement of curriculum objectives and admission tests for further education.²

Regulations concerning private sector schools in Pakistan are largely input-focused. These regulations can be categorized into two broad types: First, regulations that have a bearing on quality (these include regulations regarding curriculum and textbooks, teacher qualifications and infrastructure) and second, regulations that have a bearing on access (these include regulations regarding student fees and quotas). Quality related regulations address a number of challenges or market failures that can result in the private market, such as negative externalities and agency problems. Access related regulations address certain distributional concerns that exist in the private market. These are discussed in detail below.

Quality related regulations

Quality related regulations comprise of those regulations that have an effect on the quality of education delivered in private schools. Such regulations include those concerning curriculum and textbooks, teacher qualifications, teacher salaries and school infrastructure and resources (each of these is discussed below in the context of Pakistan). Regulations pertaining to the quality of education being imparted and received in private educational institutions can potentially address some of the challenges pertaining to negative externalities and the agency of the consumer that may arise in the private education market. There is also concern that the relatively better quality private schools do not necessarily give students better access to labor markets. LCPSs, for instance, may be no different to public schools insofar as their students are likely to remain, in what the sociologist Stephen Ball calls, "social circuits" or "closures."³ There is unease as some parents are realizing that investments in the education of their children are not giving them access to the labor markets they aspire to.

Negative externalities are costs that can accrue to society because of transactions taking place in an unregulated pri-

vate school. For example, a school may implicitly endorse violence against a particular community in its curriculum and teaching practices. We are all too familiar with the costs incurred to society due to such violence and intolerance. Regulating the curriculum in use in private schools can curtail such negative externalities and the costs that may accrue to the community or society at large by teaching children such undesirable values.

Agency related problems may arise when consumers (parents and children) are constrained in making optimal decisions regarding the selection of private schools or educational services due to a lack of information. Some observers assume independence and capacity on the part of consumers to make a choice in an education market. For instance, those who advocate for a free market in education argue that parents always make the optimal choice and when parents perceive a school to be of high quality, more often than not, objective measures also show it to be so.⁴ However, others argue that this confidence in the consumer's capacity to make the right choices is overstated. They argue, for instance, that it is difficult for deprived people to demand improvement as they may have come to terms with their deprivation.

"The deprived people tend to come to terms with their deprivation because of the sheer necessity of survival, and they may, as a result, lack the courage to demand any radical change, and may even adjust their desires and expectations to what they unambitiously see as feasible."⁵

Furthermore, it is also a fact that the actual recipients of educational services are often not the actual decision-makers. For example, it is not parents but the young children who actually receive and consume educational services. However, it is the parents who choose the type of educational services that they consume.⁶ Not all parents are equally equipped to make optimal decisions about their children. Examples of parental choices that work against the interests of children abound even outside the realm of education.⁷ Thus, parental affection for their children and concern for the quality of their children's education does not always protect their children's best interests.

There is very little evidence of quality related regulations implemented in Pakistan. Information provision has only been undertaken so far in a research study in Punjab. The study has suggested that providing school report cards to parents has the effect of changing the price-quality menu in ways that favors consumers.⁸ No governments have so far taken steps to provide information to potential consumers. The School Assessment for School Improvement (SASI), an initiative undertaken by Idara-e-Taleem-o-Aagahi, is currently attempting to create some information products for private

schools.⁹ Likewise the Institute of Social and Policy Sciences (I-SAPS) is also working on using information products to stimulate the demand-side by making parents more proactive in asking for quality education in both public and private schools. The extent that these measures succeed in changing the price-quality menu of private schools is yet to be seen.

Curriculum and textbooks

The legislative frameworks in Punjab, Sindh and ICT touch upon the regulation of the curriculum and textbooks in use in private schools. In Punjab, the 1984 Rules state that schools will use textbooks approved by the government.

Literature suggests that private schools should not be regulated in terms of being confined to the national curriculum. As long as private school students "pass the national examinations at the end of primary and secondary school the balance of their curriculum should be an institutional decision".¹⁰ There is disagreement on this point, however. According to interviews conducted with stakeholders in this study and a review of the provincial ESPs in Pakistan, standardization of curricula being taught across the public and private sector is being prioritized. The preference appears to be the enforcement of a uniform national curriculum to avoid disparities and also curtail issues of extremism and instability. Furthermore, the rules also require that the curriculum in use is not repugnant to Islamic or national ideology. However, it is unclear how it may be so when only the government-approved textbooks are allowed into the classroom. The 2003 Act in Sindh additionally requires private schools to teach Sindhi language.

A question to consider here is whether private schools can produce negative externalities? This is a vexing issue and one that invites a great deal of controversy. If a specific private school teaches violence, hate, and intolerance as part of its curriculum it can generate a negative externality where society as a whole may be left worse off as a result of the deterioration of the law and order situation in the community. Regulation of the curriculum may be needed generally to ensure that schools are prevented from spreading intolerance in society.

Teacher qualifications

Legislative frameworks in Punjab and ICT seek to actively regulate teacher qualifications in private schools. The 1984 Rules in Punjab, as amended in 1995, state that teaching staff are required to have an M.A. or M.Sc. with B.Ed./M.Ed or M.A Education. The draft 'Punjab Private Education Commission Bill 2014' sees a role for the Commission in setting minimum qualifications for teachers of private schools. The Private Educational Institutions Regulatory Authority (PEIRA) in ICT has also been given the mandate to regulate teacher qualifications, though in the absence of rules what

exactly these will entail remains to be seen. Notwithstanding these requirements, the concerned authorities tacitly accept the violation of these rules. Private schools, especially LCPSs, feel no obligation to hire teachers according to the qualification requirements provided in the respective regulations.

Literature suggests that regulatory frameworks should not necessarily require teachers in private schools to be certified. The research conducted by the Learning and Educational Achievements in Pakistan Schools (LEAPS) project shows that the very viability of the LCPS depends on hiring young and low-qualified women at meager salaries.¹¹ Teacher certification and pedagogy requirements are deemed counterproductive as they undermine the ability of non-government schools to be flexible especially since teacher certification is not necessarily associated with better teaching and learning.¹²

Teacher salaries

Teacher salaries can impact the quality of education delivered in private schools. For instance, if we assume that offering lower salaries to teachers attracts less qualified teachers, this would affect the quality of education delivered.¹³ The relevant legislation in all three regions requires the regulation of teacher salaries. According to amendments made to the 1984 Rules in 1995 in Punjab, teacher salaries in the private sector have to be at par with teacher salaries in the public sector. The preamble to the draft 'Punjab Private Education Commission Bill 2014' mentions that one of the primary functions of the Commission would be to "check the exploitation of teachers and students", however, it is not more specific and does not elaborate on this point with respect to teacher salaries aside from saying that teachers will be paid according to their qualifications.

The government in Punjab would like to take more serious steps to regulate teacher salaries.¹⁴ It recognizes that teachers in private schools are being exploited. However, the government wants to gradually move towards effective regulation of salaries. At present the government wants to focus on the practice among many private schools of 'grabbing' the original documents¹⁵ of teachers in order to ensure that they are not free to leave employment according to the terms of their contract, even though school managements are known to fire teachers on short notice.

The 2003 Act in Sindh also requires that the pay scales of teachers must be commensurate with the fee structure in schools. The 2005 Rules in Sindh require that teacher salaries in the private sector should be at par with their government counterparts; unlike Punjab, however, the 2005 Rules are specific in mentioning that "salaries and allowances of teachers with one year experience should not be 'less than four times the monthly fee of a student of the highest class

of the institution.'" In ICT, PEIRA wants to take a much more sensible approach by supporting LCPS teachers financially to compensate for the low salaries offered to them by their respective schools. Accordingly, PEIRA would facilitate the LCPS (charging below PKR 1,000 a month) to pay teachers the minimum wage via an endowment fund. PEIRA is currently lobbying for development of this endowment with the government.

Can or should the government regulate teacher salaries? The opinion on this question is divided. Research on the private sector in India, shows that the requirement for private schools to bring teacher salaries at par with the salaries of government teachers makes these schools unaffordable for low-income households.¹⁶ Studies conducted in Pakistan claim that LCPSs are viable only because they keep teacher salaries low. Attempts by the state to regulate teacher salaries in such schools are resisted, as they are viewed by private schools as an attempt to put them out of business.

Infrastructure

In Punjab, as per the 1984 Rules, infrastructure and facilities must be adequate for the level of enrollment in the school. Amendments made in 1995 are much more specific on the matter, stating for instance that private institutions must have a library with at least 5,000 books and a playground the size of a hockey, football or cricket ground. The 2003 Act in Sindh also lists the necessary infrastructure that private schools should have (including a building, classrooms, laboratory, playground, library, canteen and safe drinking water facilities). Under draft rules being discussed in ICT, schools with land below 10 marlas will not be eligible for registration.¹⁷

Excessive input-focused regulations regarding infrastructure can greatly limit the ability of a private school to keep its fees low. As in the case of teacher salaries or fees, such regulations are not enforceable without financial support to the private schools to meet the regulations. As a result, even in the presence of detailed regulations, consumers continue to be victims of unsafe infrastructure, and little or no facilities for sports and reference materials.

Access related regulations

Access related regulations refer to those regulations that have an effect on access to private schools, such as student fees and reserved seats or quotas for disadvantaged students (discussed below in the context of Pakistan). Such regulations can potentially address distributional issues that arise in private education markets.¹⁸ Distributional issues concern equity in the distribution of education services. In a highly segmented education market, the quality of education provided to consumers will vary according to their ability to

pay for it. As discussed in more detail in chapter 5, the quality of education provided by LCPSs is not measured according to a holistic notion of quality. Such a measurement will actually make them look much worse than they appear when only learning gains relative to the failing public school sector are taken to be a marker of quality.

School fees

The state has attempted to regulate fees in Punjab, Sindh and ICT. The regulation policies in all three regions address fee regulation, though some are more specific than others. In Punjab the 1984 Rules are fairly relaxed with regards to fee structure and fixation, inasmuch as they merely require the fees to not be raised “beyond reasonable limits”.¹⁹ According to amendments made in 1995, however, monthly fees have been fixed, unrealistically so, at PKR 500 a month. However, this may change after passage of one of the major reforms proposed in the draft ‘Punjab Private Education Commission Bill 2014’. This bill stipulates that the proposed regulatory authority, the Private Education Commission, will rank educational institutions into different categories based on their fees, faculty and facilities. This Commission will have the power to review and control tuition fees charged by private schools if they are not linked with the faculty and quality of education provided.

In Sindh, the 2003 Act states that the fee structure in a private school needs to be fixed with prior approval of the government (this was a significant departure from the earlier ordinance of 2001 that categorically stated that the fee structure of private schools would not be interfered with). According to the 2005 rules, once approved, private schools in Sindh cannot raise fees during the academic year. These rules also specify that when increased, fees can only be raised by 5% per annum. In ICT, the 2013 Act states that PEIRA can regulate and fix the fees charged. No rules have been passed to operationalize the Act as yet and so it is not clear how exactly PEIRA will implement this regulation.

As mentioned earlier, some types of regulations can affect the prices charged by schools. If the fee increases cross the affordability threshold, the schools can become unviable. The state’s attempt to control school fees is one such regulation. Literature suggests that regulatory frameworks in countries with substantial private sectors should not have tuition fee limits or fee increase limits because if “schools are unable to set their own fee bands based on market forces, the financial sustainability of the sector is put in peril”.²⁰ Setting tuition fee limits can discourage investors and thereby undermine the expansion of the private sector.²¹ Moreover, upper limits on tuition fees charged can undermine a school’s ability to cross-subsidize (i.e. where fee-paying children can subsidize the education of students who cannot afford to pay fees in the same school).²² This is interesting, as in Pakistan there is

a heavy emphasis in regulatory frameworks formulated or in the stages of being revised to focus on fee regulation in private schools. While the maximum monthly fee that can be charged in private schools has been set at the unrealistic figure of PKR 500 in Punjab, even if the figure were to be revised it would not be possible for the School Education Department to effectively implement this given resistance from private school entrepreneurs and associations.

While the provincial governments are writing down fee regulation in their regulation rule-book, it is, as discussed above, one of the most unrealistic regulations to implement. High-fee private schools have resisted fee regulation successfully in the past. LCPSs operate with marginal profits and any attempts to apply fee regulations to them will clearly be tantamount to rendering them unviable.

Quotas

The draft ‘Punjab Private Education Commission Bill 2014’ refers to the ‘corporate social responsibility’ of private institutions to provide free education to 10% of deserving students from low-income households. The same holds in Sindh as per the 2005 Rules and in the ICT legislation.

The literature suggests that high tuition private schools should reserve a percentage of their seats for scholarships for children from low-income backgrounds.²³ Other studies view quotas as being a regulatory barrier.²⁴

In Pakistan, the government is supposed to identify disadvantaged children for private schools to provide free education to. When and how the government plans on identifying these children has not yet been determined. Similarly the government has not provided any incentive, monetary or otherwise, to private schools to do this. While government officials in Punjab and Sindh state that this regulation is being implemented, with schools being asked to provide documentary proof that they are providing free education to 10% of the student body, they do realize that they cannot ensure that the most deserving students are being given seats. It was recognized that it is often the children of the school-teachers who are receiving education free of cost.²⁵

ANALYSIS: COMMAND AND CONTROL MODEL OF REGULATION

A reading of the national and provincial policies, plans and legislation pertaining to the regulation of private schools makes it evident that the regulatory model in place for private sector schools in Pakistan most closely resembles the Command and Control Model (CCM) of regulation.²⁶ This is highlighted in the literature as one of the approaches taken to regulate a variety of industries and sectors including

private education. The CCM of regulation exhibits a number of characteristics. These include: a strong role for the state, with rules and regulations emanating from and being enforced by it. The state normally sets up a sector-specific regulatory body for this purpose (i.e. to exercise its power and ensure that the conduct of regulated organizations is in accordance with regulations that have been developed). The CCM of regulation is prescriptive, formal and juridical in nature. It entails the use of clear rules, violations of which are easily identified by inspectors and it involves the use of sanctions and punitive measures in the case of violations.²⁷

While the CCM in and of itself is neither a good nor a bad model, there are several contexts in which the CCM can fail to meet its objectives. For example, where the CCM comprises of clear rules that are intrusive or too elaborate this can result in corruption, given the high stakes for the regulated schools. It can also result in regulations that are largely ignored; if rules are unrealistic and require significant financial investments by regulated schools they will be difficult to follow and enforce. In practice, therefore, the CCM of regulation can fail to protect children from the possible excesses of the private sector. Insights from the use of CCM in India depicted in Box 6.1 are relevant to Pakistan's regulatory context inasmuch as they suggest that CCM is likely to fail when the regulations are too numerous and unrealistic, and when the government departments assigned for regulation do not have the required human resources and other means to effectively enforce regulation requirements.

Additionally, just because rules in the CCM are clear, does

not necessarily mean that they are appropriate or that they will be effectively implemented. The working of this model depends on the adequate enforcement of these rules, which is often not the case in practice. This is especially evident in developing countries.

“Politicization and over-enforcement are an issue in societies with few checks and balances on the government... (public) regulation is a particularly poor idea in undemocratic countries and in countries with extremely powerful executives where the risks of abuse are the greatest.”²⁸

A study on regulation of private schools in Hyderabad (India), points out that while on paper many conditions have been laid down to establish, run and obtain recognition of schools, in practice inspection protocols are widely ignored and “bribery and corruption are the order of the day and that (private schools) buy their way out of the official regulations.”²⁹ For instance, it is clearly unrealistic to force private schools to abandon the profit motive by making it illegal. This illegality has become largely accepted in India, as schools continue to work as for-profit institutions.

In order for the CCM of regulation to be successful, rules must not only be clear but must also be realistic (taking into account the socioeconomic realities on the ground), there must be sufficient resources and capacity within the state to monitor and enforce regulations and the process of regulation must be simple and easy to follow. In Pakistan the CCM fails because of failure across all these dimensions as described in the next sections.

BOX. 6.1 COMMAND AND CONTROL MODEL IN INDIA

An example of the use of CCM in our region is the regulatory frameworks used in most states of India. Every state government in India is drafting state rules under the Right to Education (RTE) Act 2009 and the Model Rules under the Right of Children to Free and Compulsory Education Act 2009. The model in India is prescriptive and formal in nature. According to the Act private schools must be recognized (with a certificate of recognition being awarded for three years). Private schools cannot be set up as for-profit and must declare that they comply with the norms and standards set out in the rules with regards to Student Teacher Ratios (STR), infrastructure and teacher qualifications. Some examples of these rules are given below:

- **STR:** For schools with enrollment of less than 200, the STR must be 30:1 and for those with over 200 pupils it must not exceed 40:1 for grades 1 to 5, and 35:1 for grade 6 to 8.
- **Infrastructure:** Schools must provide playgrounds, separate toilets for boys and girls, drinking water, a kitchen and a school library specifying the number of books, periodicals and newspapers in the library.
- **Teachers:** The teachers hired by the private schools must have minimum qualifications as laid down by the relevant authority or central government. Where teachers do not possess this they must get it within five years. The salaries of teachers are also required to be at par with those of regular government school teachers. Teachers have to complete the curriculum within a certain timeframe and cannot engage in any private tuition. The focus here is more on teacher punctuality and attendance and not on the learning achievements of students.
- **Equity:** According to the RTE Act private schools do have to reserve 25% of their seats for disadvantaged groups.

As a characteristic example of the CCM, the regulatory frameworks in India also have negative sanctions for non-compliant private schools. Schools operating without a certificate of recognition can be fined up to IR 100,000 or IR 10,000 each day and if a school does not obtain recognition within three years, it can be shut down.

Source: Dixon, 2010; Madhavan & Sanyal, 2012

Unrealistic or inadequate regulations

It is apparent at once that most of the regulations are too unrealistic to enforce. For instance, in the case of regulation of fees, it does not seem feasible for private schools to abide by the upper limit of monthly fees (PKR 500 a month in Punjab) or to expect private schools to refrain from increasing fees by more than 5% a year (as outlined in Sindh) as these do not even take into account fluctuation in inflation rates from year to year. Even where a more sensible policy with respect to fee regulation is outlined, it will meet with resistance as already being witnessed in the case of the draft 'Punjab Private Education Commission Bill 2014'. The contents of this bill have been under debate for a few years especially due to resistance from private schools associations on the point of fee regulation. The trouble with enforcing fee related regulation is suggested clearly by a Punjab government official in these words: "we do not take action against private schools on the basis of fees."³⁰

Even on the point of teacher salaries, it appears as though the political economy of the private education sector has not been considered. Regulations pertaining to teacher salaries are not being implemented- "teacher salaries cannot be regulated and if they are, more than 70% of private schools will be shut which is not in the interests of the government."³¹ It was also noted in Sindh, that implementing teacher salary regulations is "too difficult."³² Private schools have limited incentive to follow this regulation as they are creating jobs for teachers who are willing to be employed at lower salaries.³³ It is seen as essentially a matter between the school entrepreneurs and teachers with the state having no business to intervene in these contracts.³⁴

Regulations regarding reserved seats in private schools for disadvantaged children are also contested. It is a widely held belief that this regulation was only formulated as law because of similar steps taken by India (where private schools must provide education free of cost to disadvantaged children accounting for 25% of their student body). While in Pakistan the quota at present stands at 10%, the regulation has not been thought through adequately. Interviews with other stakeholders shed light on the nuanced nature of this issue. It is claimed by private schools that LCPSs are often providing free education to more than 10% of their student body since there are many cases of children who have not paid fees in months and who cannot simply be expelled.³⁵ Another critical issue here is acknowledging that the private education sector is not monolithic; while at one end of the spectrum LCPSs are present, at the other end are elite schools. The latter resist implementing the quota for a different set of reasons. One of these is that a disadvantaged child will not be able to adapt to an environment with children from a completely different socioeconomic background. While elite

schools should not be absolved of their responsibility, there is a need for policymakers to think through the consequences of the regulations laid down. It was felt that a better idea is to make it mandatory for elite schools to adopt LCPSs as opposed to making them provide education free of cost to students who may not be able to adapt within their schools.³⁶

Lack of human resources and capacity

The regulators in Punjab, Sindh, and ICT suffer from a lack of human resources, in terms of both quantity and quality, to effectively implement laws and rules discussed in the earlier section. Sindh and ICT both have separate directorates tasked specifically with the regulation of private schools (the Directorate of Private Institutions in Sindh and PEIRA in ICT). This is unlike Punjab where private schools are overseen by the School Education Department.

It appears, however, that there is not much of a difference in the effective supervision of private schools in areas with separate directorates and areas without separate directorates. In the case of PEIRA, the posts of chairman and two members have remained vacant for some time now (recently a caretaker chairman has been appointed). However, even after these posts are filled, PEIRA would not have sufficient field staff to inspect schools. According to interviews conducted in Sindh, Punjab and ICT, the fundamental issue is lack of field staff that can actually visit, inspect and assess private schools properly. In all three regions, it was noted that inspections (meant to be annual in the case of Sindh and Punjab and every two years in ICT) were not in fact taking place due to a lack of manpower even after private schools had paid fees for this service. Private schools are inspected only once at the time of registration (and this too does not necessarily hold).³⁷

The registration process also sheds light on challenges posed by the lack of quality human resources. In Punjab, at present, the procedure laid down is for private schools to submit applications to the Executive District Officer (EDO). The EDO forwards applications on to a district committee comprising of five members that is notified (by the Education Department) in every district and that has the power to inspect institutions to make sure they are complying with regulations and registration criteria. The district committee then makes its recommendations to the Registering Authority, that is, the EDO (Education). In Sindh, where the Directorate is organized at the division level, applications for registration are forwarded to inspection committees at the division level comprising of seven members. It has been noted that these committees have often made recommendations on an ad-hoc basis. There does not appear to be any transparency in how the committee members are selected and what orientation they receive when visiting schools.

The literature recognizes that government agencies tasked with the function of regulating the private sector are often “understaffed and resourced by people with skills and competence levels below those they are monitoring or regulating... leading to long delays and ill-informed judgments”.³⁸ This is apparent in the case of Pakistan. Steps need to be taken to simultaneously make the regulation more realistic as well as help build the capacity of regulators.

Furthermore, there is a need to unburden education regulators. Education regulators need not regulate every aspect of private schools. Regulatory authorities dealing with buildings, for instance, should regulate adherence to building codes. Likewise, the Competition Commission of Pakistan should ensure that the business practices of private schools remain fair and competitive.³⁹ Education regulators should only be concerned with matters related to curriculum, instruction, and assessment.

Complicated bureaucratic procedures

In all three regions it is evident that the registration process for private schools is lengthy and cumbersome creating opportunities at various junctures for corruption and graft. The problem is further compounded by inconsistencies in rules and insufficient rationale that is provided for requirements and criteria that need to be met in order for private schools to be registered. For example, in Punjab the 1984 Ordinance and Rules do not specify the term for which the certificate of registration will be granted. As a result, schools are registered for varying periods of time. The registration certificate may be awarded for three years, five years or for a lifetime.⁴⁰ The term has now, however, been fixed at five years.⁴¹

Aside from the terms of registration not being clearly communicated, there are numerous requirements that need to

WAY FORWARD

Provincial governments in Pakistan are attempting to implement a CCM approach to private school regulation. Regulation is completely driven by the state, consists of numerous rules to be enforced and at least in principle, results in negative penalties for violators. While the emphasis of the governments has been on developing excessive regulations, in practice they have found it difficult to enforce them. At present the provincial governments are unable to protect the interests of citizens through the regulation of private schools.

Several directions for development emerge from the discussion in this chapter. First, the information, distributional, agency, and externality issues in the market do warrant some

be fulfilled in order for private schools to even submit an application. For example, in Punjab private schools must get a building fitness certificate, health certificate and proof of registration as a society for which a number of departments need to be visited. The requirement of being registered as a society (under the Societies Act) is particularly problematic—“This is where dishonesty starts... if a school is a sole proprietorship, the owner needs to lie and say the private school is a society just to get the certificate of registration.”⁴²

Once the application is submitted, the private school is subject to the whims of the registration and inspection committee that visits schools to ensure that regulations are being complied with. In some cases schools are not visited at all and in other cases they are visited but petty and absurd objections are raised regarding “the color of the door being wrong” or the “whitewash of the walls not being bright enough”.⁴³ In some cases visits do not even entail meeting with the teachers at all. It seems that inspection visits dwell on superficial aspects of the physical structure of the school as opposed to more substantial aspects (like teacher qualifications) that have a bearing on the quality of education being imparted.

According to a private school entrepreneur interviewed in Karachi, many hurdles are created that delay the registration of the private school, as a result of which private school owners’ resort to paying bribes to government officials. One interviewee claimed giving a sum of PKR 15,000 to someone in the Directorate to attain a certificate of registration quickly (the entrepreneur noted that he paid this sum and obtained the certificate without the school being visited by the Directorate or inspection committee).

modicum of regulation. Second, regulation is not best done through the CCM. The CCM is not good or bad per se, but requires detailed analysis to determine the viability of each regulation. It also requires strong and well-resourced instruments of the state to enforce regulations. It also assumes that the market is developed enough to absorb the burden of regulation. None of these conditions are present in Pakistan. The CCM is, therefore, unlikely to work.

However, the state can assume the role of information provider to correct the information asymmetries. Several other commentators have suggested this as well.⁴⁴

The state should expand its subsidies through the education foundations and provide additional financial support to private schools if it would like to regulate teacher salaries. The Elementary Education Foundation in Khyber Pakhtunkhwa is piloting a model of paying the salaries of teachers hired by selected private schools. In effect, this becomes similar to Adopt-a-School models in which private sector managers can help improve management practices in the school, while the salaries to teachers are paid out of public estimates. Attempts to regulate teacher salaries in LCPSs are bound to flounder in the absence of financial support. The minimum wage rules, however, can possibly be enforced for medium to high-fee private schools.

In the case of LCPSs, regulation of most inputs and processes will require the provision of support for them to be able to reach minimum standards. So where the standards for infrastructure are not met, instead of requiring the schools to meet those from their own budget, financial support will be needed to help them meet the standards.

The government should ensure fair competition by invoking the Competition Commission to take action where private schools have adopted anti-competitive practices. "Competition can lead to efficiency and quality improvements" but it only works if consumers of a product are able to switch easily to another provider if they wish to (i.e. with ease and minimum cost to them). Practices by private schools that undermine competition can be taken up with the Competition Commission (which is mandated to look into such issues). For example, practices of private schools in charging non-refundable quarterly fees and demanding advance payments can undermine competition. Similarly, private schools should not be able indulge in bundling (coupling two or more services and goods) and coerce students to buy books, stationary, uniforms or other supplies from the school. This is both exploitative (i.e. a means to charge the consumer more) and against the interests of other retailers.⁴⁵

There is ample support for moving away from the CCM, reducing the number of regulations, and helping private sector schools develop some modicum of self-regulation. Governments should involve private school associations to move towards a system of self-regulation which may be overseen by the state but be implemented by the industry. This could reduce the states' liabilities while keeping its stake in tact. Recommendations are discussed below (and summarized in Box 6.2).

- Minimal regulation: Those concerned with the well-being of children will argue that schools must be required to meet some minimum standards. Regulation must balance the welfare of students without stifling and limiting the space for flexibility and creativity that characterize

private schools.⁴⁶ The purpose of regulation of private schools should be to ensure high quality delivery of education while simultaneously encouraging investment in the sector.⁴⁷ However, "government regulation appears designed to discourage private investment without commensurate gain in the quality of education."⁴⁸ Other studies observe a disconnect between the principle and practice of regulation. "In principle a positive policy stance and effective regulation are necessary to private school expansion", although in practice governments exhibit 'limited and dysfunctional regulatory engagement... with the private sector.'⁴⁹ In the case of Pakistan, it is also important that regulation be minimal since the state is weak vis-à-vis its capacity to enforce regulations. While the state should have some role to play in regulating and overseeing the private education sector, it is important that the rules it formulates are not i) unnecessarily numerous (in terms of number and variety) ii) unnecessarily restrictive iii) unenforced, existing only on paper without being implemented or monitored or iv) used as an opportunity for corruption (i.e. as an opportunity to collect rent) or a combination of all four.⁵⁰ One can deduce that (i) and (ii) have a bearing on (iii) and (iv), that is to say, the more numerous, restrictive and intrusive regulations are, the more probable it is that they will be unenforced or create opportunities for corruption.

- Regulation with support: This is especially so in the case of LCPSs. Where following regulations involves a cost for LCPSs, the state should facilitate and financially support schools in order to meet regulations. It may be possible, although extremely hard, to enforce regulations in schools with very high profit margins. Fairly invasive regulation regimes have been able to work only in rich countries, where private and independent schools are catering mostly to high-income communities. However, it may be exceedingly hard to enforce similar regulations in LCPSs due to their lack of financial capacity to meet multiple regulations on infrastructure, teacher salary and qualifications.⁵¹ Regulatory frameworks in Pakistan, as discussed in the section above, are beginning to focus on the regulation of teacher qualifications and salaries. It is difficult to imagine, however, how provincial governments intend to enforce regulations such as these given that private schools in Pakistan cut costs significantly by paying low salaries to teachers.
- Output-focused regulation: At present, regulations in place in Pakistan are heavily focused on inputs that go into the private school. Input-focused regulations tend to be more restrictive than output-focused regulations. Those who argue in favor of output-focused regulations (for instance, that a certain percentage of pupils achieve a minimum score on standardized exams) do so because

of the space that this affords the private school in innovating and experimenting with different approaches, all acceptable as long as the school has positive results to show for it.

- Defining the mandate of the regulatory body: There are regulations or aspects of regulations that should be enforced and monitored not by the sector-specific regulatory authority (i.e. the education regulator) but rather some other regulatory body within whose ambit certain regulations fall. Some economists also feel that it is not helpful to have all aspects of schools regulated by establishing a sector-specific regulator. For instance, the works department instead of the education department should regulate the quality of school buildings. Similarly, fair competition concerns in the private education sector can be addressed by invoking the Competition Commission established for that purpose. It is important not to overburden the education regulatory body since it will not even possess the expertise within it to carry out some of the enforcement. It is also important to make use of bodies and institutions that already exist.
- Addressing information failures: The state can mitigate the need to regulate by taking steps to provide information about quality of private schools on an agreed set of variables to all consumers of educational services. This will enable parents to make informed choices when selecting which private school to send their child to. At present, parents' assessment of the price-quality menu can be distorted due to the unavailability of accurate information. Thus, they may not be able to judge the quality of education being provided to their children. Informational asymmetries may require intervention by a third party, such as the state or an independent non-profit enterprise, to protect the interests of parents and children.
- Involve private school associations to move towards a system of self-regulation: This can be overseen by the state. This will reduce the states' liabilities but will keep its stake in tact.

BOX 6.2 KEY POINTS: REGULATION OF PRIVATE SCHOOLS

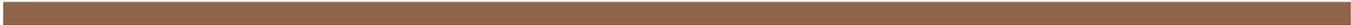
- Effective regulation of private schools is necessary but has proven to be difficult in practice. Most of the states' attempts to regulate teacher salaries, fees, curriculum and infrastructure have been unsuccessful. The current engagement of regulatory authorities and schools is nothing more than a kind of 'mimicry' of regulatory activities with little regulation happening in reality.
- The governments should consider moving away from their existing Command and Control Model of regulation, which is already failing. Since no benefits accrue from such regulation, the costs to the exchequer incurred on its conduct are not justified.
- There is a lack of capacity in regulatory authorities both in terms of human resources and their training to effectively implement regulatory policies.
- The list of things being regulated by education regulators needs to be substantially curtailed. Education regulators should not attempt to regulate all aspects of schooling and leave such things as building codes to other regulators. The Competition Commission should intervene to curb anti-competitive practices—such as bundling of products.

CONCLUSION

The above discussion begs the question of whether the state in Pakistan, which is generally known to have considerable difficulty in owning and managing schools efficiently, can regulate private sector education providers. We came across two kinds of arguments in the literature in response to this question. The first is made on the basis of purely market principles and militates against the regulation of private sector schools. The second acknowledges the need for regulation but argues against it in weak-state contexts. Effectively both converge in making a case against governmental regulation of private schools.

At present, the regulation requirements tend to be largely unrealistic inasmuch as they require the schools to spend beyond their viability thresholds. Under these circumstances, it is more cost efficient for the schools to bribe the inspectors instead of attempting to faithfully meet the regulation requirements. The possibility of bribery is further increased because of the lack of capacity of the regulatory authorities to inspect all schools. According to school entrepreneurs interviewed for this report, getting recognition from the government often involves paying unofficial charges to the officials from the registration agency.

Legislative frameworks are present in all the provinces. The provinces have also earmarked organizational resources for regulating private schools. While both legislative and organizational structures are evolving and metamorphosing (as in Punjab where an updated draft bill and separate directorate is being discussed or in ICT where new rules under the 2013 Act are being debated), there are some fundamental issues that need to be addressed in order for legislation to be effectively implemented by these institutions. The state is on a weak footing with respect to regulating private schools because, private schools are fulfilling the mandate of the state in providing education services to citizens of Pakistan, unburdening and absolving it of its responsibility. Moreover, due to the education emergency that is underway, the state cannot and will not exercise its authority in penalizing private schools who do not follow regulations since shutting down the non-compliant private schools will only be counter-productive and make the current situation worse. At the same time, however, this undermines the authority of the state since it creates a situation where private schools are free to pick and choose which regulations they will comply with and which they will overlook. While regulation of private schools in Pakistan is important, what should be regulated and how, may need to be re-visited.



07

CONCLUSION

THE WAY FORWARD

This report is primarily concerned with examining the state's engagement with the private education sector in Pakistan. The overarching context is the public policy concern with equity in the education sector with reference to access as well as quality. This report has been motivated in part by the Campaign for Quality Education's (CQE) commitment to educational justice for all children.

In a society already at risk due to high levels of socioeconomic disparity, leaving education as a matter to be settled between private providers and citizens risks exacerbating an already grave situation. In this context, education needs to be a force for equity by providing access to quality education. Currently quality differentials simply reflect the sharp socioeconomic inequalities in society at large. However, this makes it all the more urgent for education to be a part of the solution and not a part of the problem. CQE believes that, given its scale, the private sector in education is a significant contributor to education in Pakistan. So, it is critical to achieve equity in access and quality in the context of this burgeoning education marketplace by developing mechanisms for identifying and removing the impediments in the way of achieving them.

To this end, the report both acknowledges the mechanisms already in place and also identifies the existing impediments in sustaining, expanding, and improving both access as well as quality. In doing so, it raises a number of issues, which are detailed in the chapters on mechanisms, quality, and regulation. In this conclusion, we summarize some of those issues and make some suggestions for further research and debate in the context of policy. Some of the key points that emerge on each of the above mentioned themes are as under.

The mechanisms for partnership between the public and private sector are proliferating in Pakistan. They can largely be subsumed under three strands based on the flow of resources from one sector to the other: public to private; private to public; and private to private. The support from public to private sector takes the form of subsidies and vouchers which is generally offered through the provincial education foundations. The efforts of the Punjab Education Foundation (PEF) and, to some extent, the Sindh Education Foundation to expand the scale of subsidies to private schools need to be acknowledged. These efforts have expanded access to private schools by keeping education free at the point of service for disadvantaged parents. However, the current levels of subsidies remain inadequate and further expansion as well as sustainability of subsidies remains a problem to reckon with. The foundations as well as provincial governments should consid-

er action along the following lines to further strengthen the subsidies to private schools:

- Ensure effective targeting. Subsidies and vouchers are successful inasmuch as they are able to target disadvantaged children. However, there are several problems being faced by foundations in reaching out to children most in need. As such, it is possible for subsidies to be accessed by those who may not need them, while depriving those most in need.
- Expand subsidies at the middle and secondary level. Some existing measures, such as those adopted by PEF, for prioritizing the secondary level by tapering off subsidies at the primary level, may not be the optimal policy solution. This is because it adversely affects the existing and important efforts to improve equity at the primary level.
- Improve sustainability. It may appear more cost efficient for the government to pursue its commitment to Article 25-A by supporting a Low-Cost Private School (LCPS) rather than establishing another public school. This will achieve the ends envisaged under the Article only if the governments commit to make funds available for continual enrollments in private schools with no cost to parents. But supporting LCPSs and building/improving public schools cannot be an either/or proposition. The formidable enterprise of providing education to all children must proceed along both trajectories. At the end of the day, the state cannot—by way of reality or perception—resign from its central role in this context.

The support from the private to the public sector has taken the form of Partnership for Management programs. These programs are largely a variety of Adopt-a-School (AAS) models. More recently, the Sindh Government has also started preparations to invite private contractors to take over the management of certain public schools at a cost to the exchequer. The scale of their operation so far remains very small. There are, however, some success stories of the AAS approach to public private partnerships. Accordingly, there is need for policy formulation to increase the scale of private contribution to public sector schools. Given below are some areas that require policy building:

- Sustainability and exit issues (for both school adopters and the upcoming Education Management Organizations). It is important for policy makers to formulate a

policy to ensure that the public sector sustains inputs/improvements beyond the partnership period. This requires working on exit options for private partners.

- **Accountability.** Contracts must include specific indicators for school improvement, against which to assess the performance of partnerships.
- **Jurisdictional issues.** Policy makers must clearly ascertain the jurisdictions of the government and the private sector partners. They should develop rules for hiring and firing of staff in ways that make the partnership work for the benefit of students, teachers and schools.

Additionally, improvements in the quality of education in private schools are being hampered by a low expectations approach, which is a result of comparing private schools with low-performing government schools. This approach has permeated research as well as policy and practice surrounding private schools. It essentially projects the 'good' quality of private schools by using the 'low' quality of public schools as a baseline. Such comparisons, as this Monitor shows in both chapters 3 and 5, result in complacency. In reality, the performance of both public schools and the LCPSs is well below par when measured against minimum standards of achievements.

In the case of subsidized private schools, quality is being described by schools' performance on tests such as the Quality Assurance Test (QAT). Such tests could be a better mechanism for improvements in quality of teaching and learning practices if they did not carry very high stakes. The fact that private schools must perform above a certain threshold to become, and remain, eligible for subsidies raises the stakes of the test significantly. This can result, as shown in chapter 5, in excessive teaching to the test. Such practices undermine the validity of any inferences about learning that can be drawn from the results of tests.

Given below are some steps that the state could take to improve and maintain the quality of education in private schools:

- **Articulate a more holistic definition of quality.** This should be done for all schools, public as well as private. There should be an emphasis on the quality of inputs and processes as well and not just on student learning outcomes.
- **Reconsider the use of high-stakes tests.** This includes tests such as the QAT, for quality assurance. There is very little independent evidence that these tests add to learning gains. Furthermore, no comparisons exist between assisted and non-assisted schools on the ba-

sis of other mandated examinations conducted by the Punjab Examination Commission and the Boards of Intermediate and Secondary Education. On the other hand, the emerging evidence suggests that raising the stakes of the tests can lead to excessive teaching to the test instead of teaching to the curriculum. Assessments should, therefore, be more useful if their stakes are lowered and the results are used to improve the quality of teaching and learning.

- **Improve the quality of public schools.** The quality of public schools has a direct effect on private sector schools due to the comparative approach mentioned above. Improvement in the quality of public schools can create incentives for private schools to strive harder in order to show relative performance gains.

On regulation of the private sector, it is our considered view that more of the same will not work. The model being followed in principle—the so-called command and control model of regulation—requires resources that regulatory departments do not possess. In short, the current practices of regulation of private schools are largely ineffective and are not protecting the legitimate interests of the consumers of private education. Here are a few recommendations to improve regulation of private schools based on the discussion in this report:

- **Re-imagine regulation of private schools.** This should be done by reducing regulatory requirements, enforcing those that are absolutely essential and focusing more on the development of information products to stimulate competition between schools.
- **Identify the nature of support needed by schools to meet standards.** This support should be provided before effective regulation can begin. It will be impossible to enforce minimum standards without providing support to the LCPS. This applies to the regulation of fees, teacher certification and salaries, and infrastructure. In the absence of such support, schools will continue to compromise on minimum standards, teacher qualifications and salaries.
- **Reduce the list of dimensions to be regulated by the education regulators.** The education regulators should not be burdened with regulating every aspect of the school. The Buildings/Works departments of the provinces should be responsible for regulating infrastructure and other related aspects. Additionally, the Competition Commission should check anti-competitive practices of private schools though the education department must serve as a watchdog for all activities related to schools.

Although private sector schools have become a significant player within Pakistan's education system, education is as much a public as it is a private good. The state's engagement with them should be designed to ensure equity and protect the legitimate interests of the citizens. As the private sector increases its reach, so must the state's engagement with it. But while doing so, the state must also do more to improve

the quality of education offered at public sector schools. Strengthening public sector schools can potentially increase the choices available to parents and students. At a minimum, such improvements in the public sector schools will push the competing private schools to improve their quality a lot more effectively than the state's current efforts to regulate them.

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¹⁰⁹ GIZ Census 2012

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¹⁶⁹ Tameer Bank interview, 17.2.15

¹⁷⁰ Khushhali Bank interview, 6.3.15

¹⁷¹ Khushhali Bank interview, 6.3.15

¹⁷² First MicroFinance Bank interview, 4.3.15

¹⁷³ First MicroFinance Bank interview, 4.3.15

CHAPTER 5

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²² World Bank interview, 12.1.15 & USAID interview, 19.2.15

²³ For an emphasis on improvement in teacher quality see The World Bank. (2012c). Project Appraisal Document... For a Second Punjab Education Project p. 1-106. & DFID. (2012b). Punjab Education Sector Programme 2 (PESP 2) 2013-2018 Business Case. p. 1 - 87.

²⁴ USAID Sindh Reading Program aims to address early-grade reading and mathematics through continuous teachers' professional development, improving assessment and distributing supplementary materials. See: http://www.sbep.gos.pk/sindh_reading_program.php

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³¹ These criteria are described in more detail in chapter 3 of this report.

³² The school's continued support depends greatly on the performance in these assessments. In Punjab there is a complex rating scale based on the above factors used to put schools in different categories (A+, A, B, C, D) which helps decide whether to continue partnering with a school or not. However, what weight is given to which of the above factors, apart from the student outcomes, it is not clear at all, particularly to schools. The only factor that has a clear link to continued school continuity is the student outcomes.

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- ⁴⁷ PEF partner school interviews, 26.2.15 & 16.3.15
- ⁴⁸ Idara-e-Taleem-o-Aagahi (2014). Annual Status of Education Report. Islamabad: SAFED.
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- ⁵² Ibid.

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CHAPTER 6

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- ³³ Private School Management Association interview, 19.2.2015
- ³⁴ Private School Management Association interview, 19.2.2015
- ³⁵ Private School Management Association interview, 19.2.2015
- ³⁶ School Education Department, Faisalabad official interview, 12.2.2015

³⁷ School Education Department, Faisalabad official interview, 12.2.2015; Punjab private schools associations interview, 25.2.2015; Directorate of Inspection and Registration of Private Institutions Sindh official interview, 18.2.2015

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⁴⁰ Punjab private school associations interview, 25.2.2015

⁴¹ School Education Department, Faisalabad official interview, 12.2.2015

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⁴⁹ Ashley, L.D., Mcloughlin, C., Aslam, M., Engel, J., Wales, J., Rawal, S., ... Nicolai, S. (2014). *The role and impact of private schools in developing countries*. p. 37

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