

The LEAPS Report 2008
Schools

Asim Ijaz Khwaja
Kennedy School of Government
Harvard University

The Educational Market Myth vs. Reality

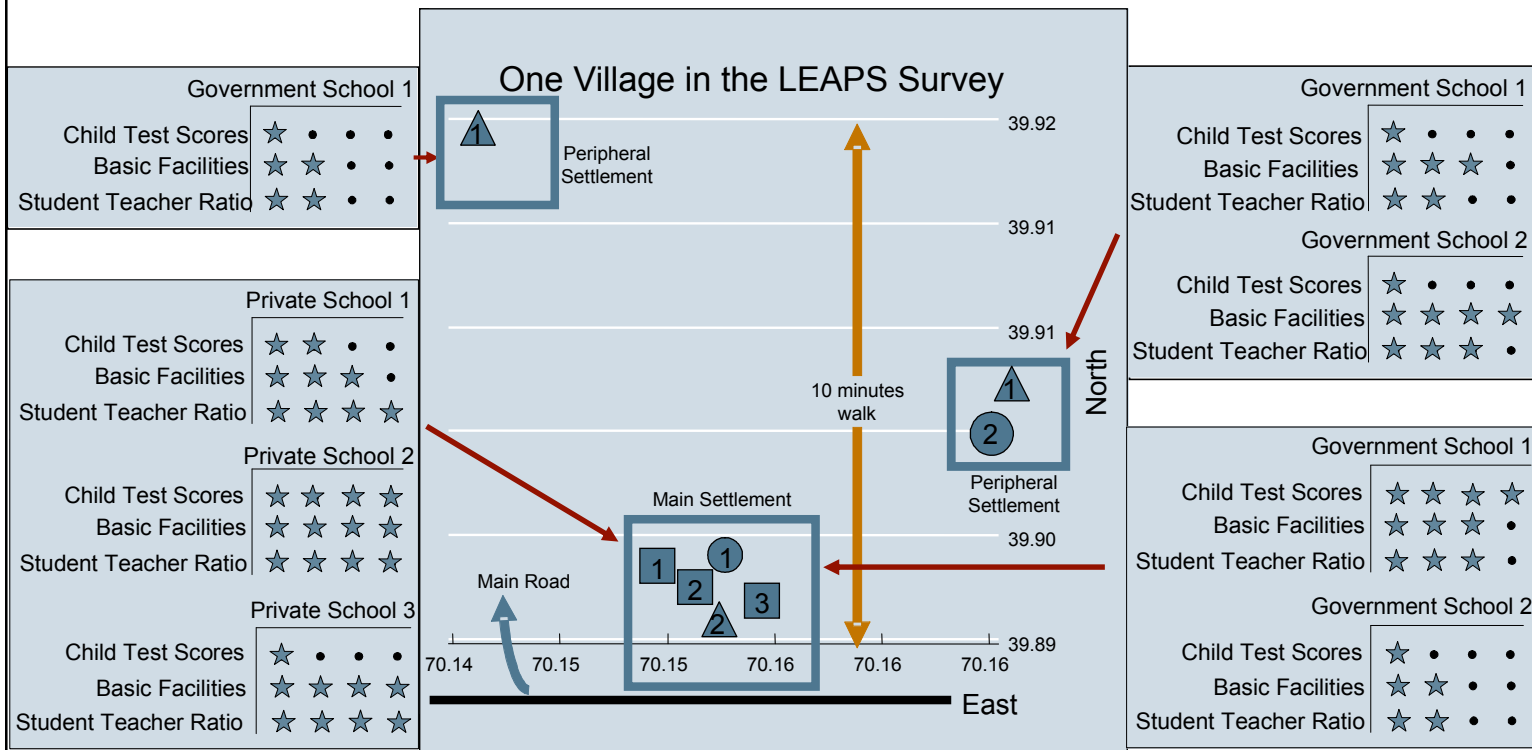
Conventional view

- Typical village served by one (government) school
- Parental decision: send child to school or not

BUT Reality quite different

- A third of Punjab villages (50% of rural pop) have 8 schools on average; This is increasing
- Private (secular, english-medium, small for-profit) school revolution:
 - **Ten-fold** increase in past two decades in # of private schools (3,300 in 1983 to 32,000 in 2000)
 - Currently a third of all enrollment in private sector
- Parental decision:
 - to enroll or not
 - Which school (judge school quality)
 - How much to invest

An Active Educational Market



- 1. Lots of School choice**
- 2. Location Patterns: Main Settlement vs. Peripheries**
- 3. Competitive Market – 5 schools within 50-100 ms of each other; In 2000 Median Fees Rs 50/month (Rs 60 in Pak); Median profit = Rs.14,000 a year (1167/month)**
- 4. Substantial Variation (quality, infrastructure) *Within* villages**

■ Private School (All Co-education)
▲ Government School (Boys)
● Government School (Girls)

So why should Policy-makers Care?

Changed Policy Approach:

- Need to consider **entire** educational Market place

What does this include?

- Schools
 - Not only government but all other providers (private, NGO, religious)
- Outcomes
 - Should be considered at the **Village**-level (not just for government schools e.g. Parha Likha Punjab)
- Inputs
 - Teachers – not just central allocated government-teachers but local supply for private sector
 - Resources: For all schools
- Educational Consumers
 - Parents *and* children

Redefined Role for Policy?

- Explore **Complementarities** between government and private
 - Government schooling is not “free” (to society):
 - Society pays for government school educations through taxes.
 - Educating a child costs twice as much in Government schools
 - So spend wisely!
 - Government should focus on serving remote/peripheral/poorer locations
- How to **Regulate**
 - More about competition policy that addresses Market failures:
 - Help parents know school quality and incentivize schools to compete on quality
 - Less about capping fees, “forcing” changes, registration requirements
- An enhanced **local** focus and role:
 - Treat settlements within Villages as decision making unit (currently not even villages)
 - Allow parents/children to express preferences
 - Village/settlement–level School Committees (not just at school level)
 - Vouchers

Quick Recap

- Lots of School choice
- Lots of Variation in school quality, infrastructure ***Within*** villages
- Competitive schooling Market:
 - Schools (esp private) locate nearby one another
 - Low Fees and Profits; costs to society of educ half in private
- Location Patterns:
 - Private schools tend to locate in denser settlements
 - Less dense/remote peripheries mostly served by government schools

The Findings – More Details

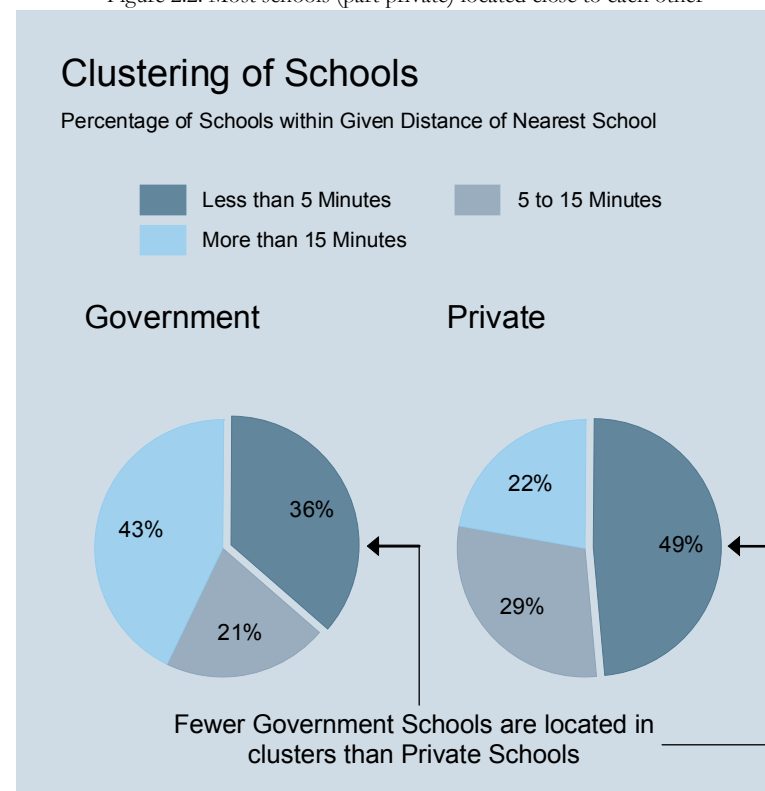
Competitive Market

Fees & Profits in Private sector:

- Low
 - median Fee: Rs 90/month in 2005
 - median Profit: Rs 1200/month in 2005

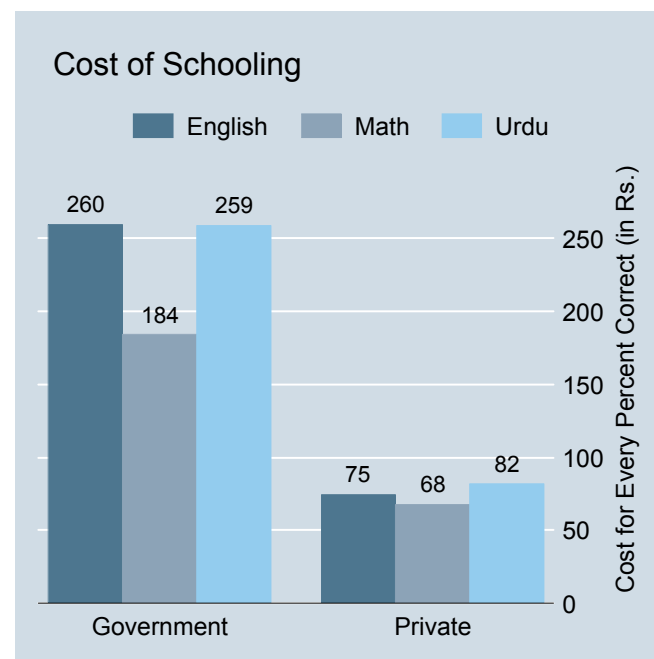
- But lots Variation
 - Revenue:
 - » Bottom 10th: Rs 43/month-child
 - » Top 10th: Rs 174/month-child (4 times)
 - Profits:
 - » Bottom 10th: Rs 6,000/month *loss*
 - » Top 10th: Rs 12,000/month *gain*
 - Variation in Fees:
 - » Mostly *within* villages
 - » School quality/inputs not village differences
 - » 1 std dev higher scores charge 20% more

Figure 2.2: Most schools (part private) located close to each other



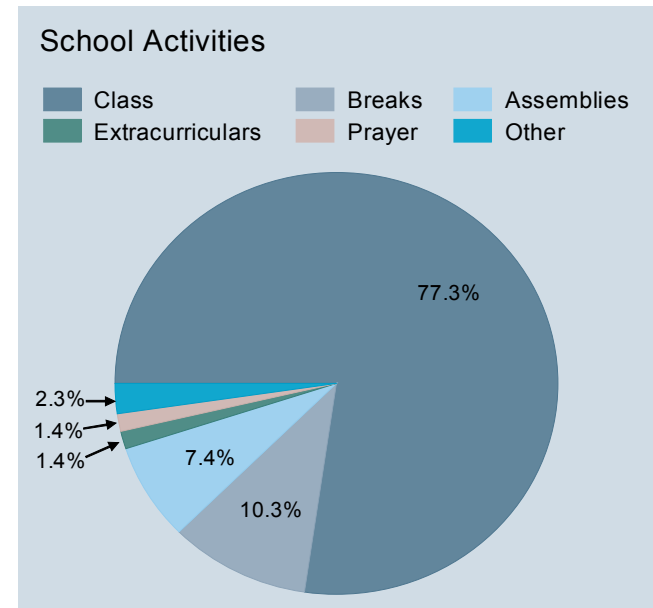
The Findings – More Details

- Misconception: Government schooling is free
- Reality: It maybe to parents (although even that's not true – HH chapter) BUT it is *DEFINITELY NOT* to society
- Cost to society (wages of teachers, owners, rent etc.) of educating a child
 - Private Sector (median): Rs 1012/child-year
 - Government schools (median): Rs 2039/child-year – twice as much
 - Likely under-estimating government school costs – missing rental costs
 - Punjab Education foundation (2006) estimates three times higher (Rs 6,000/yr)
 - Why? Teachers in government paid three times as much (Teacher Chapter)
 - Cost per unit learning in government (at least) 3 times as much!



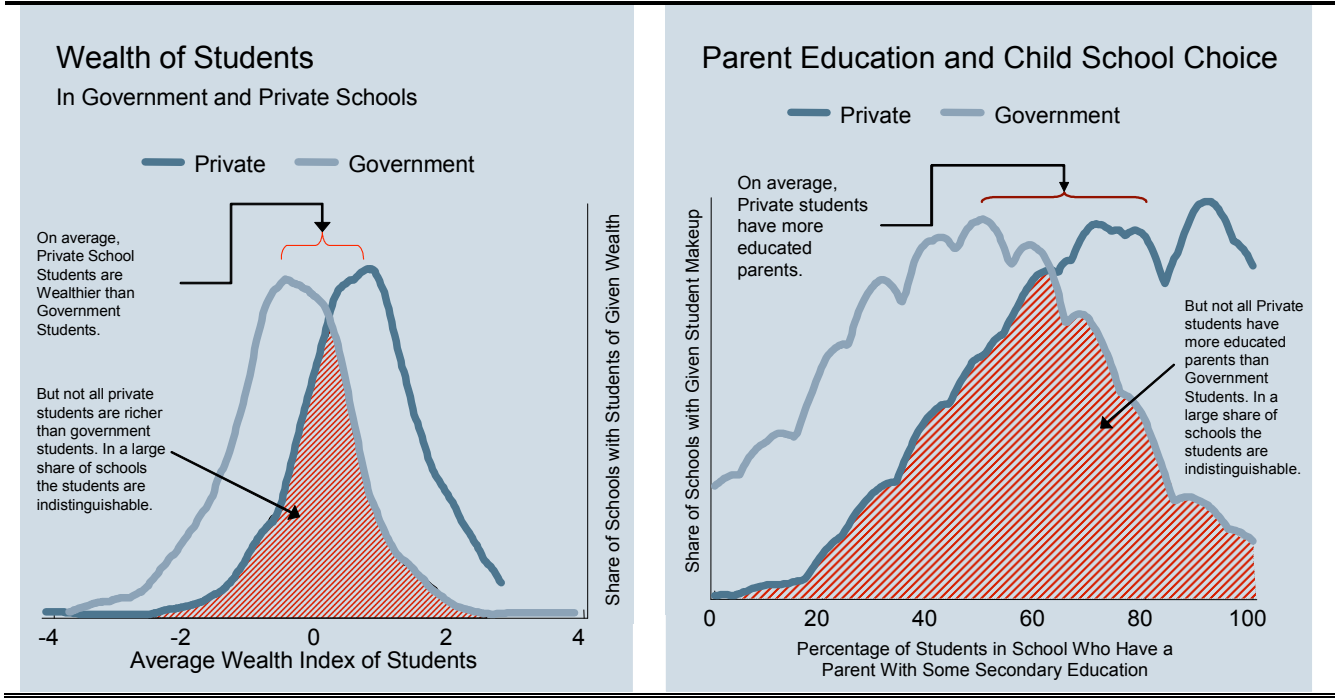
The Findings

- Infrastructure:
 - Basic (classrooms, black-boards) adequate for average school:
 - 96% have class-rooms; 33 children/room
 - 95% have blackboards; 27 children/board
 - Median 27 students-teacher
 - Toilets/Seating a bit worse; quarter have no toilets; third use only floor & mats
 - BUT a few schools – mostly government (remoter locations) - really lack even basic
 - All schools lack “extra” facilities (library, sports etc.):
 - Only a third offer *any* of: library, sports equipment, transport facilities, computer.
 - Boring schools:
 - Curriculum offers few activities to attract child (art, sports, music)
 - This matters (CRI evaluation)



The Findings

- Concern:
 - Educational Apartheid (rich vs poor; caste; English or not)?
- Reality:
 - Not much evidence of significant segregation by wealth, parental education, caste (50% caste fractionalization within-school; 78% across schools)
 - (even though private more likely to use english+urdu)
 - The limited Segregation observed driven more by geographic location



Policy Implications

- Regulation - competition policy
 - Government Intervention justification is based on addressing a Market failure:
 - Monopoly? – No! lots of schools, fees low and respond to quality
 - Poor information – not severe but can help
 - Preliminary evidence from Report-Card intervention in Leaps project is positive; telling parents how their children are doing in school results in learning gains for initially worse students
 - Address school input constraints (teachers, teaching supplies, access)
 - General point – foster competition by addressing market failures not putting in controls (fees, inputs, facilities)
- Infrastructure:
 - Basic: blanket provision not needed but targeted & locally responsive policies are important (each schools needs differ)
 - Extra: find (affordable) ways to make schools attractive for children
 - Evidence: Seva Mandir (India) school meals ↑ enroll; CRI (Pakistan) - child-friendly schools - ↑ enroll & learning
 - Unenrolled children often not working but idle (ILO; LEAPs data)
 - Reasons for not attending often child-related (afraid, doesn't want to go)

Policy Implications

- Access
 - Distance to school matters a lot (esp for girls –HH chapter)
 - Peripheral settlements often left out
 - Often have no closeby school
 - Even if have one, it's of lower quality/facilities
 - Government school location needs to address this:
 - Requires within village (settlement) level data (EMIS does not, Recent Educ census at village but not readily available)
 - Facilitated if allocation is locally responsive (Village educational committees?)

- Where Should Government Target its Efforts?
 - Given higher cost of providing education in government sector, the government should carefully consider:
 - Where and when to invest (where private sector alone not sufficient)
 - Alternate methods that utilize government funds but don't necessitate direct delivery
 - School Vouchers to parents (for any type of school)?
 - Public-Private partnerships?
 - Evening private usage in public facilities?