

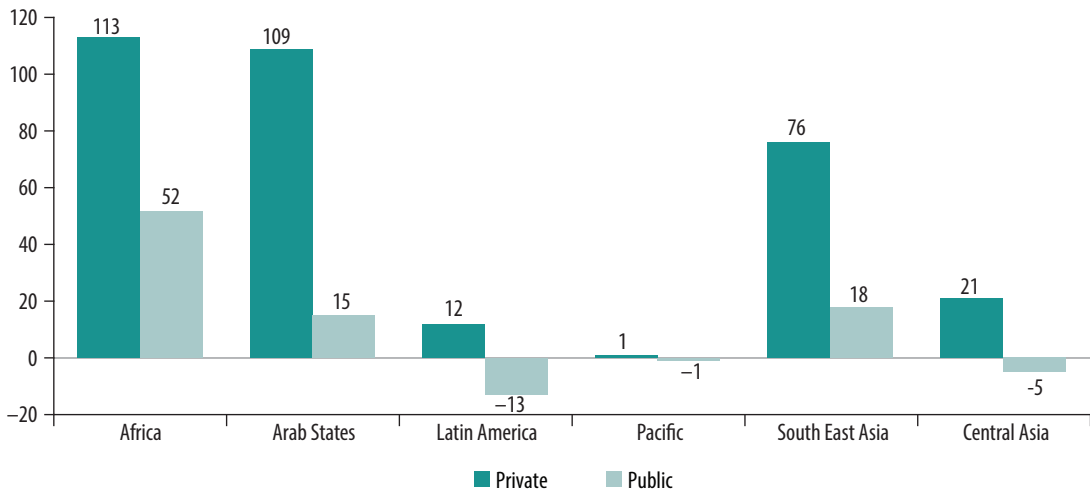
The Broader Context: Private Education Sector Growth and Governance Reform

KHDA's governance initiatives for the private sector in Dubai lie, within a broader context, at the juncture of two recent trends: (i) the growth of private sector education in general and (ii) the rise of public governance reform initiatives in the global education policy agenda.

The Growth of the Private Sector

Interest in the private provision of education has risen significantly in recent years for two reasons: first, the private education sector has been expanding rapidly in several markets, most notably in the Gulf, Africa and in South East Asia (Moujaes *et al.*, 2011; IFC, 2010); secondly, some public policy makers are turning their attention to the private education sector for the combination of efficiency and effectiveness perceived to be in operation there, principles that they hope to harness and exploit in the public sphere in what has sometimes been referred to as “new public management” (Mattei & Verhoest, 2010). This is particularly true of governance: the private sector is seen to be home to enviable mechanisms in terms of accountability, autonomy, incentives, and competition that could stand to be adopted and applied in the public realm. As the changes in public education policy and practice that reflect this transfer of knowledge are being studied, an area which remains much less researched however is the institutionalization of accountability measures in the private sector itself. This is why the case of Dubai's KHDA is so significant. It shows how authorities have established a public oversight and accountability framework for an education system which is nearly 90 percent private—a situation which is both unique and extreme—and yet without providing direct or indirect state funding or subsidization to it.

FIGURE 4

Growth in Primary and Secondary Enrolments by Region, 1991–2003 (in percent)

Source: Adapted from (IFC, 2010).

Recent studies have signaled the continuing growth of the private education sector. An IFC report (2010) explains that, in general, an overall rise in personal wealth has allowed families to seek alternatives to poor quality state education. In addition, in some cases, national governments lack the capacity to address increasing demand and so turn to the private sector for assistance, particularly in resource-poor countries. For these reasons, private enrolment in education has overtaken public enrolment in many regions globally, as Figure 4 demonstrates, with IFC estimates placing the private education sector market at over \$400bn.

Turning to the GCC more particularly, the substantial growth rates seen there are attributable to “a combination of demographic factors, a desire for higher quality, and GCC parents’ increased willingness to pay for education” (Moujaes *et al.*, 2011). With this in mind, the market offers substantial opportunities for new investment and consolidation, for new and existing players, providing that several challenges can be overcome: if some constraints are financial in nature, others, to do with “an immature operating environment characterized by a lack of transparency and consistency regarding regulations in the sector and a lack of information for parents regarding school quality,” (*ibid.*) have all inhibited the growth of the private school market thus far. Even if Dubai’s private sector differs markedly from other markets in the Region by virtue of its diversity, KHDA’s efforts are an interesting case study in this light because its governance structure addresses many of these regulatory concerns.

Generally speaking, the growth in the private sector is seen in two distinct market segments globally. It is ‘mushrooming’ in the developing world (Tooley and Dixon, 2005; Dixon, 2013), where the poor, contrary to all expectations, are turning to private schooling in response to the limited availability and poor-quality of state provision. Secondly, it is growing in major cities in middle- to high-income countries, in for instance Kuala Lumpur, Shanghai, and Doha, where it compliments or is even beginning to supplant public provision. To give just two examples of these phenomena: a recent DfID census (Härmä, 2011) of the education marketplace in the state of Lagos, Nigeria found 12,000 private schools, many unregistered, educating nearly 60 percent of all students. In Singapore, by contrast, a city-state recognized for the excellence of its public schools, the private sector is vibrant and continues to expand.¹ However dissimilar these markets, they share a common concern nonetheless: how should government recognize the substantial role that private providers play in education delivery and guide innovation, accountability, and quality in the sector?

Given this expansion, the World Bank has also turned its attention to the private sector. The Bank’s Education Sector Strategy 2020² entitled “*Learning for All*” places great emphasis, as its title suggests, on providing learning opportunities to all, which means those in formal and non-formal schooling in the public *and* private sector. As the Director of the Bank’s Education Network recently stated,

“If we ignore the wide range of formal and non-formal learning opportunities that exist in a country—most provided and financed by government but others provided and financed by non-state entities such as private individuals and enterprises, community and faith-based organizations—then we ignore classrooms where significant numbers of children and young people are enrolled.”³

As more and more education systems turn towards the private provision of education, it is important for the Bank to understand how these markets function and, more importantly, how to tackle the governance, regulatory and financial challenges that they are posing to the State. “If sensibly regulated and suitably encouraged, [private provision] can provide . . . a highly effective and efficient way of meeting educational goals” (Fielden and LaRoque, 2008).

Of interest in this regard is the World Bank’s **Systems Approach for Better Education Results** (SABER), an initiative to produce comparative data and knowledge on education policies and institutions, with the aim of helping countries systematically strengthen their education

systems. SABER evaluates the quality of education policies against evidence-based global standards, using new diagnostic tools and detailed policy data collected for the initiative.

A version of the SABER instrument has been developed to benchmark the private sector. Entitled **SABER-Engaging the Private Sector**,⁴ it is built around the recognition that the non-state sector's involvement in the finance, provision, and governance of basic education services can take various forms. SABER-EPS expands knowledge of government policies, of operating environments, and of current types of engagement with the private sector in different countries, and it explores best practices for engaging the sector in delivering education services. The approach is based on global evidence of effective education service delivery (World Development Report 2004 (World Bank 2003); Patrinos *et al.*, 2009), which suggests that, to leverage their private-sector engagement in ways that most effectively promotes learning for all, countries should aim to achieve four key goals in their policy frameworks:

- Encourage innovation by providers. Schools are encouraged to tailor teaching, hiring, and other decision-making to meet the needs of all students.
- Promote diversity of supply. New schools offering a range of models are freely able to enter the market.
- Empower all parents. Parents are given access to accurate performance information, so they can use their voice and agency to demand high-quality services and better outcomes.
- Hold schools accountable. Policymakers hold all schools to account for the quality of services they provide.

Governance Reform: International Experience

Programs aimed at making the public sector more effective often turn to initiatives related to governance reform because good governance is recognized as one of the essential, underlying conditions for effective and efficient national policies, programs, and services. Governance has been an explicit part of many governments' reform agenda since the latter part of the 1980's, though it is only more recently that explicit research and study has been conducted in this regard.

Service delivery or, rather, service delivery failure has become the focus of attention, if not the priority, for many developing and developed countries agendas. This is the case in education, as much as it is in other sectors (in the World Development Report 2004 (World Bank, 2003)), where these failures are seen most directly in poor student achievement

results (in relation to value for money), inequitable spending, funding leaks, teacher absence and loss of instructional time (Bruns *et al.*, 2011). It is indeed these shortcomings in the production of education goods and services by the state, which have led to an interest in the private sector.

The report *Making Schools Work: New Evidence on Accountability Reforms* (Bruns *et al.*, 2011) suggests, generally speaking, that four sets of strategies taken from the private sector have been employed over the last two decades to improve governance in public education systems. Briefly, these are:

- *Information for accountability* – policies that use the power of information to strengthen the ability of clients of education services (students and their parents) to hold providers accountable for results by offering them a better understanding of the system, *increased participation* and/or *voice* (see box **Beyond Informed Choice, Advice: the case of New Zealand**).
- *School-based management (SBM)* – policies that increase a school’s autonomy to make key decisions and control resources, often empowering parents to play a larger role. The use of SBM in high-income countries like Australia, the US, and the UK, reveals strong positive consequences after a certain period (Borman *et al.*, 2003).
- *Teacher incentives* – policies that aim to make teachers more accountable for results, either by making pay or tenure dependent on performance. An ongoing randomized study in the state of Andhra Pradesh, India, offers the most compelling case for such incentives (Muralidharan and Sundararaman, 2009).

BOX 1

Beyond Informed Choice, Advice: the Case of New Zealand

In New Zealand, public and private provision is subject to the same quality assurance procedures. While private schools are in general publically-funded (up to 30% of student costs), public schools operate with distinct autonomy, permitting them to operate in ways that exhibit similar characteristics as charter schools in the US. In this context, the State offers not only regulatory transparency, but also advice to parents to promote informed choice. The Education

Review Office provides assistance to families by helping them identify schools, refine the choice available to them through criteria linked to availability and need, and by explaining organizational factors and other necessary explanations about the differences in provision. It ensures that inspection reports remain publically available to all, which has led to their website being one of the most popular internet sites for parents in New Zealand (LaRocque, 2004).

- *Competition* – policies that foster a more competitive market for education, through for instance the use of vouchers or public-private partnerships, which provide stakeholders with greater *choice*.⁵ The use of vouchers in the Netherlands is an excellent example.⁶

In some countries, these strategies were brought into the public sector from the private sector on the premise that they were *believed* to have worked effectively. When adopted for use, best practice suggests using impact evaluation to test for effectiveness. This is because only rigorous monitoring and evaluation allows researchers to determine the exact effect of these interventions, something which is leading to an ever-growing evidence base (see Bruns *et al.*, 2011). It should be kept in mind that what remains less understood, probably because it is a relatively new phenomenon, is governance in the private sector itself. This is the case of Dubai where governance practices employed in the public sphere like those above—perhaps once taken from the private—have been re-applied to the private.

Being both a right and a constitutionally mandated obligation in the public and private sectors alike, general education must be overseen by the State through regulation. In the case of the public sector, this involves ensuring that schools are safe, that teaching is of an acceptable quality, that facilities and materials are available, and so on. This is also just as much the case for the private sector, albeit with one important difference: while requiring these provisions, the State must also at the same time not discourage operators from investing in the sector. A fine balance must be found. The question at the heart of the matter is “what is a reasonable form of regulation for governments to adopt?” (Fielden and LaRoque, 2008). Best practices derived from international experience would suggest that regulation must do the following:

1. Provide a sound policy framework for the operation of the sector;
2. Introduce clear, objective, and streamlined criteria and processes for establishing and regulating private education institutions;
3. Allow for-profit schools to operate;
4. Allow private schools to set their own fees;
5. Provide incentives and support for private schools;
6. Provide parents and students with information to help them select quality private education providers;
7. Establish Quality Assurance frameworks;
8. Develop the capacity of government to implement policy and manage private providers.

BOX 2**Certification Schemes for Market Signaling: the Case of Singapore**

Singapore's EduTrust is a certification scheme administered by the Council for Private Education for private education institutions. Though voluntary, it is one of the prerequisites that private education providers enrolling international students must meet in order to qualify for the issuance of student passes (visas), as stipulated by the city-state's Immigration and Checkpoints Authority. The scheme provides a

way for better institutions to signal that they have achieved high standards in key areas of management and the provision of educational services. An institution may be awarded one of three certifications demonstrating that they have fulfilled EduTrust requirements either minimally, satisfactorily or to an excellent degree. These certificates are valid for one, four, and four years, respectively (source: www.cpe.gov.sg)

As we will see, the KHDA has met almost all these requirements in various and often interesting ways by advancing a unique form of public governance for the private education sector in Dubai.

Endnotes

1. See for instance [http://www.cpe.gov.sg/cpe/slot/u100/News%20and%20Events/Press%20release/2013/PE%20Conference%202013%20-%20Media%20Release,%20Factsheet%20and%20State%20of%20the%20Sector%20Slides%20\(9%20April%202013\).pdf](http://www.cpe.gov.sg/cpe/slot/u100/News%20and%20Events/Press%20release/2013/PE%20Conference%202013%20-%20Media%20Release,%20Factsheet%20and%20State%20of%20the%20Sector%20Slides%20(9%20April%202013).pdf)
2. See: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTENDEDUCATION/0,,contentMDK:22474207~menuPK:282402~pagePK:210058~piPK:210062~theSitePK:282386,00.html>
3. Elizabeth M. King, Keynote Speech at the Education World Forum, London, UK - January 21, 2014
4. Please see <http://saber.worldbank.org/index.cfm?indx=8&tb=12>
5. Needless to say, there are many private schools around the world where none of this is in place.
6. See http://www.cfbt-sites.com/epsetoolkit/case_studies/case_studies_n-z/netherlands_market_contracted.aspx