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If you can't beat them, empower them: The movement towards an outcome- based approach to the regulation of Budget Private Schools



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Let me paint a picture of a school environment. There is a vast central area, with a sizeable playground and room for parking, surrounded by a building with several spacious classrooms. Walking into classrooms, one finds nicely arranged desks, books and even eager students. At the same time though, we see that one classroom is missing a teacher, with the teacher from the neighboring classroom 'covering' the class for the day. Another classroom has a teacher busy reading newspaper while students are left to themselves with seemingly no assignment.

This scenario inside the school is an outcome of the traditional regulatory approach governments have typically taken for 'better education'. Understandably, ministers and education departments have used the existing tools and processes available in front of them to arrive at this approach. The tools and processes essentially include what are commonly considered as key elements of any education system: allocation of budgets, student enrollments, teacher recruitments, constructing spacious buildings and purchase of

The current approach to regulation stifles innovation as BPS struggle to meet demanding infrastructure requirements with little government support, making it harder for them to improve quality of delivery. This essay looks at global examples of regulation, and finds that a more pragmatic approach to regulation and provision of quality education requires both public and private participation.



stationery and books, i.e. money and attention focused on inputs to the education system. There is far less of a focus in our traditional regulatory approach on ensuring delivery of learning outcomes and improved life prospects for students.

The regulatory status quo is constraining efforts to improve education

Leaders across Asia, Africa and Latin America have commonly chosen to use their regulatory power to impose stringent requirements on non-public providers who want to start and grow schools. These requirements generally include, to name a few:

- Stringent teacher accreditation
- Ownership of property on which schools are built
- High registering costs for new schools, with long waits and annual renewals
- Specific space requirements, E.g. 'playground'

These requirements, that illustrate the traditional regulatory approach, have some common features: One, a strong focus on inputs with a hope to improve quality of education; two, an increase in cost of serving students significantly (thus inadvertently contributing to high cost constraints that education systems already

face); three, creation of additional processes which require education providers to rely on the bureaucracy for various sanctions, creating opportunities for rent-seeking and corruption that we observe in many developing-country education systems.

This approach to regulation stifles innovation as Budget Private Schools struggle to meet demanding infrastructure requirements with little government support. Paradoxically, this kind of regulation makes it harder for them to improve the quality of delivery. These schools are forced to choose amongst poor alternatives, either operate in the shadows without government approval or invest in meeting all the requirements through meager student fees, thereby sacrificing investments in better pedagogical approaches. Despite these heavy constraints, entrepreneurs across Asia, Africa and Latin America continue to provide school offerings that parents desire as an alternative to an insufficient government education.

A change in mindset has enormous potential

Fortunately, we at PALF are seeing increasing evidence that the tide is turning. Instead of approaching education with the question, "How do I deliver education to every child?" more and more government ministers are starting with the question, "How do I ensure every child gets a quality education?" This is a subtle change, but a transformative one. It means

governments acting as pragmatic stewards of the education system, and prioritising implementation and delivery of improved learning outcomes over ideology. Most importantly, pragmatic stewardship shifts the question from managing the public system to ensuring that every child, wherever they go to school, gets a good education.

Before we get into a proposed regulatory approach and some forward-thinking examples globally, I must start with recognising a few important facts that are illustrated through other essays in this series and elsewhere. First, many parents are frustrated with the poor performance of the government sector. Second, it is not realistic to believe that focusing purely on the government sector can deliver for all families; the numbers in BPS globally and in India are simply too large to believe that all parents will be drawn back to the government system. And third, given the evidence on the cost-effectiveness of BPS, it is worth asking whether and how they might become partners and collaborators in solving the system's problems. To modify an oft-used quote, "if you can't beat them, empower them."

Why now? Because we now have the data

Every President and Prime Minister wants similar outcomes from their education systems: economic growth, employment, international competitiveness, social cohesion, equality of opportunity, public health and democratic participation. Furthermore, leaders eagerly recognise that these benefits derive significantly from learning, specifically from people's acquisition and application of knowledge and skills.

Several decades ago, however, learning outcomes were extremely difficult to observe and compare across groups, and leaders understandably chose instead to focus on observable proxies for learning: money spent, students enrolled, teachers trained, classrooms built. In focusing on inputs, the developing world was following in the footsteps of developed countries which in the 1960s and '70s also focused relentlessly on these measures. At that time, the thinking in both developed and developing countries was that extra investment would inevitably flow through into improvements in quality.

As often occurs, what was measured made progress. There were important increases in expenditure,

enrolment and equity. This was the case in both developed and developing countries. Inputs have increased, but they have delivered little of the ultimate objective, learning outcomes. Kremer et al. (2013) examined 30 rigorous interventions in primary education from around the developing world, in Latin America, Africa, and Asia. They found that when interventions provided more-of-the-same educational inputs without changing pedagogy or accountability, they consistently had insignificant effects on students' performance.

Now, more than ever, there is greater availability of learning outcome data and growing evidence of the limited relationship between the input proxies and learning outcomes. Initiatives such as the Learning Metrics Task Force, an international committee of experts and stakeholders, developed key global learning metrics across various domains of education. They have informed the new Sustainable Development Goals (SDG) which do include learning outcomes among other goals.

The ability to actually measure learning in a scalable and cost-effective way is a fundamental shift that's taking place rapidly across the developed and developing world and the implications are enormous. Instead of leaning on inputs that have little relationship to student learning, we can understand the impact of interventions and institutions on the progress students make in their lives. This starts with the basic building blocks of literacy and numeracy to increasingly robust assessments of soft skills or mastery of key concepts related to technical fields.

This is not to overstate the case, as there is still a dearth of outcome-level data and many challenges with implementing formative and summative assessments in a scalable manner. But there is no doubt that we are in a period of rapid change that has significant implications for how public systems understand their contribution to student learning. More than ever before, education ministers can now approach regulation with one overarching question, "do you deliver results for students?"

A new approach

To be successful, a new approach to regulation must start with a few key principles.

Enable a range of different innovative models to 'join the cause' by allowing for both public and private (including not-for-profit) provision

Even models that entail large-scale public provision benefit from a professional, innovative private/NGO sector to provide alternatives for families and drive innovations that can later be adopted across the broader system. The extent to which private options are encouraged varies from 100 percent voucher programs (E.g., Chile, Netherlands) at one end of the spectrum to a mere tolerance for private endeavours (E.g., Ghana, Uganda) on the other. In all these systems though, private options are able to thrive and innovate to attract students so that families can at least exit the government system if they are unhappy with it. Learning innovations can also diffuse throughout education systems when private providers have room to innovate.

Ensure all providers are held accountable to delivering learning and contributing to system equity

There are three main ways systems can hold providers accountable for learning and equity. First, they can tie some resource allocation (E.g. funding) to learning and equity results. Second, for public schools, they can use effective line management to hold school leaders accountable, by basing hiring, firing, promotion, compensation and other management decisions at least in part on successful learning and equity. Third, they can use regulation to reward and recognise or alternatively impose costs and penalties on schools depending on their success. Effective systems should use all three of these mechanisms in a sophisticated way and do so based on reliable data on learning and equity, rather than input proxies.

Help relevant providers improve their delivery through support tools

Building the capacity of actors in the system is as critical a system task as holding them accountable. Delivery plans can identify key areas where capacity building is required to achieve learning targets. Two main groups that often require systematic support are teachers and civil servants. For teachers, targeted coaching and properly structured peer networking both show strong evidence of efficacy. Coaching and peer networks can also be effective in supporting delivery plan owners. All too often, the only training teachers or officials get is passive, lecture-based and ineffective.

With these principles in mind, regulation can be an effective means of advancing learning and equity by

incentivising delivery of these outcomes. The specific regulations will depend heavily on the type of education provision a government employs. Governments may choose to employ school management or adoption partnerships where public leaders contract with a non-public group to run a government-funded school, hiring its own teachers and taking responsibility for every aspect of provision in the school. They can choose a model of funding that follows students to different types of providers, not just public providers. Or they can create a plan to continue with predominantly public provision but create a regulatory environment that provides space for private alternatives to exist and innovate without undue burden.

That being said, regardless of the form of engagement with the private sector, effective regulations we've observed seek to:

- Allow for broad-based entry of providers, after necessary due diligence, limiting entry costs and requirements, so that innovations can be introduced to the system
- Require transparent collection and publication of data about the school's performance
- Provide for direct intervention where providers fail to deliver a basic level of learning, given the provider's student population
- Motivate providers to improve the equity of the system by providing greater rewards for enrolling and teaching disadvantaged segments of the student population

Broad-based entry of providers

Governments must seek to allow for the entry of providers without creating onerous processes or opportunities for corruption. Critical factors related to health and safety must be rigorously monitored to ensure an appropriate environment for students. Beyond this, most entry regulations will only serve to constrain the potential for innovation amongst providers. Two seemingly benevolent rules in many countries that constrain formal alternatives are extensive teacher accreditation conditions and costly infrastructure requirements. There are ways to relax these requirements, though, without "throwing the baby out with the bathwater." In particular, systems could require teachers meet certain basic requirements to protect students, while not mandating full accreditation (E.g., the adult must lack any

criminal record and pass a basic test in the subject they teach). Furthermore, regulators can recognize that the title 'teacher' actually consists of several different roles, from mentor, to content deliverer, to facilitator, to classroom manager, and many of these roles may require less formal qualifications than systems currently allow. Further, young teachers can also demonstrate that they are in progress towards receiving qualifications within a stated time period.

Providers must have sufficient autonomy to attempt new and different methods to achieve sufficient outcome levels. This includes flexibility regarding input decisions such as the use of technology and classroom space along with the appointment of teachers as well as their accreditation and performance measurement. Therefore, regulators should approach their task as one of removing most traditional regulations while adding new rules on an as-proven basis, to ensure solutions are grounded in evidence and not theoretical issues.

A case study from Liberia

Liberia's education system is largely broken due to the lingering effects of the civil war and Ebola outbreak. Less than 60 percent of school-aged children in Liberia are in school, and among adult women who reached fifth grade in Liberia, less than 20 percent can read a single sentence.

In 2016, the education ministry set up a program of school adoption with several private providers in an open, competitive bidding process. They have set up a rigorous evaluation process and will allow for opportunities to continue operating schools based on those results. They have engaged donor agencies to support the initial setup of the program and to manage the implementation hurdles.

While there will inevitably be significant challenges, such as managing government obligations to pay teachers and maintain facilities, the bold action taken by the ministry is allowing for new innovations and improved education for tens of thousands of students across Liberia.

Where government seeks to contract with partners, there are risks associated with the process of selection. Public leaders must be clear in their objectives for the partnership and perform due diligence on potential partners to ensure they are willing and able to deliver against public objectives. Also critical is an open and transparent selection process with clear evaluation criteria open to the broader public. This step ensures that every partner is treated equally and the best providers make it through. These agreements have historically proven hard to exit, so getting it right from the start is essential.

Transparent collection and publication of data

The importance of collecting and publicising data cannot be overstated. For private providers, the government must set up an accountability mechanism that is linked to their ability to continue operation. In some cases, even creating links to funding can be helpful in incentivising good behaviour. Regulation and funding ought to include a broad set of measures, including absolute assessment scores, score gains relative to expected gains (based on starting level and other observable student and household characteristics), and other priorities like equity characteristics. To ensure good, timely, and broadly accurate data, the system must be set up to check against other data sources regularly and to investigate unexpected blips or unusual patterns.

Whenever managing data collection, the risk of false or distorted information must be addressed. One often-necessary practice is auditing the assessment process to ensure, among other things, that tests are actually filled out by the students to whom they are targeted. Technology can be incredibly powerful in facilitating implementation and preventing tampering of results. There must also be efforts to ensure that all students take the assessments. Some providers will force students who are not expected to perform well to 'drop out' before high-stakes tests such as the tenth grade national exams in India. As a result, the schools appear to perform better than they would if all students took the exams. To address such issues, regulators should perform audits of schools and impose requirements that assessment registers reflect enrolment registers. The general lesson is that more than one data set is necessary so that the results can be 'triangulated' and evidence of distortion identified.

For all of these issues, systems can become substantially more effective by treating local communities as valued partners in both providing

and receiving information. Reliable information on outcomes should be easily accessible so that parents can make informed consumer decisions and contribute to system accountability and resource allocation. One consistent finding from several studies of choice in schooling is that families can be extremely effective allies to system stewards in reporting abuses, verifying information, rewarding good performance with attendance and referrals, and penalising poor performance through direct pressure and taking children elsewhere¹. Thus, in addition to ensuring their own access to reliable information, stewards should find ways to make simple, relevant information transparent and accessible to families. They should also empower families to use that information to support the system goals. Parents and communities can report information to public systems to help identify mismatches between reported results and the realities of provision. For example, officials can hold community meetings to elicit information or set up mobile-phone-based systems for families to report issues.

Direct intervention

Providers must experience the direct and speedy linkage between outcomes and rewards or consequences. It does not matter how well the system is designed on

paper-if the rewards and consequences are not enforced in a timely manner, they will not be effective. One implication of this is that public and private schools that do not meet outcomes thresholds must face punitive consequences that most systems are unused to applying. Stewards must ensure reformed systems are well positioned to enforce such consequences in a timely and efficient manner.

Though there is very limited evidence of dishonest activity occurring in systems that allow for relatively open entry of providers, it must be proactively addressed. First, systems can take steps to mitigate this risk by maintaining information systems that track dishonest or low-performing private operators and limit their opening schools after the first discovered case. Second, systems in many ways are more vulnerable to this occurrence in the current unreformed status quo, as private providers operate in the shadows, and public systems lack reliable outcomes data through which to identify egregious actors. Open entry may result in a few more low-performing schools initially, but it will also result in more high performers, quicker and more binding accountability for low performers, and pathways for families to move proactively from low to high performers.

A case study from Pakistan

Since the reform efforts in Pakistan are covered elsewhere, I'll only briefly discuss the progress made there. When my colleagues Sir Michael Barber and Katelyn Donnelly began work in 2010 in Punjab, Pakistan, local officials spent much of their time on administrative duties such as teacher transfers and court cases. They were distracted from a routine focus on ensuring the system was functioning.

One of the early metrics put in place was to track school visits by officials. At the beginning of the program, a school was visited twice a year, at most. Within two months of monitoring and reporting administrative visit figures this number jumped to 63 percent of schools being visited every month and within a year it was

up to 96 percent. In addition, accountability measures were implemented, such as a central call centre that fields anonymous complaints on exams administered poorly. Also, while implementing a widespread voucher scheme, the government took care to ensure the physical pieces of paper families used were equipped with four different anti-fraud measures.

Quick progress is possible – what is measured and tracked can be managed. Of course, a visit doesn't guarantee progress, but this was an important precondition of ensuring basic management and accountability. Now the focus of attention is firmly on improving learning outcomes and the data collection system brings feedback on progress in literacy and numeracy every month from a sample of schools across the province.

¹ One example: In 2010, Andrabi, Das, and Khwaja showed in the LEAPS study in Pakistan that when villages have access to simple performance-based report cards, poorly performing private schools showed significant increase in learning outcomes and prices of all schools dropped (in part because schools then rely less on price as a signal of quality).

The benefit of a data-driven approach to regulation is that it allows for constant feedback and refinements or adaptation within the system depending on whether or not progress is being made. For example, if stewards' strategies uncover a shortage of quality teachers as a binding constraint to learning improvement, they can take steps to address this constraint. In fact, they will have more tools to address such constraints, as they can utilise several different provision, regulation, and funding approaches to do so. For example, stewards aiming to increase the supply of quality teachers can train more teachers, incentivise entry of providers that source and train their own quality teachers, and hold more quality teachers accountable to being present and teaching.

Motivate providers to improve equity

Lastly, the government is responsible for ensuring every child has access to a quality education. This includes students from the poorest areas, students in hard-to-reach rural areas and students with learning or physical disabilities. The system must be designed such that providers actively seek to promote equity.

While the evidence on vouchers is mixed, variable-rate vouchers can be effective mechanisms for ensuring

certain categories of students are not left out of system reform. There are logistical challenges to administering vouchers in a way that ensures portability and reliability for families and avoids corruption. Several developing countries are building out biometric ID systems that can also facilitate effective voucher usage (and prevent illegal voucher replication). Voucher payments must be timely and reliable, so that providers are able to make good decisions for learning based on them.

The implications for India

As these examples illustrate, governments are increasingly taking more pragmatic approaches to regulation and the provision of quality education. While it's impossible to predict the pace of change, the direction is clear. We are moving toward approaches which recognise that the effective provision of education for students requires both public and private participation.

India has the perfect ingredients to take advantage of this new approach: a robust, highly diverse set of private schools across the country (estimates of greater than 200,000 schools); talented, committed entrepreneurs

A case study from The Philippines

The Philippines' example represents a recent effort to refine regulations to achieve higher-quality education delivery at lower cost. Recently, the Philippines made some regulatory changes that allow for innovation within the education sector.

Firstly, it relaxed the requirement that all teachers regardless of private or public sector are certified through a LET exam. Now as long as teachers are on track to complete their LET within five years, they can teach in classrooms. This has allowed organisations like Teach for the Philippines and Affordable Private Education Centres (APEC) Schools, in which PALF has invested, to operate and bring fresh young talent into the education industry.

Secondly, a large barrier to the scaling of private

schools is the high cost of capital of acquiring facilities. The Philippines recently relaxed its laws to allow school chains to rent, rather than own, facilities if they meet several other stringent requirements. A small change such as this can helpfully shift the dynamic for providers.

Lastly, in 2016, the Philippines expanded their education system to include classes 11 and 12 as part of the basic education that is a prerequisite to higher education. Recognising that they lacked public facilities to incorporate the large influx of new class 11 students, the education ministry set up a large scale voucher program. This has allowed private providers, like APEC, to rapidly deploy resources to ensure a smooth transition for students.

While it is still early days, there's no doubt the transition to an expanded education system has been greatly aided by the mobilising capabilities of numerous private providers.

operating in the space; a demographic dividend that cries out for quality education to achieve economic productivity; and a cultural devotion to education that is second to none. To reform the system won't be easy. It will require bold and sustained leadership to drive a data-driven, outcome-oriented approach.

India has the opportunity to be at the forefront of this movement. There are already examples in the country across districts and states of more pragmatic strategies for regulating providers. These efforts can hopefully be amplified to provide students across the country the education they deserve.

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