Non-state actors in education in developing countries

A framing paper for discussion

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Introduction

Reaching education goals in the coming years will require sharp increases in funding and better delivery. Despite a global focus on improving access to education, nearly 60 million children in developing countries remain out of primary school and increased investments have not translated to better education quality or improved learning outcomes (UNESCO 2015a). Even with an increase in domestic public expenditure, UNESCO estimates that the financing gap for delivering good quality universal education from pre-school through junior secondary levels by 2030 in low-income countries will be $10.6 billion, on average, between 2015 and 2030—over four times the level currently provided by official donors ($2.3 billion) (UNESCO 2015b).

Closing acute financing and delivery gaps that prevent access to quality education will be a major challenge, requiring all hands on deck. Domestic governments and foreign donors will need to step up their game substantially, but fiscal and capacity constraints are likely to prevent them remedying resource deficits on their own in the short term. Non-state actors—mainly religious and charitable organizations, private ("foundation") schools, and a small number of for-profit schools—are already partially filling the gaps, although the precise extent of their services and their impact is unknown.

Determining the appropriate role of non-state actors in education is a contentious topic among specialists. Disagreements have revolved around serious normative issues, including such basic questions as whether non-state provision is consistent with the principle of education as a human right, and serious empirical questions relating to quality and equity implications. This discussion has been blurred by definitional issues (i.e., what is non-state and private education?); lack of clarity over distinctions between ownership, delivery, and financing; a lack of accurate data on current and potential provision rates; and an insufficient base of evidence from which to draw clear conclusions on the effectiveness of non-state engagement in education. These problems have made it difficult to generate comparisons across empirical studies, leading to significant variation in the interpretation of evidence. For some observers, evidence has fueled concern that non-state education is violating human rights principles (e.g., the report by the United Nations Rapporteur on Education),[1] while for others it has provided encouragement that non-state engagement can help address financing and delivery challenges (e.g., Tooley 2009).

Our goal is to provide a neutral background to this debate and identify areas of common ground. Beginning with some big picture facts, this paper develops a detailed language around non-state actors in education. We then outline current issues and poles of debate around engagement of non-state actors in education and provide an assessment of the depth of available data and evidence. To close, we establish a typology and propose a framework for discussions around the role of non-state actors in basic education and how these actors can best contribute to the achievement of Education for All and the Sustainable Development Goals (SDGs). Our paper refers largely to basic education, including pre-primary, primary, and lower-

[1] UN (2014). Report of the Special Rapporteur on the right to education. Submitted to the U.N. General Assembly. A/69/402. September 2014.

secondary, as this is the main focus of much recent discussion around the role of non-state actors in education and an area of strong growth in developing countries.

I. Non-state education: A growing phenomenon

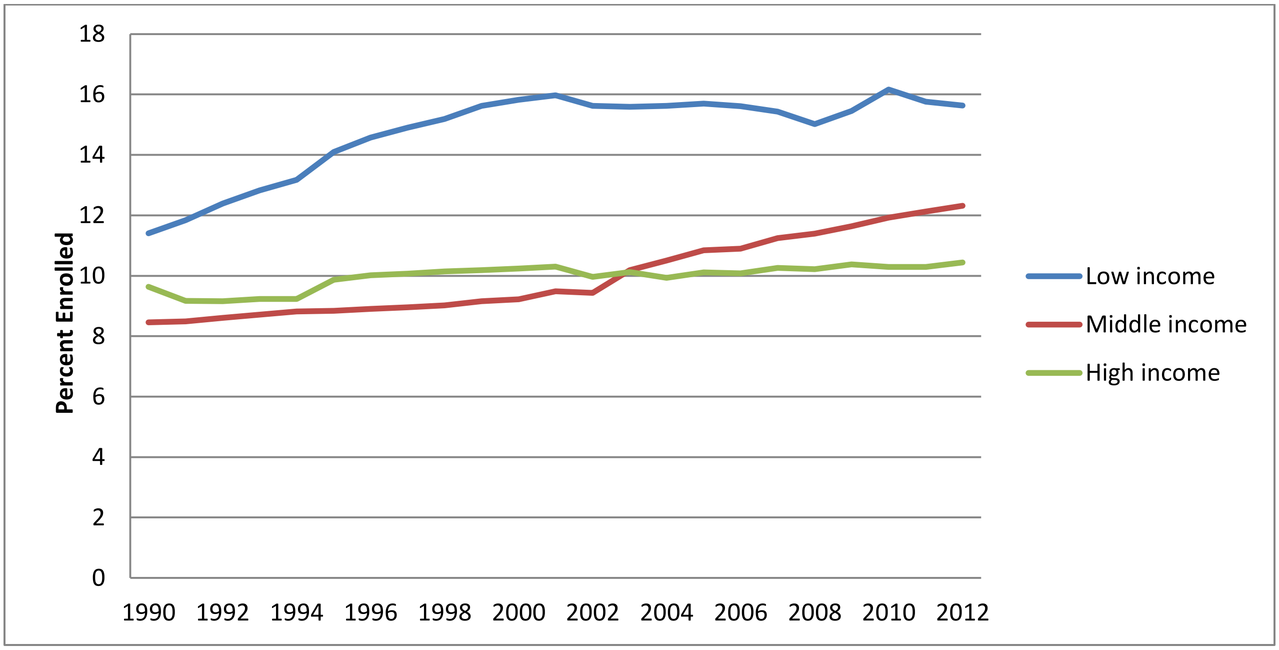
The rise of non-state education today is qualitatively different than historical examples of non-state schooling. In nearly every country's educational history, the first formal educational opportunities for children were provided by non-state schools, whether established by religious organizations, philanthropists, or private interests. However, these schools were often elite and only accessible to the wealthy. In contrast, current non-state provision (in all its forms) caters to a much wider range along the socio-economic spectrum in nearly all developing countries. Some also argue that non-state forms of education are now much more deeply embedded in all aspects of the education system including administration, policymaking, formal, and non-formal education, leaving the entire sector much more vulnerable to influence from non-state actors (Macpherson et al. 2014).

Official data on non-state education provision are likely underestimated. The United Nations Educational, Scientific, and Cultural Organization (UNESCO) aggregates administrative data from official Education Management Information Systems (EMIS) and other national data collection systems. However, in many cases these data do not include unrecognized or unregistered non-state schools. Estimations of provision rates based on existing official data thus do not capture the full scope of non-state engagement and likely underestimate the size of the sector.[2]

Available data on non-state enrollments show they remain a relatively small percentage of total enrollments but have increased rapidly in low- and middle-income countries over the past two decades. The share of non-state enrollments in total primary education rose by almost 5 percentage points between 1990 and 2012, now standing at 16 percent in low-income countries and 12 percent in lower middle-income countries (Figure 1). While the share in high-income countries has been relatively flat (around 11 percent), several countries have recently adopted policies to encourage non-state engagement, such as charter schools in the U.S. and academies in the U.K., which will likely effect rates in coming years. Regions with significant increases in non-state enrollment include East Asia, Latin America, and the Middle East and North Africa (Figure 2). Regional data for South Asia are not available (due to the large number of missing observations), but official data from individual countries (e.g., Pakistan, India, and Bangladesh) highlight a strong presence of non-state actors in this region as well. For example, in Pakistan more than one-third of primary education enrollments are in non-state schools. Going against the trend, the share of non-state education in sub-Saharan Africa has been relatively flat; while about 15 countries have shown strong growth (with Ghana, Guinea, Angola, and Congo showing dramatic increases of over 15 percentage points), in most countries the share of non-state enrollment has remained stable or has declined over the past two decades.

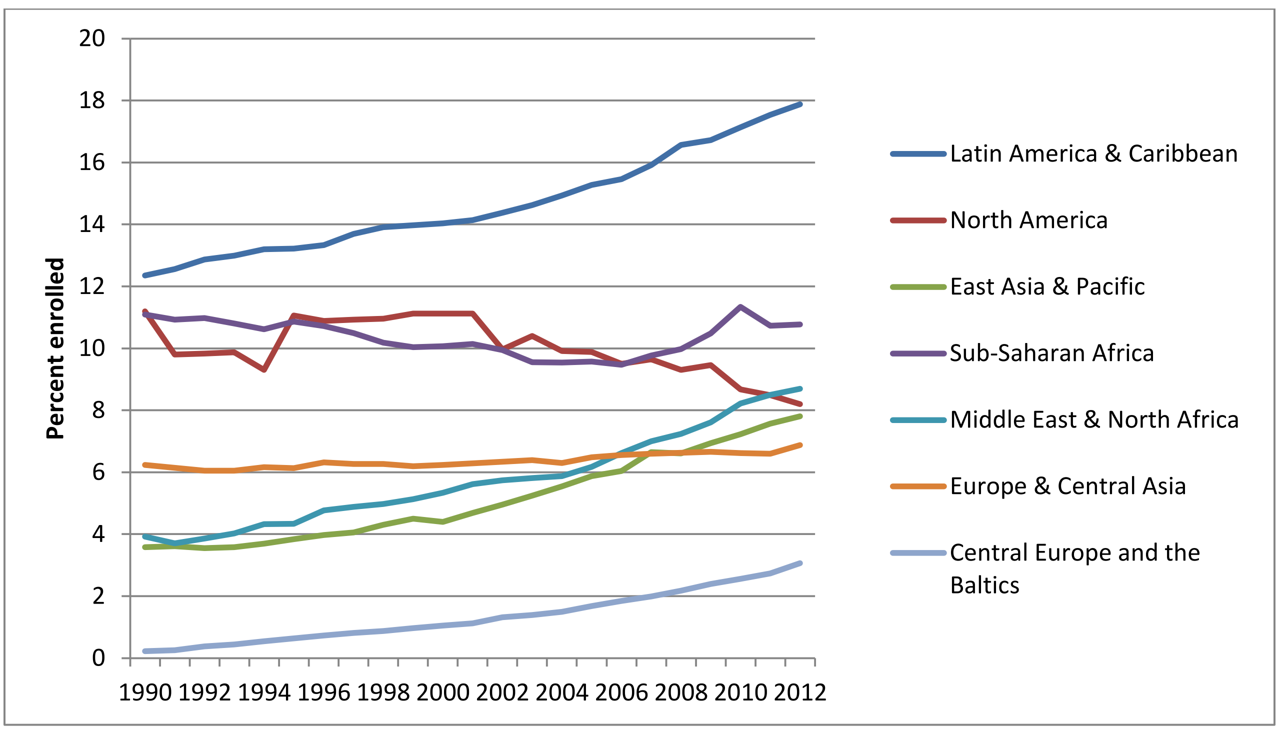
[2] For detailed discussion of the problems with official data, see Srivastava (2013).

Figure 1. Enrollment in non-state primary schools as a share of total enrollment, by country income group (1990-2012).



Source: World Bank Edstats.

Figure 2. Enrollment in non-state primary schools as a share of total enrollment, by region (1990-2012).



Source: World Bank Edstats.

II. Who are the non-state actors?

Non-state education is characterized by a diversity of providers, including religious schools, non-profit schools run by NGOs or foundations, publicly funded schools operated by private boards, community owned schools, and for-profit schools that operate as enterprises. UNESCO considers an educational institution to be "non-state" if it is controlled and managed by an NGO (e.g., religious group, association, or enterprise) or if it has a governing body that primarily consists of members not selected by a public agency (UNESCO 2005). UNESCO—as well as others—groups these various institutions under the term "private education." Such categorizations may have, unintentionally, contributed to the lack of clarity around the role and impact of non-state engagement in education. In few other areas of activity are NGO activities referred to as "private." For example, when an NGO or charitable foundation provides water supply to poor communities, this is not referred to as private provision, whereas in the education sector it often is.

A. Non-state actors in education delivery

Evaluations of school provision must distinguish between the type of provider (including ownership and/or management) and the type of financing. For example, many non-state providers are publicly funded, making them distinct from providers that are privately funded. So too, some schools charge fees and others do not. In other cases, the lines between state and non-state provision are quite blurred, and non-state provision could also be called state provision (Patrinos and Sosale 2007). As well, various school types, such as faith-based and community schools, benefit from a mixture of state and non-state financing. Finally, schools that are mainly reliant on non-state financing (e.g., NGO schools) may also receive funding from officials donors (Rose 2006).

Likewise, typologies must differentiate whether non-state schools are for-profit or not-for-profit. The profit motive in education is the cause of much concern for opponents of non-state engagement in education and has led to reluctance among some governments and civil society actors to support non-state schooling in developing countries. As a result, some "governments have banned the existence of non-state schools or have limited the number of schools that can be established" (DFID 2013). It should be noted, however, that there are various degrees of profit-making. As we show in the following section on education financing, a growing number of investors are willing to invest at lower than market returns, emphasizing social impacts over monetary gain.

Table 1. Non-state education delivery and financing of education.

			Type of financing	
			State	**Non-state**
Type of provider	**State**		e.g. traditional schools	e.g. adopt a school
	Non-state	Not-for-profit	e.g. faith-based schools community schools charter schools	e.g. philanthropic schools NGO schools
		For-profit	e.g. charter schools	e.g. low-fee private schools

Source: based on Patrinos and Sosale (2007) and Rose (2006).

Box 1. Low-fee private schools (LFPS) *(or less accurately low-cost private schools)*[3]

Low-fee private schools are growing rapidly in the developing world and have attracted much attention. While there is some confusion around the exact definition of LFPSs, most studies define it as a privately owned and managed school that is not primarily dependent on government assistance or donations (i.e., charge some fee) and, if currently dependent, has a clearly defined plan to become self-sustaining and fully fee-dependent within a specified amount of time (Baraket et al. 2014). While many of these schools may seek to make a profit, the extent of this profit varies significantly across contexts and countries. Costs are often kept low by hiring unqualified, female teachers on low wages (Rose 2006). To further drive down costs and increase margins through scale, entire chains of such schools have emerged. In some cases this scaling has involved increased standardization of the schooling experience.

Adding an additional level of precision, typologies can further detail the contractual relation between state and non-state actors. This more detailed typology used by the Organization for Economic Co-operation and Development (OECD) highlights that the distinction between state and non-state provision is increasingly blurred and cannot be neatly classified. Most so-called private provision is actually better described as public private partnerships (PPP).

Table 2. Non-state provision typology by ownership, contractual relation, and financing.

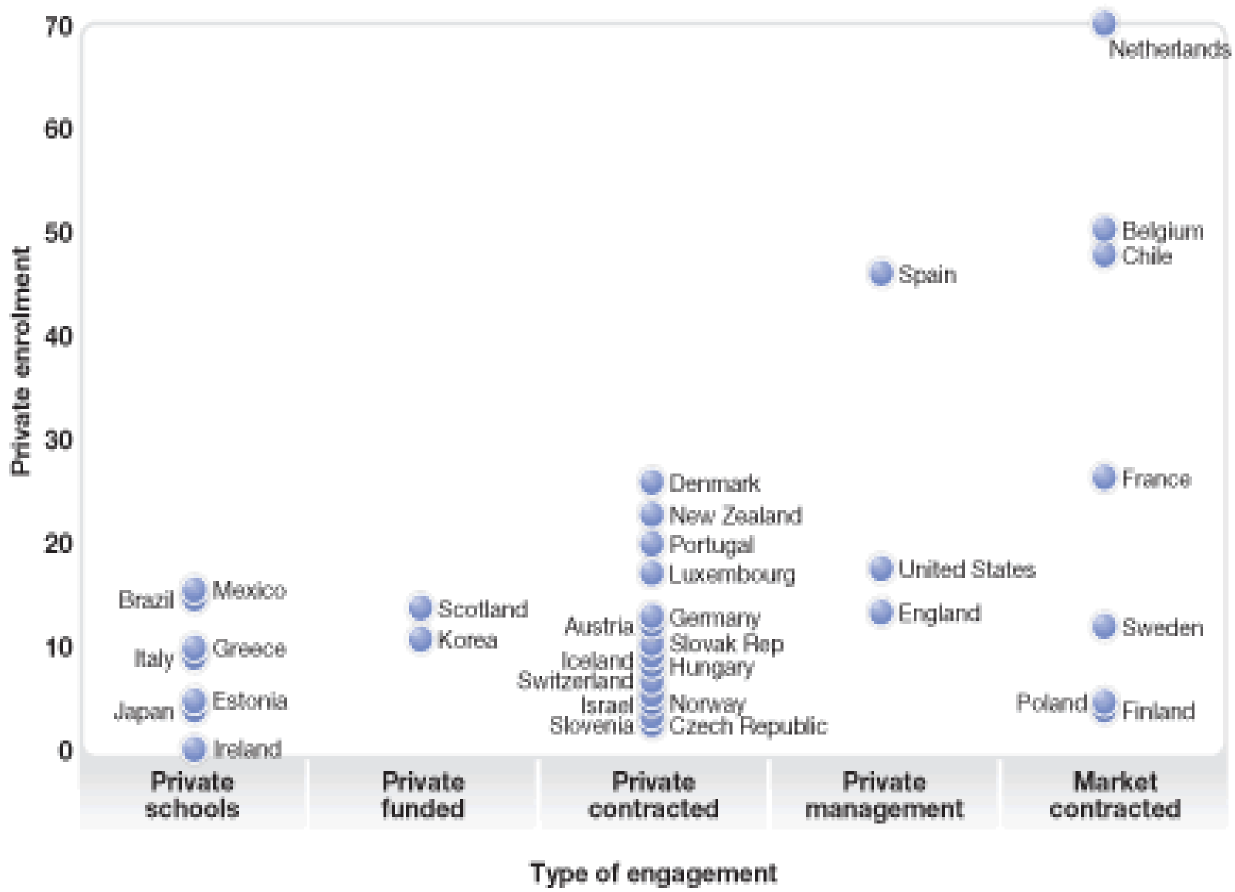
Type of school	Description	Ownership	Contract	Financing
Non-state schools	Owned by non-state actor and financed typically through fees or philanthropy (can be for-profit, not-for-profit)	Non-state	No	Non-state
Non-state funded	Owned by non-state actor and managed with funding from government (but not on a contractual per student basis)	Non-state	No	State
Non-state contracted	Owned and managed by non-state actor with funding from government based on contract with funding depending on certain conditions	Non-state	Yes, with government	State
Non-state managed	State-owned but non-state operated and managed (e.g., charters, academies, concession schools)	State	Yes, with government	State
Market contracted	State schools that are non-state-owned with contract, or publicly owned with non-state management; where funding follows the student to the school of their choice (vouchers)	State and Non-state (mixed)	Yes, with students	State

3 An earlier, much more precise, definition of low-fee private schools was proposed by Srivastava in 2001. She defined such schools as private unaided schools, financed entirely by tuition fees, with a monthly tuition fee at the primary level not exceeding what a daily wage laborer earned in a day. This allowed for comparison across contexts and over time, and as a proportion of household income. Unfortunately, this distinction has been lost as the literature has grown, and most studies do not clearly define what they mean when referring to these schools. The term has been further misappropriated by "low-fee/cost" chains as a marketing mechanism (communication with Prachi Srivastava and Srivastava 2013).

Source: adapted from Lewis & Patrinos (2011).

When data on school type is combined with enrollment data, we see a wide variety of engagement in non-state provision emerge in OECD countries (see Figure 3). The figure highlights the difficulty involved in assessing non-state sector engagement. For example, the church is heavily engaged in providing education in Ireland but the Irish government considers religious schools to be public schools, and therefore Ireland appears to have limited non-state engagement in schooling.

Figure 3. Countries by type of non-state engagement and private primary enrollment (2012).[4, 5]



Data Source: UNESCO UIS Database and OECD.

[4] "Types of engagement" are not exclusive categories. Representation were ascertained by determining the degree to which the private schools are used through measuring responses to the following five key questions: 1) Are private schools allowed to operate? 2) Is public funding for private schools allowed? 3) Is there a contract that governs the use of funds transferred to non-public schools? 4) Is the private operation and management of public schools permitted? 5) Does public funding follow the student to the school of their choice? Each question was answered using OECD *Education at a Glance 2010* school choice indicators. OECD choice indicators do not cover question four, therefore expert interviews were used. Answering "yes" to questions 1-3 automatically moves a country to the right. Questions 4 and 5 are non-sequential so answering "no" to 4 does not mean a country could not also engage the private sector by using market-based contracts.

[5] Note that this chart from the OECD also unhelpfully uses the word "private" to describe education provided by churches and NGOs. One of the authors of this paper (Steer) benefitted from the education provided by the 50 percent of schools in Belgium described as private. These are largely non-fee paying schools managed by the Catholic Church and financed by the state.

Information about different types of non-state providers (for-profit or non-profit; with or without state financing) in developing countries is often missing, making it more difficult to classify and analyze. In addition, non-state providers are often unregistered, making it difficult for governments to monitor their activities. Box 2 provides an example of school classifications in India. Many countries do not provide even this rudimentary level of detail.

> **Box 2. Classification of non-state schools in India.**
>
> - *Government aided non-state schools* are privately managed and follow government regulations on curriculum, timetable, school hours, textbooks, and eligibility criteria for teacher recruitment. Up to 95 percent of funding can come through state "grants-in-aid" including teacher salaries and recurrent non-teacher spending.
> - *Non-state un-aided* (recognized) schools are self-financing; however, they have registered with government having fulfilled a minimum set of standards. This category of schools includes a diverse range from India's elite schools to English medium schools catering for the emerging middle class.
> - *Non-state un-aided* (unrecognized) school s are self-financing schools not registered with any government agency and they include the burgeoning low-cost private school sector.
>
> Source: Bangay and Latham (2013)

In addition to operating schools directly, the non-state sector also provides education core services, again financed by state or non-state actors. These can range from services such as professional development and quality assurance as well as auxiliary services such as infrastructure purchasing and leasing, building maintenance, pupil transportation, and school meals, which are often very costly for public schools. Examples include:

- *Capacity Building Initiatives*. These initiatives range from curriculum and pedagogical support; management and administrative training; textbook provision; teacher training; and the development of support networks, professional partnerships, and linkages.

- *Build-Operate-Transfer, and Build-Operate-Own Provision of infrastructure*. The non-state partner builds, owns, and operates the infrastructure facilities that the government uses for running the school. The non-state partner is paid a fee over the period of the contract, which is generally long term—between 20 to 30 years. Performance criteria for maintenance of the schools are fixed. Based on satisfactory maintenance, payment is made. The ownership and the asset at the end of the contract period may be transferred to the government, or retained by the non-state sector depending on the terms in the contract.

- *Quality assurance support*. The non-state sector provides independent quality assurance/monitoring mechanisms to evaluate the provider performance and program outcomes. There are many mechanisms used around the world to assure quality—both in the private and public sectors—ranging from the public sector organizations such as the Education Review Office in New Zealand and the Office of Standards in Education in the U.K., to private sector organizations such as the Educational Testing Service, Pearson, and Kaplan in the United States and the Center for Educational Measurement in the Philippines that provide testing and assessment services that help track school performance.

B. Non-state actors as providers of finance

There has been a recent surge of interest in non-state actors as sources of finance for education. First, there is a desire to find additional sources of finance to help complement government resources and fund the sizable financing gap. Non-state finance is seen as an increasingly important source of finance, especially at a time where official aid is declining and domestic revenue-raising efforts are still falling short of need.[6] Second, recognizing the disappointing results in achieving some of the Education for All goals (e.g. pre-primary, quality learning), there is an interest in new approaches to development assistance taken by some of the non-state actors, such as venture philanthropists and impact investors, which are perceived by some to be more efficient and results-driven. At the same time, there is a concern among some in the education community that commercial investors are aggressively entering the education field and taking advantage of openings in developing country markets.

In analyzing non-state actors as financers of education, it is necessary to distinguish between two major categories: non-state charitable giving and non-state investing. These forms of financing complement and interact with state financing, official donor, and household spending in different ways. Charitable gifts (also referred to as private gifts or grants) have an explicit social motive and no expectation of financial returns. Gifts are the most traditional form of philanthropy and are primarily provided by corporations (CSR), foundations, and individuals through contributions to civil society organizations (CSOs) and religious organizations. Charitable giving has been rising in recent years, driven by rising national incomes and corporate profit levels, and by initiatives of wealthy philanthropists who have increased the visibility of private giving (Henon 2014).

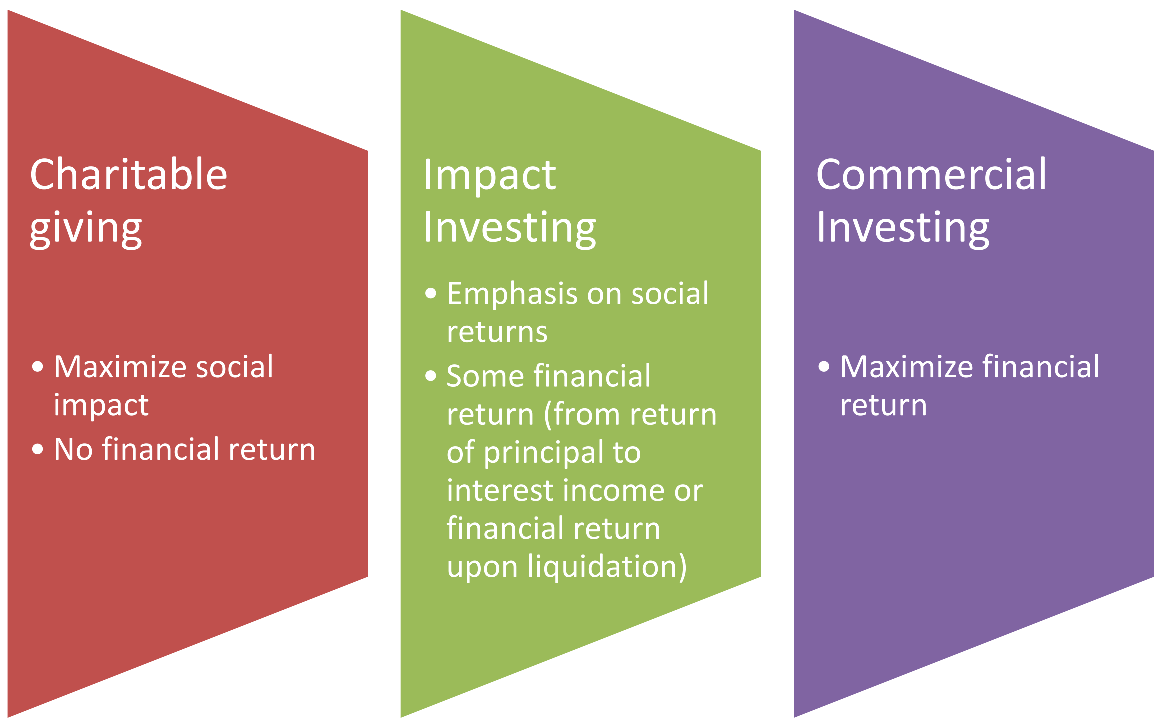
While charitable giving remains the most important form of philanthropy by non-state actors, a new class of investors has emerged that has blurred this distinction between charity and investment. These include new actors, new financial techniques, and a new micro-level approach. Traditional charitable organizations, such as foundations, are increasingly using both grants and investment tools to meet their goals in various sectors, including education.

The split between charitable giving and investment should be considered on a continuum rather than as a dichotomy (see Figure 4). While charitable giving necessarily has a strong social motive, investors can range from those that primarily seek social returns to those that primarily seek financial returns. At the far end of the specturm rests commercial investment, including teacher training and for-profit schools, that seeks the kind of

[6] Following the progress made at primary level, the need for resources and results is further intensified by the growing number of students progressing to secondary and tertiary education cycles.

returns that might be seen when investing in a market portfolio. Falling somewhere closer to the middle, however, is a new type of investor—a group called impact investors—that aims to generate social as well as financial returns and are willing to accept lower financial returns than could be garnered in more traditional commercial investments (Noble and Drexler 2013).

Figure 4. Non-state actors as financiers.



A wide range of investment types fall within impact investment. Some investments are focused on social value and assume only a minimal financial return. Others fall much closer to the commercial investing end of the spectrum, while still placing a great deal of emphasis on impact. Blended value investments fall somewhere in the middle and anticipate a sizeable financial return together with substantial social return (see Figure 5).[7]

[7] A recent survey of 125 impact investors across sectors found that 54 percent of those surveyed target competitive market rates of return, 23 percent target below market rate but closer to market rate returns, and 23 percent target capital preservation. Eighty percent indicated that financial returns are essential to impact investing while 71 percent indicated that determining the social impact of the investment is essential (Saltuk and Idrissi 2014).

Figure 5. A wide range of social investment types.

Create social value					Create financial value
Charitable giving	Revenue generating social investment			Socially driven commercial investment	Traditional commercial investment
No trading revenue	Potentially sustainable >75% revenue	Breakeven from revenue	Profitable surplus reinvested	Profit distributing socially driven	Profit distributing finance driven
Impact only	Blended Value				Finance First

Source: adapted from OECD (2014b).

Impact investments were initially developed by private foundations and high net worth individuals and families, but are attracting an increasingly diverse set of actors. A recent survey of impact investors revealed that development finance institutions were now the largest suppliers of funds for impact investing (42 percent) followed by fund managers (34 percent) (Saltuk and Idrissi 2014). Development finance institutions entered the space through investments in micro-finance, which is a subset of impact investing focused on economically active low-income families (Martin 2013), but are expanding in scope. For example, the International Finance Corporation (IFC), a member of the World Bank Group that makes commitments across sectors in the form of loans, equity investments, and guarantees, recently shifted its focus to the world's poorest countries. Large financial institutions such as banks and pension funds have been more hesitant to join but are now also gradually taking interest. Official donors, as well, are showing increasing interest. For example, the United Kingdom's Department for International Development (DFID) recently established the DFID Impact Programme, which aims to catalyze the market for impact investments in South Asia and sub-Saharan Africa through support to the broader eco-system and the creation of an impact fund that supports businesses that reach low-income individuals (DFID 2015).

New financing mechanisms are opening up opportunities for collaboration across non-state and state actors. Impact bonds (see Box 3), for example, harness private capital towards social services such as education while maintaining a focus on achieving outcomes. With these bonds, the theory is that performance management expertise from the non-state sector has the potential to improve quality and equity, though it remains to be seen whether or not this mechanism is able to achieve efficiencies at a larger scale than at the individual project level (Goodall 2014).

Box 3. Impact bonds for education.

The social impact bond (SIB), or pay for success financing (PFS, as it is generally known in the United States), is a type of impact investing mechanism in which private capital is used to finance social services with repayment from the government being contingent on the achievement of an outcome. "Development impact bond" is a term used for a social impact bonds in low- and middle-income countries where a donor agency or a foundation makes repayments once the outcome is achieved, as opposed to the government (although some combination of government with a third party is also possible).

To date, there have been nearly 40 SIB and DIB transactions contracted globally for social services ranging from reducing prison recidivism (the target of the first social impact bond) to foster care avoidance to malaria. Few impact bonds focus on education, with only one focusing on education in a developing country—an investment in girls' education in Rajasthan, India (Instiglio 2015).

The main benefits attributed to impact bonds are: 1) a shift of focus to achievement of outcomes; 2) the financing of preventive services with future benefits and potential cost savings; 3) the circumvention of rigidities in government budgets and politics; 4) a reduction in risk for government and service providers; 5) the encouragement of innovation in service provision and data collection; 6) responsiveness and adaptability in the implementation of interventions; 7) an alignment of interests across multiple parties; and 8) help in achieving scale through potential reallocation of (government) resources towards social service delivery once results and potential savings are demonstrated.

The evidence of impact bonds' ability to achieve better outcomes remains to be seen as only a handful of programs have reached the point of repayment. Nevertheless, lessons from existing transactions should be used to explore the potential for innovative financing mechanisms to harness private capital for education.

C. Non-state giving and impact investing. What does it add up to?

Achieving the Education for All and ambitious Sustainable Development Goals (SDGs) will require significant scaling of financing and delivery. Even with an increase in domestic public expenditure, UNESCO estimates that the financing gap for delivering good quality universal education from pre-school through junior secondary levels by 2030 in low-income countries will be $10.6 billion, on average, between 2015 and 2030—over four times the level currently provided by official donors ($2.3 billion) (UNESCO 2015b). And of course, even if fully financed, education systems also need to deliver the quality education expected. Systems of education need to work effectively and efficiently to transform resource inputs into meaningful outcomes.

An important starting point when analyzing the role of non-state actors is to recognize that the largest portion of non-state spending is by households. This includes direct spending related to attending schools such as school fees, spending on uniforms and school supplies, and ancillary services (transport, meals, etc.). It can also include indirect spending such as private tutoring and other extra curricular activities. Household spending on education can be substantial and a barrier for the poor. There is an astonishing lack of data on total spending on school fees and other household spending on education, and only rough estimates are possible. A survey in 15 African countries suggests that average total household spending amounted to 1.7 percent of GDP, equivalent to a little under half of public expenditure (at 3.7 percent of GDP).[8] Shares vary by level of education. Household expenditure on education as a percentage of total public spending was 33 percent at primary and 68 percent at lower-secondary education. Spending also varied considerably by country. In Benin, households spend 10 times as much on education as a share of total household spending in comparison to Chad (Foko et al. 2012). Very rough estimates—assuming that these sample African countries are representative of low-income countries generally—would suggest that households spend around $16 billion in low-income countries on basic and lower-secondary education, in comparison to the $36 billion[9] that governments spend.[10]

Much attention is being paid to charitable giving and impact investment as key complements to state financing to achieve the Education for All goals. This is because of their potential to reduce the financial burden on households due to their charitable or concessional character (impact investments often have below market returns), their explicit focus on promoting social impact (including reaching poor populations) and, in the cases that do generate financial returns, the amount of capital available could be many times larger than philanthropic or government budgets.

It is difficult to estimate precisely how much non-state charitable giving and impact investing is being devoted to global education. There are several challenges in deriving this data, resulting in various studies coming to different conclusions. First, studies have used different definitions of basic terms that have led to discrepancies in calculations. Second, data are simply not available. This is especially true with regard to giving by non-state actors since many donors wish to remain anonymous or may be reluctant to release full data on their giving or investments.[11]

Recognizing data are incomplete, we summarize some of the available estimates in Table 3.

[8] This includes school fees, school supplies, and other spending.

[9] Government expenditure is estimated at $25 billion for basic education and $11 billion at lower-secondary level (UNESCO 2013a).

[10] It should be noted that in some countries, household incomes and spending are significantly enhanced by remittances. Total remittances to developing countries are estimated to be nearly three times the size of official development assistance, and in a number of developing countries remittance flows represent more than 10 percent of GDP, twice the average 4-5 percent of GDP spent on education. Remittances are used for household consumption and investment, including in education.

[11] Note that the problem with lack of good data on non-state financing is not limited to just the education sector, but to other areas of development as well (Henon 2014).

Table 3. Available estimates on charitable giving and impact investing

Destination	Charitable giving	Impact investing
Total to all countries	N/A	$46 billion* (Saltuk and Idrissi 2014)
Total to education in all countries	$8 billion (D. Capital Partners 2013)	$3 billion (D. Capital Partners 2013) $1.4 billion* (Saltuk and Idrissi 2014)
Total to developing countries	From OECD countries: $30 billion (OECD 2014a) $45 billion (Henon 2014) $59 billion (The Center for Global Prosperity 2013)	$32 billion* (Saltuk and Idrissi 2014)
Total to education in developing countries	Major foundations: $135 million (van Fleet 2011b) Major corporations: U.S. Fortune 500: $0.5 billion (van Fleet 2011a) Global Fortune 500: $1.1 billion (Dattani et al. 2015) CSOs: $2 billion (rough estimate based on Henon 2014) Domestic giving (emerging): Multilatinas: $0.6 billion (van Fleet, 2012)	$1 billion* (*authors estimate based on Saltuk and Idrissi 2014*)

*Total amount of assets under management in 2013 in survey of 125 investors, of which 3 percent was devoted to education.

Estimates of total giving from charitable institutions or individuals in OECD countries to developing countries for all sectors vary between $30 billion and $60 billion. Estimates vary in part due to different definitions of private giving as well as underreporting, which could result in an underestimation of amounts.[12] The United States provides the highest share of private gifts, at 67 percent, according to one study (Henon 2014). However, despite varying estimates, it is clear that private grants have become an important source of development finance. Such grants are equivalent to about 25-45 percent of total official development assistance (ODA), which stood at $135 billion in 2012; 5-10 percent of total foreign direct investment; and around 10-15 percent of remittances (OECD 2014a).

[12] A study of by the Hudson institute compares OECD figures on private giving in 14 countries (as reported by member countries of the OECD) with other sources and finds figures reported to the OECD hugely underestimate the actual value of donations to overseas causes (The Center for Global Prosperity 2013).

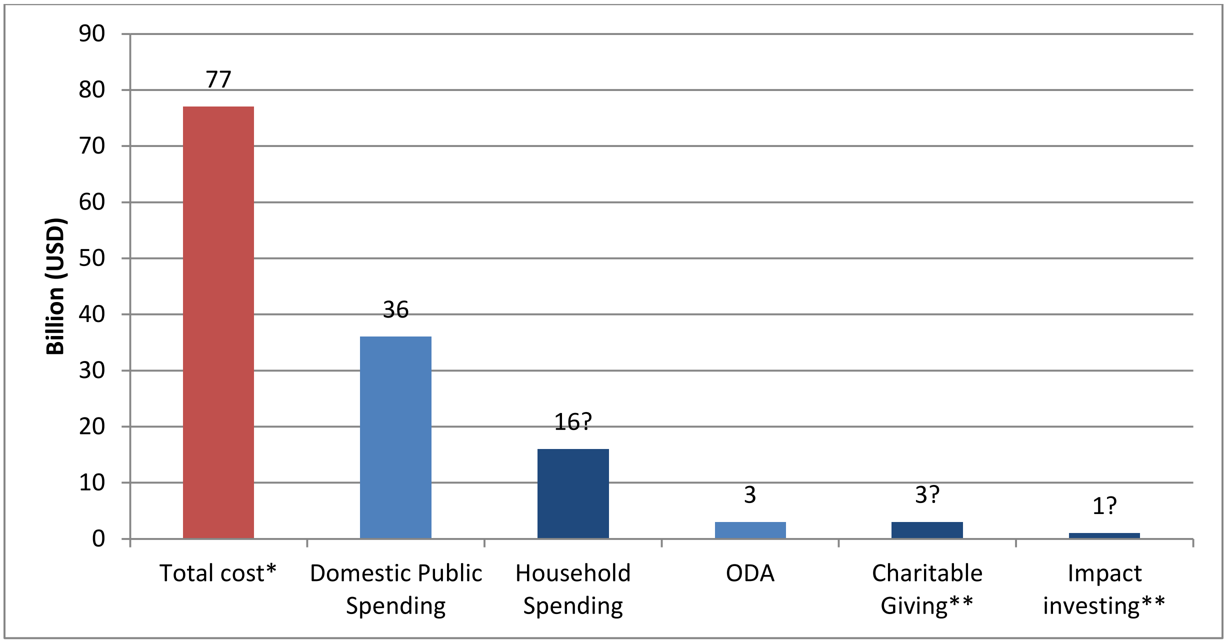
While there is clear growth in the field of impact investing, reliable estimates of the total size of investments do not exist, especially in terms of investments in developing countries or directed to education. The most comprehensive survey of 125 investors (with assets under management of $10 million or above) by J.P. Morgan and the Global Impact Investing Network (GIIN) found that those investors had $46 billion in impact investments under management globally, of which $32 billion was invested in developing countries. The same study also highlighted that new impact investments totaled $11 billion in 2013 and investments were expected to grow by 19 percent to $13 billion in 2014 (Saltuk and Idrissi 2014).

Education in developing countries is of relatively low priority for charitable giving by foundations and corporations, amounting to only around $1 billion. While data are highly incomplete, one study estimated major foundations and Fortune 500 corporations spent about $500 million and $135 million, respectively, in 2011 on education in developing countries (van Fleet 2011b). Another more recent study estimates total corporate spending (corporate social responsibility) on education priority areas[13] in developing countries by Fortune 500 companies to be $1.1 billion—just under 10 percent of their total corporate social responsibility spending on education (Dattani et al. 2015). Weak data as well as variation in country groupings and methodologies make it difficult to compare estimates. Data suggest, however, that grants to education are more limited than grants to other sectors. U.S. foundations, for example, directed 9 percent of total international giving to education in 2010, compared to 41 percent to health (Foundation Center 2012). Interestingly, education features much more strongly in domestic grant-making and was the top-ranked field by share (at 23 percent) in total foundation giving in 2011 (Foundation Center 2013).

Besides foundations and corporations, education in developing countries is also supported by charitable giving from individuals who often channel their gifts through civil society organizations, including religious organizations. Estimates of the size of this giving for education do not exist. We do know, however, that foundations and corporate giving only account for just over one-third of total private development assistance (Henon 2014). Assuming this also applies to education, it is likely that an additional $2 billion of charitable giving through individuals and CSOs in OECD countries is directed towards education, suggesting that charitable giving to education is roughly equivalent to ODA to basic education. Finally, the most recent survey estimates total global impact investment in education at $1.4 billion in 2013, of which an estimated $1 billion may be invested in developing countries (Saltuk and Idrissi 2014).[14] Figure 6 provides a summary of non-state charitable giving estimates compared to the total cost of achieving basic education for all.

[13] Defined as spending on pre-primary, primary, and secondary education in Africa, Asia Pacific, and Latin America.
[14] About 70 percent of total impact investments are allocated in developing countries. Applying this same percentage to education generates an estimated $1 billion of impact investments in education in developing countries.

Figure 6. Non-state financing of basic and lower-secondary education in developing countries compared to the total estimated cost of universal access ($77 billion).



Source: author estimates based on Dattani et al. (2015), UNESCO (2013a), Foko et al. (2012); *includes pre-primary, primary; lower-secondary and basic life skills for youth and adults (UNESCO 2013a); **estimates for total education; breakdown by level is not available.

Foundations and individuals in developing and emerging economies are becoming increasingly notable sources of finance for education (e.g., the MTN Foundation in Nigeria and the Bharti Foundation in India) (Bellinger and Fletcher 2014). Illustrating a wider trend of increased giving by emerging economies, of the 15 countries showing the largest increase in the 2013 giving index, only one was a high-income country (CAF 2014). Recently, African philanthropists and social investors gathered for the first African Philanthropy Forum in Addis Ababa to share knowledge and coordinate efforts. Anecdotal evidence suggests that donors in emerging economies are more interested in supporting education than their OECD counterparts. For example, a survey of Arab donors found that their cultural and religious traditions—Islamic guidelines strongly encourage giving to education (Jalbout 2014)—provide a strong foundation for greater engagement in the future. Similarly, a 2011 survey of the 100 largest Latin American multinationals estimated their giving to education in the region at a total of $600 million (van Fleet & Zinny 2012). Equally, a recent survey of Indian philanthropists shows education as the most important cause for support (Bain & Company 2015). Further engagement with donors in developing and emerging economies could present an opportunity to grow philanthropic flows to education.

III. What is the role for non-state actors? Arguments and evidence.

Discussions of financing and delivery needs have not adequately addressed what role different actors could and should play in fulfilling these needs. While the Dakar declaration states that "no country seriously committed to Education for All will be thwarted in their achievement by lack of resources," there is no clear agreement as to how these resources would be mobilized or what role different actors would play. The Fast Track Initiative (now Global Partnership for Education) was established with the idea that it would be able to identify and fill gaps, but despite good effort major resource challenges remain. However, disappointingly, 15 years after Dakar, educational progress in many countries is indeed held back by lack of resources.

Education agendas are not prioritized and there are no accepted comprehensive plans to deal with resource shortfalls. This leaves a number of challenging questions: In a world of scarce and sometimes ineffectively used resources, how can equitable quality education be achieved in the short and long term? What is an appropriate role for state and non-state actors? Answers to these questions vary widely depending on the respondent's background and discipline.

Child rights activists, motivated by the Universal Declaration on Human Rights and the Convention on the Rights of the Child, have called on governments to fulfill their responsibility in delivering the Education for All agenda. They have emphasized education as a public good and "the State as a custodian of the quality of education" (UNESCO 2014). But in the face of a failure of public bodies to provide adequate finance and delivery capacity, the role of non-state actors as potential providers of basic education and the role of some form of cost recovery at higher levels of education still need to be clarified.

By contrast, many economists have treated education as an investment that benefits both individuals (i.e., as a private good) and societies (i.e., as a social good) (e.g., Psacharopoulos 2014, Psacharopoulos and Patrinos 2002, Montenegro and Patrinos 2014). Education produces benefits for societies that go beyond the benefits to the individual being educated. Because education has these important externalities, it requires a public subsidy to ensure that it is "produced" in socially optimal quanitities. When available resources and capacity limit countries' ability to deliver free education across the board, (social) rates of return analyses are used to help prioritize allocation of scarce public resources. Using this evidence, economists have recommended directing public resources towards lower levels of education where social rates of return are the highest. Mixed models including some public and private financing are generally proposed for higher levels of education justified by higher ratios of private to social returns.

In response to the growing demand for non-state actors to engage during the past decade, **a number of specialists have highlighted the potential benefits and costs of non-state actors in education.** Arguments in favor or against, summarized in Table 4, often focus on a number of key principles, including those promoted in international human rights law such as the Convention on the Rights of the Child and global declarations and goals such as and the Education for All goals:

- **Access and scale.** Basic education should be compulsory and freely available to all children. Secondary and higher education should be accessible to all, with appropriate financial assistance in case of need.
- **Quality.** Education should enable students to acquire basic skills of literacy and numeracy. In addition, education should "develop the full human personality and respect for human rights." The focus on education as an enabler of social justice has been re-emphasized in the SDGs. This is important as it is this role of education that some feel non-state education puts under threat (MacPherson 2014).
- **Equity.** Education should be accessible to each child regardless of ethnic, gender, disability, or socio-economic background.
- **Cost effectiveness and efficiency.** Education should be provided using the most effective delivery methods at the lowest costs. Cost effectiveness considerations should be understood in relation to the goals that need to be achieved (including quality and equity). For example, it may cost more per unit to reach marginalized groups.

Table 4. Arguments in favor of and against non-state engagement in education.

	Arguments in favor of non-state engagement	Arguments against non-state engagement
Access and Scale	**The public sector is not able to keep pace with demand for education.** Charitable giving and non-state investments can help mitigate financial constraints. Non-state actors can also help provide much needed capacity to deliver education.	**The public sector is responsible for providing and financing education.** Financing gaps need to be closed by raising domestic tax revenue and international donor finance. Non-state support can only be a temporary stop-gap measure. **For-profit actors (investors/providers) reach scale and maximize profit at the expense of teacher pay and quality of learning.**
Quality	**Competition and choice**. The non-state actors can compete with the state sector for students. This provides incentives to increase the quality of education. **Accountability and results focus.** Partnerships with non-state providers can include measurable outcomes and requirements for the quality of education. This can raise the quality of education.	**Information asymmetry.** Poor households do not have enough information to be able to judge quality of schooling and benefit from competition (and if they do may not have the means to pay for it). Competition can undermine public schools and may not yield quality or innovation. **Weak accountability.** Higher learning outcomes are achieved because the non-state actors attract more advantaged children. Legal frameworks and accountability mechanisms are too weak to enforce results-based partnerships.
Equity	**Flexible and innovative approaches of non-state actors allow them to reach population groups governments are unable to reach.** Innovations can be scaled through the public system. **Targeted support can guarantee equitable access to non-state schools.** Government can support publicly funded students in non-state (for-profit) schools (using vouchers, for example) often at lower per student cost than in the public sector. **Business and social impact can go together.** New class of impact investors are focused on social outcomes and reaching lower income brackets. **Free public schools can have higher indirect costs than low-fee private schools**.	**Non-state schools cannot reach the poor without state subsidy, making them a public responsibility.** - *For-profit* non-state actors have no essential interest in delivering education to the poor. - *Non-profit* actors cannot deliver services on a national scale without relying on a public subsidy. **Non-state schools attract children from better socio-economic backgrounds**, whose parents can afford the fees, and perceived social status from attending those schools is signaled to employers. **State subsidy schemes (e.g., vouchers) are ineffective and lead to inequalities even in countries with strong regulation.**

Cost effectiveness and efficiency	**Flexibility (e.g., in teacher contracting and innovation).** Non-state actors have more autonomy in hiring teachers, organizing schools, and introducing program innovations. **Risk-sharing.** Engaging non-state actors can increase risk-sharing between the state and non-state sector. This can increase efficiency and channel additional resources to education.	**Effects on wider education system.** Non-state schools can undermine the effectiveness of the public education system. Leaving public schools to cater to the poorest and least educationally advantaged at high cost. **Risk-sharing**. Students and families bear the burden of risk in risk-sharing schemes, not non-state or government actors. **Perverse incentives.** Cost savings rest on the inappropriate and unsustainable treatment of the teaching workforce, particularly women. They also go at the expense of quality by, for example, employing unqualified teachers or excessively standardizing education.

Source: Rose (2006), Lewin (2007), Patrinos et al. (2009), MacPherson et al. (2014), Sandefur and Watkins (2012).

A. Strengths and weaknesses of non-state actors in delivery

Findings of recent meta reviews on the impact of non-state actors on key outcome criteria highlight the evidence supporting or refuting arguments is highly mixed. Two recent meta-reviews (Day Ashley et al. 2014, Wales et al. 2014) have assessed available evidence on the impact of non-state actors on quality, equity, and cost effectiveness of education provision.[15] Table 5 summarizes some of the primary findings.

Table 5. Selected findings of meta-studies on private and non-state provision.

	Private schools	Non-state religious and philanthropic schools
Quality – student learning	Moderate evidence that private schools outperform public schools—**however,** many studies do not control for socio-economic background creating ambiguity about the true effect	Moderate evidence that non-state schools outperform public schools; notably in improving school readiness for marginalized groups; and for philanthropic schools working with the state
Equity – access for the poor and marginalized	Inconsistent evidence that private schools reach the poor; but consistent evidence that private schools operate in rural areas. Inconsistent evidence on whether poor are able to afford private school fees.	Strong evidence that non-state schools target their provision to the poor
Cost effectiveness – cost of provision	Moderate evidence that private schools have lower costs of education delivery due to lower salaries of teachers. Inconsistent evidence that private schools are vulnerable to closing down.	No studies focused on cost effectiveness

[15] The review also considered a number of other variables including demand variables such as affordability, choice, and accountability, as well as variables related to the enabling environment.

Source: Day Ashley et al. 2014, Wales et al. 2014.

Note: "Weak," "moderate," and "strong" refer to the degree of consistency in findings across studies (using a diversity of methodological approaches). Strong evidence means 75 percent of studies are clearly supporting/refuting the hypothesis, moderate evidence means 50-75 percent are clearly supporting/refuting the hypothesis, and weak evidence means findings are inconsistent with less than 50 percent of the studies supporting/refuting the hypothesis.

The studies highlight a number of important problems with available evidence, which affect our ability to draw conclusions about the true impact of non-state provision on equity and quality indicators (Day Ashley et al. 2014, Wales et al. 2014):

- **Rigorous quantitative studies, including those with randomized designs, are limited, especially in developing countries**, making it near impossible to draw conclusions with regards to the relative performance of non-state versus state schools. Compounding this issue, most studies do not control for socio-economic status or other external variables and evidence is particularly poor when it comes to philanthropic and religious schools (i.e., non-state schools that do not rely on fees for operation), where most studies seem to rely on qualitative or secondary data in which external variables are often not controlled for. In addition, while some rigorous studies exist, meta-studies have tended to aggregate rigorous and less rigorous evidence, often introducing noise in conclusions. To draw generalizable conclusions around the impact of particular types of non-state provision, a more consistent and rigorous set of studies will be needed.
- **The literature on non-state provision in developing countries is concentrated in a handful of countries in South Asia and some in Africa**. Over half of the studies on non-state schools examine cases in India and literature on religious schools is heavily concentrated on madrassas, limiting applicability to other development contexts.
- **Limited evidence exists around the impact of the system as a whole** (including public and non-state providers) to deliver quality education in an equitable way (a notable exception includes insights from specific contexts such as Nepal; see Joshi 2015). There is a lack of conclusive evidence on the relationship between state and non-state providers; what factors drive their collective performance; and whether non-state schools reduce or increase the quality of public schools.

In addition, we note that very few studies (including the referenced meta-reviews) explicitly consider the variation in ownership, management control, and financing arrangements for different non-state schools. For example, while a broad distinction is made between private and religious/philanthropic schools (Day Ashley et al. 2014, Wales et al. 2014), no clear distinction could be made based on the source of finance or degree of cost recovery in non-state schools.[16] As well, only three (all in Pakistan) of the 59 studies considered in the review examine the impact of state subsidies on quality and equity (Day Ashley et al. 2014). As a result, there are still legitimate questions as to which approaches best use public finance to leverage non-state actors' involvement in different contexts (e.g., public contracting or voucher/choice models) or how the cost-effectiveness of for-profit, non-profit, and public

[16] For the private review, authors sought to identify cost recovery but were not able to due to lack of evidence (correspondence with author).

providers serving low-income populations compares to education provision in traditional public institutions.

Finally, while many studies analyze the differences in state and non-state provision in terms of quality and equity, fewer analyze the enabling conditions that may have played a role in determining outcomes, both positive and negative.[17] There is a critical need for more evidence on how and under what circumstances non-state actors (or state actors, for that matter) contribute to quality, equitable, and efficient education service delivery—particularly in low-income settings. Equally, studies suggesting negative effects could be explored to determine what barriers would need to be overcome to produce more positive results.

B. Strengths and weaknesses of non-state financiers

There are very few comprehensive studies on the impact of non-state charitable giving and non-state investments in the field of education, making it difficult to draw conclusions about their contribution to achieving Education for All goals. There are many challenges associated to the measurement of impact, compounded by differing views as to what impact even means. For example, investors often use the term "impact" to signal success in targeting specific parts of the population by poverty level (which, in itself, can vary greatly in measurement), gender, or setting (urban/rural) (DFID 2015). Missing in many studies is an examination of impact relative to a counterfactual. However, this can prove difficult due to challenges in separating the financing mechanism from the intervention itself. Similarly, beyond these direct impacts on outputs and outcomes, there can also be impact on the broader education system and on the financial ecosystem that may have indirect impacts on education outcomes. The IRIS database of the GIIN is one attempt at tracking the reach of impact investors globally. Nevertheless, this system does not take into consideration impacts on outcome metrics such as learning or health indicators. In addition, it depends on self-reporting by impact investors themselves.

Charitable giving is small compared to total costs of education but similar in scale to ODA. Like ODA, then, it has the potential to be used smartly to reach the most marginalized or unlock other sources of finance (by sharing risk) to achieve greater scale.[18] The modest size of philanthropic support to basic education is a major reason why some people are advocating drawing in greater volumes of private capital into basic education through impact investments. But, the potential for impact investing in education also remains untested. A number of studies have pointed to challenges in "growing impact investments," including identifying sustainable and scalable investment opportunities (Martin 2013). And while this idea has been successfully applied in micro-finance, investments in education, especially basic education, may be particularly challenging. A recent report identifies a number of special challenges to attracting non-state financing to education (Filipp and Lerer 2013). They include:

[17] Batley and Rose (2011) is one of the few examples summarizing evidence from a project that did try to identify enabling conditions.

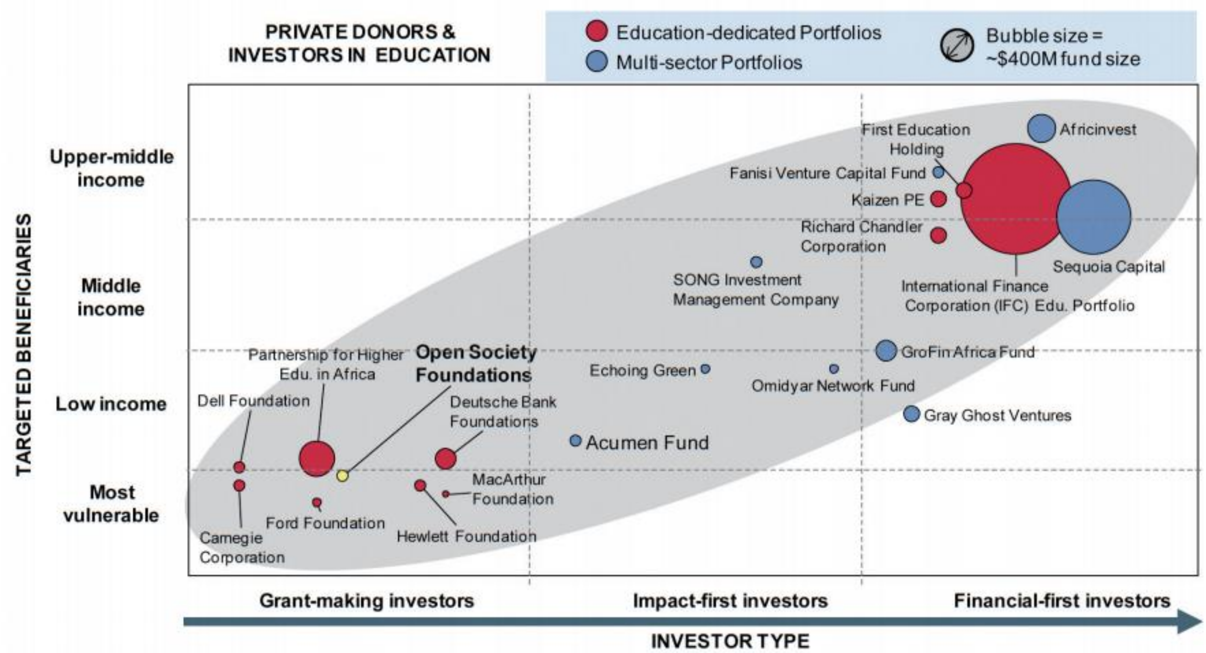
[18] See OECD Development Cooperation Report for recommendations on how public grants and concessional financing can unlock other sources of finance (OECD 2014a).

- *A long investment timeframe*. The effect of a dollar spent on health and infrastructure is generally apparent over a shorter period of time than the same amount of money spent on education.
- *Value chain complexity*. There are many actors involved in the delivery of education including financiers, governments, suppliers, and service providers. Interventions can be funded along multiple points in the value chain, or even targeting the whole value chain.
- *Predominant role of the public sector*. Education is largely funded by governments. Other sectors have a higher degree of private engagement than education.
- *Complex rate of return metrics*. It is not always clear how returns on investment in education are best measured. Investors generally have a preference for outcomes that are more easily quantifiable and within a shorter timeframe, which can be a challenge in education.
- *Higher burden of evidence*. In education, the burden of evidence is learning outcomes, which may be more difficult to achieve than more affordable products, for example, in the case of microfinance.

Evidence suggests that charitable giving through foundations and CSOs tends to be focused on low-income countries, while corporate giving tends to be focused on middle-income and emerging markets. Resources from corporations are generally targeted towards regions of business or strategic interest. One study, for example, highlights that emerging economies—China, Brazil, India, Chile, Mexico, and Argentina—are often the most frequent recipients of giving from the technology sector (van Fleet 2011b). However, data on the degree to which non-state actors are targeting the most marginalized is highly intransparent and need to be interpreted with caution.

While regional data on education impact investing are meager, a survey of impact investments across all sectors shows North America receives the highest amount of investment, at 22 percent, followed by Latin America and the Carribean (LAC) at 19 percent and sub-Saharan Africa (SSA) at 15 percent. Only 3 percent of the total investments are in education, however, and there are no data on investment specifically in developing countries (Saltuk and Idrissi 2014). A Dalberg study reports that education impact investors focus their investing in SSA and LAC, in addition to South Asia (D. Capital Partners 2013). Within these regions, most impact investors tend to focus their attention on middle- and upper-middle-income individuals (see Figure 7). According to Dalberg, these regions show potential for impact investing because they have large vulnerable populations who aspire to improve their lives and are faced with public education systems that are either of poor quality or are inaccessible (D. Capital Partners 2013).

Figure 7. Grants and investments in education by investor type and beneficiary.



Source: D. Capital Partners (2013) published by Open Society Foundations.

Data are scant but surveys suggest that charitable grants (in particular by corporations and some foundations) and impact investments are not well aligned with Education for All goals. A recent survey shows that only 30 percent of total education corporate social Responsbility (CSR) during 2011-2013 was focused on primary and secondary education, while more than 50 percent was devoted to higher education and vocational training (Dattani et al. 2015). Comprehensive evidence on the focus of foundations does not exist, but the Carnegie Corporation and the Ford Foundation, who give the most to education, directed more than 80 percent of their grants towards scholarships and support for higher education in 2010. Exceptions include the Open Society Foundation, the Children Investment Fund Foundation, and the Bernard van Leer Foundation, which pay particular attention to early childhood, and others, such as the William and Flora Hewlett Foundation, which has long supported programs to improve the quality of basic education (UNESCO 2013b).

The landscape of private financing is highly fragmented with a multitude of small, often uncoordinated projects, suggesting a relatively weak cost efficiency. For example, 50 percent of companies that provide corporate grants in Latin America reported that they did not coordinate investments at all (Van Fleet and Zinny 2014). Deal sizes related to impact investing in education also remain small and vary across thematic area of investment. The largest deals relate to support for service providers at an average of $10 million, followed by technology at $5 million. Investment in K-12, tertiary education, teacher training, and content were all reported to have average deal sizes of under $1 million (D. Capital Partners 2013).

Education funders tend to focus on school infrastructure and providing services rather than looking at the broader education system. A recent study shows that the most prevalent type of impact investment is in physical capital, such as school infrastructure, followed by direct investments in human capital (e.g., student loan programs, vocational training, and teacher training), and technology and service models. The area least invested in is the development of educational systems. Greater impact on quality, equity, and cost effectiveness could potentially be achieved if private funders focused more on eco-system investment, such as back-office management systems that reduce teacher absenteeism (D. Capital Partners 2013).

IV. In search of common ground

An overarching message from our analysis on the appropriate role for non-state actors is that it is not a "black and white matter" but one of degrees—and highly dependent on context. In evaluating the contribution of non-state actors, a number of areas of common ground seem to emerge. The following propositions are intended to frame this common ground.

Basic education should be freely available and accessible to all

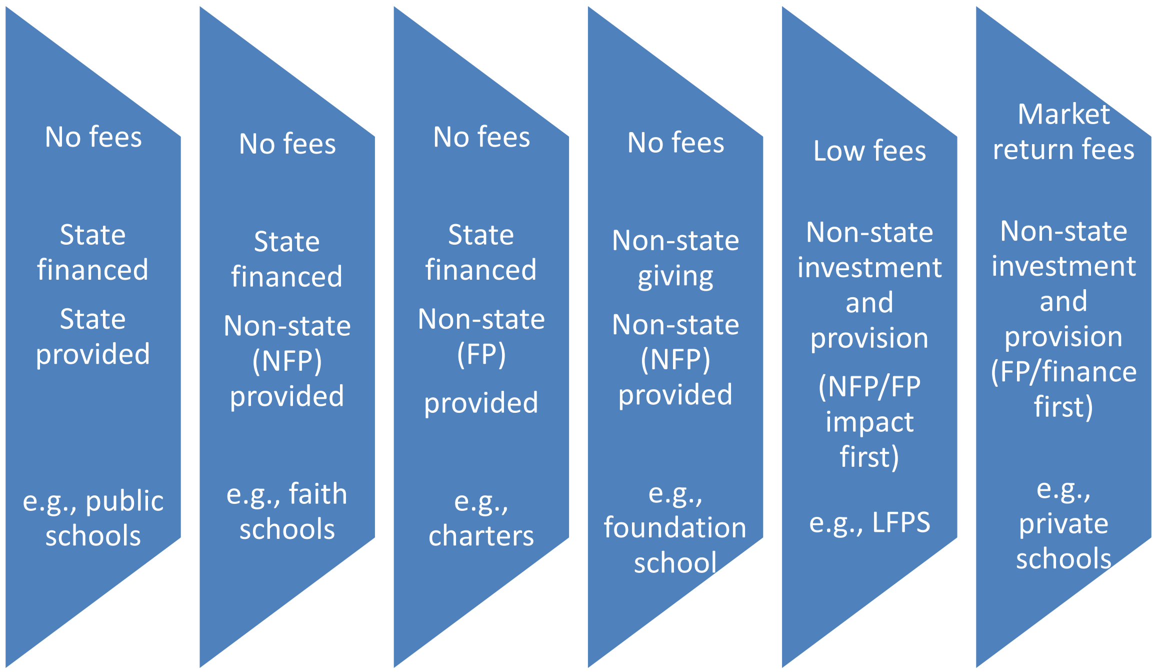
Basic education should be freely available to all children, regardless of the type of provision or financing arrangement. This implies that in the medium term, a combination of state and non-state charitable resources would need to be found to finance basic education provision. This leaves a question about what can be done in the short term in those countries where sufficient resources do not exist. In the first instance, domestic resource allocations could be examined to determine whether existing resources are being spent in a way that maximizes social returns, and whether there are areas (e.g., higher education) where partial cost recovery could help create fiscal space. In many countries, the allocation of resources is highly inequitable. By prioritizing higher levels of education some low-income countries spend a significant share of their resources on wealthier and more advantaged children. A recent study by UNICEF estimates that in low-income countries, 46 percent of public spending is allocated to educate the 10 percent of students who are most educated. In lower-middle-income countries the percentage is 26, and in high-income countries, 13 percent (UNICEF 2015).

Non-state actors in education are highly heterogeneous and generalizations are dangerous

Non-state actors in education are best characterized along a continuum rather than as a dichotomy. Any discussion or analysis of the impact of non-state actors would ideally need to include a clarification of ownership, management (including accountability), and financing arrangements. The distinction between state and non-state actors is increasingly blurred and identifying what combinations of state and non-state engagement are most fruitful could be helpful.

Based on a combination of provision and financing typologies, the following framework could be considered (Figure 8).

Figure 8. State and non-state actors on a continuum



Note: FP = for-profit and NFP = not-for-profit.

Rules of the game are more important than actors

The distinction between state and non-state is less important than the set of institutions and the "rules of the game" to which actors of the system respond and the degree of collaboration between state and non-state actors. The issue is not one of favoring one modality at the exclusion of another, but rather finding an appropriate combination of options that enhance service delivery of the whole system, for everyone and in particular the poor. The significant variability in research evidence suggests that the impact of non-state actors in education depends greatly on government strategy, the regulatory environment, the design of the partnership between state and non-state actors (including accountability relations), and the capacity of the government to oversee and enforce its regulations and partnerships.

To date, there are few rigorous or quantitative tools to assess the quality of the enabling environment, which affects policymakers and analysts' ability to judge the degree to which non-state engagement could produce positive outcomes, and what interventions could help improve outcomes. A few initiatives have emerged in recent years, including the Africa Private Schools Investment Index and the World Bank's SABER[19] framework for engaging the private sector in education (Lewis & Patrinos 2009).

Non-state actors must be regulated carefully

Governments have a responsibility to ensure that all children can receive a good education whatever the delivery or financing mechanism. For both state and non-state schools, mechanisms and regulations need to be put in place to ensure the best quality education is produced with available funds. For non-state actors, these regulations include processes for entry and exit. In addition, financing and quality assurance arrangements also have to be established (Fielden & LaRocque 2008).

- **Entry.** Ensuring the supply of high-quality non-state providers requires a level playing field and clear rules of engagement. Governments will need to clarify rules of engagement across a range of issues highlighted in Table 6.

Table 6. Rules for engagement for non-state actors.

Rules on engagement	Rules on inputs	Policies on services
▪ Accreditation ▪ Registration ▪ Licensing ▪ Approval to operate	▪ Teacher certification ▪ Curriculum requirements ▪ Reporting requirements	▪ Transportation ▪ Textbooks ▪ Testing ▪ Nursing and health ▪ Technology ▪ Professional development

- **Exit.** The flexibility gained from engaging non-state actors is realized only when there are systems for challenge and sanction. Effective intervention systems display the following characteristics. First, education authorities must have clear mechanisms for intervening where there is under-performance. This should be informed by regular monitoring, sensitive data systems, and quality assurance processes. Where there is serious failure, education authorities should be able to intervene swiftly with high-stake sanctions (including school closure). Market conditions and a regulatory environment should allow for additional, high-quality providers to take over failing provision quickly and efficiently.

- **Quality Assurance.** Effective quality assurance systems allow policymakers to hold non-state actors to account. They include clear lines of accountability at the teacher, school, and system levels. This is combined with a defined role for national and local inspectorates; clear expectations and standards for every school in the system, and a transparent process for ensuring schools know what is expected of them. Ideally, the

[19] SABER collects and analyzes policy data on education systems around the world, using evidence-based frameworks to highlight the policies and institutions that matter the most to promote learning for all children and youth. SABER can be accessed at http://saber.worldbank.org.

inspection process is evidence-driven, focusing particularly on student-level data and open to engagement of key stakeholders, including the wider public.

A balance will need to be struck between regulating sufficiently to manage de facto growth of non-state actors and regulating lightly to enable innovation in achieving education outcomes. One of the major arguments for engaging non-state actors in education is their ability to innovate. This may include giving non-state actors freedom to adapt the curriculum to suit their student populations or devise local policies to ensure high standards of discipline, providing teachers with autonomy over teaching methods to stimulate personalized learning, and providing budgetary freedom to pursue strategic priorities and reward high-quality staff.

National dialogue can help provide clarity

Since non-state actors are a reality in most countries, policy dialogue and national strategies may help clarify the role of non-state actors both in the short and long term. In many developing countries, governments are willing to tolerate non-state actors but they are less keen to explicitly encourage non-state engagement as this may be interpreted as governments forgoing their responsibility (Rose 2006). As a result, the place of non-state actors in national education delivery is often ill-defined and their activities take place in a policy vacuum. In order to ensure non-state actors contribute positively to the national agenda for educational development, it is important to define what role they should play in it (Fielden and Larocque 2008). This could include providing broad guidelines around the type of actors (or state and non-state contractual arrangements) that are allowed to operate as well as more specific guidelines around how these actors should help achieve access, quality, equity, and cost efficiency goals.

V. Questions for discussion

1. Is the proposed typology (Figure 8) helpful in thinking about the non-state actors in education? If not, why not? How could it be improved?

2. Given state (including donor) finance and delivery capacity are inadequate to reach global Education for All goals, is there agreement that in developing countries state and non-state actors will be present and need to work together to achieve the goals?

    a. Which non-state actors should be involved?
    b. At what levels of education?
    c. On what timeframe (short, medium, or long term)?

3. What are the key elements needed for regulating non-state provision and financing? How can this regulatory capacity be developed?

4. What do we not know that we urgently need to know? How can we find it out?

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VII. Annex: UN Declarations and Goals

Several international declarations have specified the kind of education that is required for progress. The Universal Declaration on Human Rights (1948) provides a powerful foundational statement around the universal right to education, the role of education in the development of human personality and respect for human rights, as well as the individual right of parents to choose among different educational options. This was reinforced in the Convention on the Rights of the Child (1989). Both documents provided a basis for subsequent education-specific declarations. The Education for All Frameworks for Action agreed in Jomtien and Dakar called for expansion of early childhood education, free and compulsory quality primary education, expansion of and equitable access to youth and adult literacy programs, and elimination of gender disparities in primary and secondary education. The Millennium Development Goals (MDGs) reinforced two of these goals: universal access to primary education (MDG 2) and gender equity in primary and secondary education (MDG3). Building on the MDGs, an agenda with much greater attention to quality and equity has been adopted in the recently confirmed Sustainable Development Goals.

Universal Declaration of Human Rights – Article 26 (1948)

1. **Everyone has the right to education.** Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

2. **Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms**. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.

3. **Parents have a prior right to choose the kind of education that shall be given to their children**.

Convention on the Rights of the Child (1989) – Articles 28 and 29

Article 28

1. **States Parties recognize the right of the child to education, and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular**:

(a) Make primary education compulsory and available free to all;

(b) Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child, and take appropriate measures such as the introduction of free education and offering financial assistance in case of need;

(c) Make higher education accessible to all on the basis of capacity by every appropriate means;

(d) Make educational and vocational information and guidance available and accessible to all children;

(e) Take measures to encourage regular attendance at schools and the reduction of drop-out rates.

2. **States Parties shall take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention.**

3. **States Parties shall promote and encourage international cooperation in matters relating to education,** in particular with a view to contributing to the elimination of ignorance and illiteracy throughout the world and facilitating access to scientific and technical knowledge and modern teaching methods. In this regard, particular account shall be taken of the needs of developing countries.

Article 29

1. States Parties agree that the education of the child shall be directed to:

(a) The development of the child's personality, talents and mental and physical abilities to their fullest potential;

(b) The development of respect for human rights and fundamental freedoms, and for the principles enshrined in the Charter of the United Nations;

(c) The development of respect for the child's parents, his or her own cultural identity, language and values, for the national values of the country in which the child is living, the country from which he or she may originate, and for civilizations different from his or her own;

(d) The preparation of the child for responsible life in a free society, in the spirit of understanding, peace, tolerance, equality of sexes, and friendship among all peoples, ethnic, national and religious groups and persons of indigenous origin;

(e) The development of respect for the natural environment.

2. No part of the present article or article 28 shall be construed so as to interfere with the liberty of individuals and bodies to establish and direct educational institutions, subject always to the observance of the principle set forth in paragraph 1 of the present article and to the requirements that the education given in such institutions shall conform to such minimum standards as may be laid down by the State.

Education for All Goals

Goal 1
Expanding and improving comprehensive early childhood care and education, especially for the most vulnerable and disadvantaged children.

Goal 2
Ensuring that by 2015 all children, particularly girls, children in difficult circumstances and those belonging to ethnic minorities, have access to, and complete, free and compulsory primary education of good quality.

Goal 3
Ensuring that the learning needs of all young people and adults are met through equitable access to appropriate learning and life-skills programs.

Goal 4
Achieving a 50 per cent improvement in levels of adult literacy by 2015, especially for women, and equitable access to basic and continuing education for all adults.

Goal 5
Eliminating gender disparities in primary and secondary education by 2005, and achieving gender equality in education by 2015, with a focus on ensuring girls' full and equal access to and achievement in basic education of good quality.

Goal 6
Improving all aspects of the quality of education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills.

Open Working Group Proposal for Sustainable Development Goals

Goal 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

1. By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

2. By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

3. By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4. By 2030, increase by [x] percent the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

5. By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

6. By 2030, ensure that all youth and at least [x] per cent of adults, both men and women, achieve literacy and numeracy

7. By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and nonviolence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

a. Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

b. By 2020, expand by [x] per cent globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programs, in developed countries and other developing countries

c. By 2030, increase by [x] per cent the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small-island developing States