

## Vouchers for better education: A solution?



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### Overview

There are few 'true' voucher schemes in developing countries, and rigorous impact evaluations are not always available. Overall, voucher systems improve educational outcomes. More rigorous evaluations are needed in developing countries, including quasi-voucher schemes where true voucher schemes are not available

**Key words: Quality education for All, school enrolment, attendance, completion**

### Mind the gap

Though social demand for education is strong in developing countries, neither the coverage nor quality of public schools is adequate (Kitaev, 1999). It is not clear whether state provision of more schools, more teachers and textbooks will result in higher enrolment, attendance and student achievement (Contreras, 2002). The decision to send a child to school depends primarily on a household's socio-economic condition rather than the services available. Gaps in enrolment rates between the poorest and the richest remain high (Patrinos, 2002).

### Financing for private schools whereby public funds are used to subsidise demand for education, could be a solution

Private education could help fill the gap. In low-income countries, the average enrolment share of private schools was 15 per cent at the primary level and 40 per cent at the secondary level in 2003 (Orazem and King, 2007). In the absence of equalising state interventions higher quality private institutions are not accessible to more disadvantaged groups (Kitaev, 1999), mostly because they charge tuition fees and public schools often do not. Thus, financing for private schools whereby public funds are used to subsidise demand for education, could be a solution. Public financing with private provision of education may be the best way to combine universal access with systemic responsiveness (Gauri and Vawda, 2003).

Interventions to improve schooling in terms of higher enrolments, attendance completion and achievement, particularly for disadvantaged groups, as well as an improvement in choice and quality of schools, efficiency gains and cost-effectiveness. They can take the form of stipends including scholarships and conditional cash transfers, bursaries, student loans, community grants and voucher systems (Patrinos, 2002). Voucher systems operate via cash payments or equivalents given directly to families, who can choose to send their children to public and private schools; or where schools receive funding proportional to their enrolment rates.

## Chile's nation-wide voucher system has contributed to an increase in total private enrolment from 15 per cent in the early 1980s to about one half of students today. Most of Chilean schooling is now voucher-financed

### Lessons learned

The impact of vouchers on educational outcomes appears to be related to specific contexts, institutional variables and programme design (Gauri & Vawda, 2004). Many programmes lack proper baseline data or control groups, and it is difficult to compare programmes. The more comprehensive voucher schemes in industrialised countries appear to have boosted the number of private schools, private school enrolment and competition between private and public schools. However some studies claim middle-class students use vouchers to move to private schools, leaving behind increasing proportions of poorer minority students in public schools of declining quality (Braun-Munzinger, 2005; Gauri and Vawda, 2003).

The best and most rigorously examined voucher schemes are in Chile and Colombia. Chile's nation-wide voucher system has contributed to an increase in total private enrolment from 15 per cent in the early 1980s to about one half of students today. Most of Chilean schooling is now voucher-financed (Braun-Munzinger, 2005). Overall, research on the Chilean voucher programme suggests students achieve better academic results in private voucher schools than in public schools. Though this may only be true for students from a higher socio-economic background.

Competition from private voucher schools does improve overall achievement at the district level. Though, it is mirrored by a decline in public schools, which signify a zero-sum game at national level compounded by a lack of private schools in rural areas (Braun-Munzinger, 2005). The mixed results are also a consequence of methodology. Hsieh and Urquiola (2002) claim Chile's reforms have not yielded positive results. However, Contreras (2002) finds that the voucher system seems to provide students with the opportunity to increase their test scores and improve their chance of access to higher education, especially since he notes a correlation between school dependency (privately paid, voucher or public) with resources at home, location, poverty at community level etc. Voucher schools do not select students on the basis of family characteristics as oppose to private schools.

Hoxby (2003) maintains convincing results will not be available because studies rely on post-programme data and no baseline data is available.

Colombia's PACES programme issues private school vouchers to urban youths in poor neighbourhoods. The use of lotteries by some participating municipalities served as a counterfactual for Angrist et al. (2002). Lottery winners outscored their peers who did not receive the vouchers by the equivalent of a full academic year. Secondary school enrolment increased from 55 per cent to 65 per cent between 1992 and 1997, over and beyond national trends (Braun-Munzinger, 2005).

Angrist et al. (2006) report a positive effect on secondary school completion rates of 15 to 20 per cent. School choice was improved, but not ideally, as only about 50 per cent of private schools in the treatment areas, predominantly of average quality, participated in the programme. Patrinos (2002) notes the programme was not cheap but was a cost-effective way to obtain higher school completion rates and quality for participants. Such programmes are best suited to countries with weak public school systems, a well-developed private education sector, and strong demand for schooling.

Schemes in Bangladesh and Cote d'Ivoire can be labelled 'quasi-voucher' (Gauri and Vawda, 2003) because they involve government payments to private schools that are at least loosely linked to enrolments.

Bangladesh's Female Secondary School Assistance Project sought to increase female secondary school enrolment through a combination of tuition subsidies and stipends. Between 1994 and 2000, the number of participating students increased from 187,320 to almost 900,000 (Braun-Munzinger, 2005). But only 54 per cent of the participants who took the secondary school certificate exams received a passing grade, matching the national rate (Patrinos, 2002). Subsidy transfers were weakly enforced and the quality of secondary education remains inadequate (Gauri & Vawda, 2003).

Evidence is not available for Cote d'Ivoire, where Gauri & Vawda (2003) note the process involved was not transparent, and test scores among fifth graders remained low in comparison to several other Francophone sub-Saharan countries (Michaelowa, 2001).

### Closing the evaluation gap

The policy relevance of voucher programmes for developing countries is uncertain, as major initiatives have only been attempted in countries with a well-developed institutional structure, with mixed results (Patrinos, 2002). Impact Evaluations with adequate baseline data and monitoring mechanisms should encompass quasi-voucher schemes with at least an element of government subsidy linked to enrolment, rather than limit research to the few true voucher programmes currently running in the developing world.

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