Exploring privatization in education: Nepal as a case of study

Promoter: Prof. Maarten Simons

Master’s thesis presented to obtain the degree of Master of Educational Studies by

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Abstract

An increasing number of educational institutions in almost every part of the world are being ‘privatized’. As in other fields, privatization in education appears to be an irreversible course of development. Proponents have argued that privatization increases efficiency by providing ‘choice’ to parents, hence ‘saving them’ from inefficient state bureaucracy which is claimed to be inherently interested in serving its own needs rather than those of the citizens. Those who oppose the move argue that this state-of-affair is part of a coercing neo-liberal project that favors markets and competition over justice and equity, ultimately widening the gap between the haves and have-nots.

Nepal is no exception here. As one of the countries with the world’s lowest scores in education indicators, it is actually facing a severe reduction of effectiveness of public schools due to privatization. The aim of this study is first, to explore the notion of privatization itself, based on literature – how it is understood and how it is being practiced in different contexts and what the common trends are. In the process, salient differences pertaining privatization emerge between the countries of the North and the South. The second part of the research describes the characteristics of privatization landscape of Nepal by attempting to trace how privatization is incorporated in the country’s national policy and by exploring the field of practice in education. This case study can be regarded as an attempt to develop and apply a framework to study the phenomenon of privatization of education in countries of the South, such as Nepal.
Acknowledgement

The thesis symbolizes the ultimate task of the Master’s program. Many people have supported in their unique ways to get me to this stage. My wife Samita encouraged me to apply and helped realize this course assuming full responsibility of the household together with her demanding job at much demanding times of our son Bideha who himself cooperated and took care of his mother and the household. Pratima gave us all the freedom to come in and out of the house any time allowing us to lean on her. I am thankful to my mother Rukmini and brother Narayan and family who tolerated me skipping the first death anniversary rituals of my father to attend this course. Tulsi Nepal gave me a sense of satisfaction by overtaking my job.

Hans Beeckman and Krisitine van der Mijnsbrugge, from Merelbeke and their children Simeon, Egon and Suruchi have adopted me for the period of study. Without their concern and care neither I would be in Belgium nor my time here would be any easy. Lia Blaton found this course, enrolled me, got her parents to sponsor a laptop besides frequent efforts to keep my inspiration high. Stefaan de Neve lent me a laptop at the peak of my need. Bernard and Janneth de le Court, their sons Miguel and Joao from Bois des Etoils have always kept the door of their house and hearts open to keep my spirits high and connected me to their network of friends to raise my hand whenever I needed help: Sebastien Duthoit, Anne-Sophie and Lieve and Patrick. Krishna Paudel and his family now in England have stood by for practical help. Anne Lootjens has shared the warmth of her personal and professional families. Rene Wuest helped support parts of my financial needs during the course. Professor Stefan Ramaekers, the Coordinator of the course was inspiring and symbolized ‘fair and care’ throughout.

At last but with the most, I am grateful to Prof Maarten Simons, Promoter of this research without whom this piece of work would not have taken this shape. He has put up with my odd arguments and jumbled up text ushering me gradually to this stage. Finally, I am indebted to Nicole Farkouh, a friend from California who corrected my first draft sitting for hours in front of the computer negotiating with few hours of electricity in Kathmandu. Carine Verleye, a newly discovered old friend from Gent has enthusiastically spent hours for finer corrections of the final draft in a marathon style.

Thank you one and all!
# Abbreviations used

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPEP</td>
<td>Basic and Primary Education Project</td>
</tr>
<tr>
<td>CPNM</td>
<td>Communist Party of Nepal (Marxist)</td>
</tr>
<tr>
<td>DEO</td>
<td>District Education Office</td>
</tr>
<tr>
<td>EDI</td>
<td>EFA Development Index</td>
</tr>
<tr>
<td>EFA</td>
<td>Education for All</td>
</tr>
<tr>
<td>GATS</td>
<td>General Agreement on Trade in Services (part of WTO)</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade (predecessor of WTO)</td>
</tr>
<tr>
<td>GEM</td>
<td>Gender Empowerment Measure</td>
</tr>
<tr>
<td>GMR</td>
<td>Global Monitoring Report (of EFA)</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>HSS</td>
<td>Home Schooling System</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation (part of the World Bank group)</td>
</tr>
<tr>
<td>LFP</td>
<td>Low Fee Private School</td>
</tr>
<tr>
<td>MES</td>
<td>Master of Educational Studies (2008-2009), Katholieke Universiteit Leuven</td>
</tr>
<tr>
<td>MoES</td>
<td>Ministry of Education and Sports (of Nepal)</td>
</tr>
<tr>
<td>NEPC</td>
<td>National Education Planning Commission</td>
</tr>
<tr>
<td>NER</td>
<td>Net Enrolment Ratio (number of children at school divided by the number of children in the school catchments).</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organizations</td>
</tr>
<tr>
<td>NPM</td>
<td>The New Public Management</td>
</tr>
<tr>
<td>NESP</td>
<td>New Education System Plan</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization of Economic Cooperation and Development</td>
</tr>
<tr>
<td>PABSON</td>
<td>Private and Boarding Schools Association of Nepal</td>
</tr>
<tr>
<td>SLC</td>
<td>School Living Certificate (final school examination in Nepal)</td>
</tr>
<tr>
<td>SIP</td>
<td>School Improvement Plan</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Education, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UPE</td>
<td>Universal Primary Education</td>
</tr>
<tr>
<td>UDAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WCEFA</td>
<td>World Conference on Education for All 1990, 2000</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
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1. Introduction

1.1. Problem statement

An increasing number of educational institutions in every part of the world are being ‘privatized’. Privatization appears progressing as a natural course of development. Proponents believe that privatization increases efficiency and offers choice to parents sparing them from state bureaucracy which is inherently concerned in serving its own interests. Those who oppose often take privatization as a part of a neo-liberal project that favors market over welfare widening the gap between the haves and the have-nots.

It appears that there are different definitions of privatization and the term implies a wide variety of practices. Apparently, no research has taken place as to what kinds of privatization cause what kind of effects and impacts. Most affirmative researchers paint a positive picture of privatization labeling the opponents as orthodox ideologues who have no firm footing on the ground (e.g. School Choice, 2008). As most literature dealing with privatization originates in the Global North; the outcome of these researches has limited applicability in the countries of the South. One finds Nepal’s public schools turning out to be the schools for the marginalized and the disadvantaged while the private schools attract children of the well-to-do. On the one hand, Nepal’s government is committed to universalizing basic education across the country, on the other, privatization is found increasing. Are these mutually exclusive in the given state of affairs? Privatization of schooling is even attributed to spark off Nepal’s decade long (and still not completely resolved) armed conflict to certain extent (Vaux, Smith, & Subba, 2006). Little is known about what kind of privatization is taking place in Nepal; whether it is similar to or different from other countries, what kinds of influences it is subject to and what impact it is likely to have.

Practically, Nepal faces a daily battle on the issue of the privatization of education. On the one side is the Communist Party of Nepal (Marxist), former rebels, now the largest political force in the post-conflict coalition government, asserts basic education to be the business of the state. On the other side, a pro-privatization lobby including organizations of the private schools is clearly in favor (Nepalnews.com, 2008 & 2009). The aim of the study thus, is twofold: a literature review in order to explore the complexities related to the privatization of education, and a case study focusing on the context of privatization in Nepal. Before elaborating on a conceptual framework and research questions, some country background information is presented in order to set the educational context of Nepal.
1.2. Education context of Nepal

1.2.1. The country

Nepal boarders the Tibetan Autonomous Region of China in the north and mostly the Indian State of Bihar in the south, relatively less developed parts of the both. Starting from a few meters above sea level in the south, in the north, it elevates up to the Mount Everest with a wide variety of climatic zones in between. With a population of around 28 million, the climatic diversity often coincides with an unparalleled ethno-cultural mosaic reflecting cultures of both neighbors. The Nepali state recognizes some 60 indigenous groups besides ‘caste groups’ – the shadow of which greatly affects social realities in the country (details of which can be found in Gellner, Pfaff-Czarnecka & Whelpton, 2002). Social indicators also vary greatly across gender; Nepal ranks 83rd out of 108 countries in the Gender Empowerment Measure (GEM), with a value of 0.485, (UNDP, 2008), for instance.

According to a recent UNESCO survey, some 70 languages are spoken in Nepal. Nepali, a language in the Indo-European family is the *lingua franca* and the official language of the country. Most indigenous groups speak Tibeto-Burman languages (for details: UNESCO, 2009). The country is categorized as one of the least developed countries in the world. With the value of 0.530, Nepal ranked 145th in the Human Development Index (HDI)\(^1\) in 2006 (UNDP, 2008). Infant and maternal mortality rates are among the highest, literacy being one of the lowest – some 10 to 20 percent children are out of the school\(^2\). Table 1 puts Nepal’s socio-economic situation in a comparative perspective.

Dating back to some 300 centuries the ‘modern’ state of Nepal was a *terra-incognita* until 1950. Until then, the country was run by two feudal aristocracies based on a Hindu worldview. Gradually opened up, it is still ruled by the elites where caste and class often intertwine. To this day, some 80 percent of the population lives on subsistence agriculture far from basic conveniences. The available benefits are unevenly distributed particularly between the eastern and the western parts of the country. Administratively, it is divided into

---

1 The Human Development Index (HDI) is a way of measuring development by combining indicators of life expectancy, educational attainment and income into a composite HDI. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1. For details see UNDP (2008a).

2 Rates differ according to the source. Government sources indicate around 10 percent while UNESCO around 20 percent.
five developed regions, 14 zones and 75 districts (see Annex I: map of Nepal), and those are further divided into 30 plus municipalities and some four thousand village committees.

The process of liberalization in the country started in the 1980s accelerating in the 1990s:

The government in the early nineties initiated an extensive economic reform agenda. Reforms were introduced, for example, to liberalize trade, . . . foster private sector development, and strengthen public expenditure management. These efforts yielded impressive results early on. They helped to transform the Nepalese economy from a highly regulated to a more open, market-oriented economy; create an energetic private sector and expand its role in such areas as manufacturing, industry, exports, education, health, air transport, finance, and power; and improve the country’s macroeconomic fundamentals. In particular, it helped to accelerate economic growth in non-agriculture sector (trade, transport, tourism, manufacturing and services (NPC, 2003).

In 1991, the Administrative Reform Commission recommended downsizing the civil service, streamlining the public sector activities, and expanding the scope of the private sector. Additionally, the Privatization Committee and Industrial Promotion Board implemented some of the market-led initiatives and policies. However, the reforms’ intentions to improve administrative performance, enhance public services transparency and integrity and strengthen public confidence in governance have hardly been realized (Haque, 2000).

1.2.2. History of Nepal’s education

For it was never colonized, Nepal's history of 'modern' education is rather short. Prior to it education was aligned to traditional religious denominations Hindu and Buddhism in Particular. Pupils went to India and Tibet for advanced education. Durbar school, established

<table>
<thead>
<tr>
<th>HDI value</th>
<th>Life expectancy at birth</th>
<th>Adult literacy rate (% ages 15 and above)</th>
<th>Combined primary, secondary and tertiary gross enrolment ratio</th>
<th>GDP per capita (PPP US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Iceland (0.968)</td>
<td>1. Japan (82.4)</td>
<td>1. Georgia (100.0)</td>
<td>1. Australia (114.2)</td>
<td>1. Luxemb (77,089)</td>
</tr>
<tr>
<td>17. Belgium (0.948)</td>
<td>22. Belgium (79.1)</td>
<td>17. Belgium (94.3)</td>
<td>19. Belgium (33,243)</td>
<td></td>
</tr>
<tr>
<td>144. Kenya (0.532)</td>
<td>131. Solomon Isl (63.2)</td>
<td>126. Yemen (57.3)</td>
<td>134. India (61.0)</td>
<td>160. Mali (1,058)</td>
</tr>
<tr>
<td>145. Nepal (0.530)</td>
<td>132. Nepal (63.0)</td>
<td>127. Nepal (55.2)</td>
<td>135. Nepal (60.8)</td>
<td>161. Nepal (999)</td>
</tr>
<tr>
<td>146. Sudan (0.526)</td>
<td>133. Turkmenistan (62.8)</td>
<td>128. Mauritania (55.2)</td>
<td>136. Swaziland (60.0)</td>
<td>162. Uganda (888)</td>
</tr>
<tr>
<td>179. Sierra Leone (0.579)</td>
<td>179. Swaziland (40.2)</td>
<td>147. Mali (22.9)</td>
<td>179. Djibouti (25.5)</td>
<td>178. Congo (281)</td>
</tr>
</tbody>
</table>

NB: The number preceding the country name gives rank on a total of 179 countries while the number between the parenthesis gives the value for the indicator.

Source: UNDP (2008)
by the Prime Minister Jung Bahadur Rana after his visit to England in his durbar (thus named Durbar School), in 1854 is considered to be the first modern school in the country. By 1950 when the rule of Ranas was overthrown, the country had 310 schools, 11 high schools, two colleges and one vocational school. The year 1956 marks the actual beginning of the modern era in the history of educational planning in Nepal when the National Education Planning Commission (NEPC) charted country’s first education plan. Following the King’s coup in 1960, the first Education Act was promulgated based on the recommendations of the Comprehensive Education Committee appointed by the king. The purpose of this committee somehow appears to ‘appropriate’ the recommendations of the NEPC so that they would not be incongruent to king’s recent political moves. For the next 10 years, schools continued expanding under these provisions.

Equipped with the brand new Education Act 1971, the 1970s saw the implementation of the New Education System Plan (NESP) under the technical and financial assistance of the United States Agency for International Development (USAID). Government ‘nationalized’ the non-state schools: school structures and curriculum were standardized, the operation was centralized. The NESP strove for the vocationalization of education with a thrust in science and technology regarded necessary for the development of the country. This nonetheless met severe political resistance bursting out in the students’ movement at the end of 1970s. The plan lost its strength due to financial constraints by the end of the decade. In 1980, this forced the Education Act to be amended giving way to private schools. This resulted in the spread and prominence of private schools in urban areas which appears to coincide with a) the beginning of liberalization of economic policies and, b) a relatively open political system. Simultaneously, public schools in rural areas continue to expand.

The 1990s witnessed a massive popular movement that paved the way for a Westminster-modeled multi-party democracy. Another High Level Education Commission was constituted that affirmed the positive role of private schools (Bhattarai, 2007). A haphazard sprawl of schools penetrated the interiors of the country while the situation of public schools continued to deteriorate. The gap in the life and educational quality of rural and urban people continued to widen. The country’s educational efforts were geared towards meeting the goals set in the World Conference on Education for All (WCEFA) held in the year 1990 in Jomtien, Thailand under the auspices of UNESCO in collaboration with the World Bank and the others. The Basic and Primary Education Project (BPEP) was the subsequent highlight of this decade.

In 1996, Nepal was engulfed by an armed insurgency. Private schools were one of the major targets: they had to be closed or were subject to extortion by the ultra-left Maoist rebels. In fact, education suffered more than many other sectors during ‘the war’. School teachers were a regular source of extortion. Many public school teachers from rural areas abandoned
the schools and fled to district headquarters deteriorating the situation further. Most private schools somehow sustained as they were located in urban areas while many who could not pay levy closed. In rebel controlled areas, they were reportedly running a *janabadi* or ‘pro-people’ school system. They emphasized science and vocational education including war science; and replaced historical figures with Mao and their own leaders. Overall, rebellion action had some impact on mainstream education. The country enforced some regulations on the private schools: they either had to be registered as profit-making ventures (i.e. as a company) or as an educational foundation. Still, there was much resistance to obey the new rule. The new provision that fees structure of private schools be aligned to the facilities they can offer was also not properly executed.

The second WCEFA held in Dakar, Senegal in 2000 seems to have had much impact on Nepal’s education policy. Although the Dakar Framework for Action maintained the private sector as one of the sources of financing basic education, the framework however affirmed:

> . . No countries seriously committed to education for all will be thwarted in their achievement of this goal by a lack of resources. (UNESCO, 2000)

The country streamlined its educational plan to EFA accordingly but the accelerated political upheavals in the middle of the decade, caused further retardation of educational activities. The peace agreement followed by the abolition of monarchy brought the Maoists ‘out of the jungle’ to the mainstream parliamentary politics. Now, their arms kept under UN supervision and Constitution Assembly elections held, the former rebels are have emerged as the largest party in the coalition government. The government has proclaimed ‘basic health and education as its own business’ and has asked the educational entrepreneurs ‘to seek alternative areas for investment’ (Nepalnews.com, 2008). Transitionally, it has imposed a five percent tax on private schools that obviously has met with resistance as mentioned earlier (Nepalnews.com, 2009).

### 1.2.3. Status of Nepal’s education

Since WCEFA 2000, UNESCO has been monitoring progress closely. The 2009 Global Monitoring Report (GMR) has reckoned Nepal as one of the fast forward towards achieving the goals of EFA amongst the developing countries:

> In recent years Nepal has registered rapid progress towards UPE. The NER for 2004 stood at 79% — up from 65% in just five years. Numbers of children out of school have fallen from 1 million to 700,000. And survival to grade 5 has increased from 58% to 79%. The fact that this progress was sustained during a civil conflict that ended only in 2006 points to a remarkable achievement. (UNESCO/GMR, 2009)
However, Nepal still ranks 111th amongst 129 countries with an Education for All Development Index (EDI)\(^3\) value of 0.738. Table 2 presents its rank along with other indicators\(^4\). Although improvement is seen in general, it is the poorest that do not make it to the school (See Graph 1). There is a wide discrepancy in learning outcomes between rural-urban, east-west, north-south areas of the country as well as amongst children from different ethnic origins (see table 3). Legally abolished long ago, caste system still plays a significant role in social interactions meaning the 'low castes' have lower scores in educational indicators.

**Table 2 EDI and its components (values in parenthesis)**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Nepal</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDI</td>
<td>111 (0.738)</td>
<td>27 (0.979)</td>
</tr>
<tr>
<td>Total Primary NER</td>
<td>111 (0.801)</td>
<td>38 (0.975)</td>
</tr>
<tr>
<td>Adult Literacy Rate</td>
<td>116 (0.552)</td>
<td>32 (0.990)</td>
</tr>
<tr>
<td>Gender Specific EFA Index</td>
<td>113 (0.815)</td>
<td>21 (0.987)</td>
</tr>
<tr>
<td>Survival Rate to Grade 5</td>
<td>101 (0.785)</td>
<td>56 (0.964)</td>
</tr>
</tbody>
</table>

Compiled from UNESCO/GMR (2009 pp248-249)

In recent years, there is a severe\(^5\) brain-drain to the countries of the North, and both pull and push factors are at play. A recent push factor was the insurgency in the country while one pull factor is ‘the excuse’ of education to go to a country with higher material standards of life. In other words, if people want to migrate to the countries of the North, student visa are the best possible options to enter a country of the North. The host governments of the countries of the North have eased education related immigration as an export enterprise (discussed in this volume later under 2.1.2.3) as well as supporting the labor replacement for their ageing population.

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\(^3\) The EFA Development Index (EDI) is a composite using four of the six EFA goals, selected on the basis of data availability: Universal primary education (UPE), Adult literacy, Quality of education and Gender parity. One indicator is used as a proxy measure for each of the four EFA goals, and each those EDI components is assigned equal weight in the overall index in accordance with the principle of considering each goal as being of equal importance. The EDI value for a particular country is thus the arithmetic mean of the observed values for each component. Since these components are all expressed as percentages, the EDI value can vary from 0 to 100% or, when expressed as a ratio, from 0 to 1. The higher the EDI value, the closer the country is to achieving Education for All as a whole. (UNESCO, 2005)

\(^4\) In order to help the reader Belgian data are presented for comparative sense.

\(^5\) Figures are difficult to compile as it takes different forms further studies to US Diversity Visa – it is considered to be in thousands.
A large number of agencies called ‘Educational Consultancies’ offer services to get Nepali youth enrolled in educational institutions of the countries of North. Established in 1997, Educational Consultancy Association of Nepal (CAN) has a strength of some 200 members (CAN, 2009). India continues to be a popular destination due to proximity and the open border, while an increasing number of students opt for China particularly in medical and other technical fields. At the same time, a number of educational establishments affiliated to international educational institutions are being opened up in Nepal. In 2003, the government has issued a new set of directives to systematize this process. Furthermore, the number of public and private universities has increased extensively in the last two decades. The situation of private schools in the country will be dealt with in detail in the second half of Chapter 3.

**Table 3 Literacy cohort by caste/ethnicity, 2001 (last census)**

<table>
<thead>
<tr>
<th>Cohort (Literacy %)</th>
<th>Total</th>
<th>Hindu Castes</th>
<th>Dalit</th>
<th>Ethnic</th>
<th>Others</th>
<th>Unidentified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. High (+75)</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2. Above average (60-75)</td>
<td>20</td>
<td>20</td>
<td>8</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3. Below average (50-60)</td>
<td>17</td>
<td>17</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4. Low (25-50)</td>
<td>44</td>
<td>44</td>
<td>17</td>
<td>7</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>5. Very Low (below 25)</td>
<td>9</td>
<td>9</td>
<td>3</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>34</strong></td>
<td><strong>15</strong></td>
<td><strong>45</strong></td>
<td><strong>4</strong></td>
<td><strong>2</strong></td>
</tr>
</tbody>
</table>

*Source: (Gurung, 2003)*

**1.3. Research interest**

Since the well-to-do, including policy or opinion makers, put their children in private schools, public schools (with absentee teachers and without minimum facilities) appear as if they are assigned for the poor, deprived and the voiceless. Private schools were considered to
relieve the government of the burden of educating everyone by charging fees to those who could afford to pay. More and more evidence suggested that this strategy has not relieved the government of the responsibility for public education. Rather, it seems the private schools have been instrumental in evading civic pressure for the improvement of public schools. In Nepal, privatization of education seems to be reducing the effectiveness of public education. Similarity can be drawn in my concern with one of Lubienski (2000)’s statements over home schooling that it diminishes the potential of public education to serve the common good (see home schooling Chapter II).

Scholars in the field, such as Olssen (2009) and Ball (2007) have pointed out the need for ‘lived’ experiences for the better understanding of privatization. I consider this study of the privatization of education in Nepal as such a kind experience. Drawing upon own experiences, and keeping equity and social justice as litmus strips, I wish to explore and describe the phenomenon of privatization in Nepal in order to make underlying contradictions visible, and to open up perspectives for further analysis.

A cursory glance at the scientific literature indicated however that there is not much research undertaken on the privatization of education in developing countries. Hence, theoretical and analytical perspectives needed to be built from the existing experiences and available tools and techniques adapted from different contexts. Thus, first, this research wants to offer a literature review of privatization and, second analyzes the case of Nepal in more detail. It is hoped that this research will add a dimension to ongoing debate on the privatization of education in Nepal.
2. Conceptual framework, research questions and methodology

Privatization is an amorphous concept with a wide range of variations both in the literature and practice. The current tendency of blurring the boundary between the public and the private makes it further challenging to define the precise scope of the research. Hence, in this chapter I first present some central concerns relating to the term privatization (vs. public), followed by the conceptual frameworks, research questions and methods that will be adopted in the research.

2.1. Private-public polarities

What is private and what is public can invite contesting viewpoints. Often, the private is simply understood as a domain that is not public, and the public then refers to a sphere that covers public interactions, education, government, community. The private sphere then belongs to the individual, the family and often also business sector. However, the two domains are increasingly accessible from opposite spheres making boundaries imperceptible (Callhoun, 2005). For example, taking care of the sick, elderly or disabled is no longer a private responsibility while domestic violence is subject to public prosecution. The boundary is equally blurry in the context of education with initiatives such as charter schools in the USA (Vergari in Bulkley & Fusarelli, 2007). Unlike conventional practices, they are funded by the state and managed jointly with non-state entities. Ball (2007, p. 117) elaborates on the phenomena:

“Education business is not done by the education services out of public sector control but rather through collaborations of various kinds with the public sector”.

Nonetheless, the world appears relatively unanimous in understanding privatization. Citing a number of scholars, Lubienski (2006, p.5) identifies the following key processes that can be referred to as privatization:

- liberalization of the economy,
- marketization of services,
- de-regulation of private providers of public services and,
- de-nationalization of state-owned enterprises.

Hence, it broadly refers to the transfer of the delivery of services from the state apparatus to ‘non-state’ entities. Additionally, the verbalized (private + ize) term connotes a deliberate effort of transfer of the process of delivery, denoting a somewhat coercive tone. This process pre-supposes a shift of the role of the state from the sole provider of public services to the facilitator.

Moreover, in relation to education it is important to underline another feature of privatization. Schools were often not the responsibility of the state until it ventured into welfare mode. In
many parts of the world schools were being operated by different entities before the state took over the responsibility of schooling. In other parts, the state did not take them over and the non-state entities have continued to run them. In many developing countries, the schools have been nationalized in the 1960s and the 1970s for improving service provision and to increase political control (e.g. Uganda: Jacob, Holsinger & Mugimu, 2008; Tanzania: Phillips & Stambach, 2008; Nepal: Bhattarai, 2007). Some scholars express such phenomena as re-privatization (Hentschke & Wohlsetter, 2007). I have called the privatization under this process as privatization in education. However, privatization of this sense, is not taking place so much in most developing countries. The state simply has allowed investing in new educational services in view of new provision and profit. This provision can be understood as privatization of education, that is, the provision of education as a private matter. Financially desperate state did not do much to improve existing school.

For the sake of simplicity, the both terms have been used interchangeably. In this thesis, I am mainly concerned with two functions in relation to privatization: administration (or management, governance) and funding. Hence, the term private refers mainly to those educational institutions which

   a) have possibility to make profit and
   b) are run or managed by non-state entities.

For institutions such as the World Bank or OECD, the concern is not whether government or non-government institutions run the school, the concern is who pays for it – whether the society or the family. Without rejecting this approach, I am of the opinion that the way education is provided can determine its nature whether it is a public or private good (Lubienski, 2006). Although some more distinctions will be made further in the literature review and the case study; this intermittent general definition should help to get a first grip on the notion privatization. Additionally, issues related to profit and private management are clearly important when discussing the concern of equality and social justice, since the state (or ‘the public sphere’) is often regarded as the protector of these concerns.

2.2. Conceptual framework

The main purpose of this research is to understand and interpret the phenomenon of privatization at a general level in order to be able to study in more detail the case of Nepal. This qualitative, explorative research is based on literature review and a case study. Although both research activities stand on their own, and the results are reported separately in the result chapter, the literature review is used as well as the basis for the case study of Nepal.
2.2.1. Review of literature: Exploring conceptions of privatization

The Diagram 1 represents the dynamic approach that was used during the review of literature. First, the box on the left in the diagram introduces perspectives required for a case study. For a full picture of the case, context, coverage and impact are necessary themes for description. These elements have shaped the review of literature while other cases have enriched the case. This was important because of significant differences between the countries of the South and the North. This has helped to look for sources originating from different locations of the world. The most obvious impulse for the review was to confront it with a set of theories introduced by Simons, Olssen, & Peters (2009a), and discussed in the Educational Policy course of the Master of Educational Studies (MES, 2008-2009). The selected themes arising from the basic premises of these set of theories are listed in the box on the right. Globalization stood as an overarching term to describe the state-of-affairs influencing education policy worldwide. Neo-liberalism appeared as the dominant discourse shaping educational policies in the globalized world giving rise to trade in educational services. It was considered important to understand how this process is promoted at different levels. Who gains and who loses in this process of commodification of education was the main motivation of this research. Hence, it is a part of what is termed by Simons, Olssen, & Peters (2009a) and others as the genre of ‘critical education policy studies’, i.e. the description and evaluation of past and current education policies in view of matters of equality and social justice in the existing literature.

The box in the middle lists key issues emerging from the literature search itself, and guiding a more detailed review. Emerged in the process of the literature review, these evolutionary themes have shaped the presentation of literature review. Based on this literature search,
we came to a list with key issues leading to a further exploration and integration of the literature. In sum, the first part of the research can be formulated as a research question as mentioned below:

Question 1: What is the state-of-the-art of research on privatization of school education?

- What is the general typology of literature?
- What are the terms used by whom?
- What are the motives of privatization?
- What are the mechanisms used?
- What is the status of privatization?
- Who are the promoters?
- How can privatization be typified?
- What are the key debates taking place?

2.2.2. The Case study: analyzing privatization of Nepal’s education

Drawing partly on the results of the literature review, and partly on an exploration of conceptual frameworks for conducting critical education policy analysis, I developed an integrated conceptual framework to analyze privatization of education in Nepal. Beginning with a brief historical account with details of present day situation, this integrated framework combines different, complementary theoretical approaches which are presented as below:

a. The framework of division of labor called ‘Pluri-scalar governance of education’ based on the works of Robertson, Bonal, & Dale (2006). It views educational governance on a scale of three: supra-national, national and sub-national level. The four types of governance activities: funding, ownership, provision and regulation are coordinated by either of these institutions: state, market, community and household. In addition to providing a framework to map the situation, this is expected to reveal contradictions a state is faced with supporting capital accumulation, at the same time protecting the society from the impacts of the economic process compelled to legitimating itself and the capitalist system (Simons, Olssen, & Peters, 2009b).

b. Inspired by policy trajectory of Ball (2007) and travelling polices of Dale (2007), four major overlapping interpretations of the process of globalization from Spring (2008)
have been adapted into three modes of influences of privatization keeping their overlapping essences in mind\(^6\).

c. To explore impositionary claims a bit further, policy thrusts of World Bank and the UNESCO are juxtaposed with Nepal’s educational policy texts.

d. The implications are presented in a matrix with outcomes and effects.

I briefly explain why such an integrated set of theoretical frameworks was required to scope the research in this sequence. First, it is necessary to describe the context of the case study. Context to greater extent depends on historical set of events. This is more so when we wish to understand the influence on policy formation. However, history may lead along major linear threads of events often narrated in the tone of policy producers which are likely to omit important twists and turns from social justice perspective. Thus, the division of labor broadens the scope of the research in describing the case. It brings a multitude of perspectives and actors on a range of visibility revealing counter interpretations hence, contradictions. Taking these perspectives and actors into account, it focuses on the process of policy text production. For this purpose, the research has used a set of theoretical approaches to explore what may have influenced policy formulation. It particularly seeks to check to what extent they are exogenous and endogenous factors. For this purpose, it has juxtaposed policy text of Nepal and the policy thrusts of two external entities. Putting social justice as the central concern, the matrix is used to present results that take positive as well as negative aspects of the whole process of privatization in Nepal into account.

The previous integrated conceptual framework allows translating the second research interest into the following general research question and sub-questions.

**Question 2: How has the process of privatization of school education taken shape in Nepal?**

- What is the historical context of privatization?
- How prevalent is privatization now?
- How does the division of labor regarding private education looks like in terms of financing, regulating, provision and ownership?
- What is influencing the privatization process in Nepal?

\(^6\) The four interpretations are: a) existence of the world culture, b) world systems, c) post-colonialist d) and the culturist. Elements of the first and the last have been put as diffusionist or automatic that are neither borrowed nor intentionally imposed. The essences of the world systems and post-colonial interpretations are categorized as impositionary both for sharing coercive nature, keeping borrowing as an overlapping essence of all the categories given its importance in educational policy analyses.
To what extent can the influence of the World Bank and the UNESCO be seen in Nepal’s policy for privatization?

- What are the implications?
  - What are the positive developments?
  - What are negative effects?

2.3. Research Process
Guided by the research framework, the review of the literature was conducted to answer the research questions. A major source of the search and review was the keyword-based internet search primarily through Google Scholar followed by ERIC and Web of Knowledge. Keywords crudely correspond to the terms presented in the Diagram 1. The string for keywords search was the phrase ‘private (ization) education’ + the perspective(s). For example: ‘privatization + education + efficiency’ or ‘privatization + education + social justice’. Generally, when the same author was encountered through different but related keywords it was considered to be relevant and reliable. Another keyword search was based on an institutional archive search of the World Bank, the UNESCO, the OECD and the WTO and their sister organizations when relevant. The search also included the deposits of the

2.4. Limitations and validity

2.4.1. Limitations
This research is primarily confined itself to school education. The main reason, except for limitation of time during this research, is that this level is most important, given the lower indicators of educational development in Nepal and the concern for education for all and the social justice agenda. Additionally, my own interest and experience is related to basic school level education.

In this research basic education does not include non-formal education – adult or lifelong learning such as literacy or professional training. It is also not dealing with the informal forms of privatized educational services – be the service cognitive (e.g. supplementary tuition, preparatory coaching for entrance exams for a ‘reputed’ school) or non-cognitive (application processing for admissions).

Relating to the scope of privatization, this research has primarily limited itself to what Ball (2007) has called as ‘first order privatization’ that includes ownership, forms of organization

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7 Primarily my focus is on basic schooling known by different terminologies, compulsory level education or basic education, universal primary education which is normally expected to be covered under ‘right to education’. Years of schooling differs from country to country. In most European countries it is 18 years. Compulsory level has just been upgraded from 5th to 8th grade in Nepal.
and financial relations\(^8\). Perception of the concerned stakeholders such as parents, policy makers, teachers etc. could not be taken into account due to time and resource limitations. Finally, it may have missed emerging perspectives on privatization for not taking literature on higher education into account. Additionally, a couple of seemingly relevant journals that was not subscribed by the university (the World Bank Research Observer for instance) was not possible to access.

### 2.4.2. Quality of the research

Most of the literature selected in the review, features peer-reviewed journals, and this could be regarded as an indication of the quality of the research results being used. The review of literature was rather extensive, and based on the criteria and perspective introduced earlier. Probably, any researcher should get similar results if the same keywords are used for search and the analysis is based on the most cited references, provided the researcher is inclined to social justice. Furthermore, the diversity in keywords used for the review should guarantee that the field of study related to ‘privatization in education’ is sufficiently covered. Regarding the review, research data bases as well as internet search engines were a great benefit although selection of literature posed a great challenge. When the same authors were cross-referenced in the search, the topic was considered saturated and authors worthy to take up for detailed study.

Description of the case study is the part of lived experience that has been attempted to validate with supporting facts and figures. The frameworks have been illustrated with different sources. The conformity (or inconsistency) of these different sources should ensure the validity of the case. (In this way, usefulness of frameworks is also expected to be tested).

A main reason for an extensive review of the literature was to prove the case with adequate perspectives. Congruence of perspectives emerging from the literature with the case study can be expected to confirm (or contradict) the validity of the case.

What is presented in Nepal’s case is new. The research certainly gives a crude composite picture of privatization of school education in Nepal. Still, this effort has to be seen as work in progress. This explorative research functions as a menu for more detailed research and elaboration. On the issue of privatization, there may be some points of convergence between Nepal and other developing countries - certainly the objective is not to generalize them. However, this research and the integrated framework could function as a kind of reference point to make more representative case studies.

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\(^8\) Second order includes family responsibilities, citizenship and democracy which incorporate privatization of governance. He also implicitly implies third order that involves schools as ‘sites of consumer materialism’.
2.5. Conclusion

After presenting a general definition of the term privatization, this chapter introduced the conceptual frameworks that resulted in the research questions for the literature review on the one hand and the case-study on the other hand:

Question 1: What is the state-of-the-art of research on privatization of school education?

Question 2: How has the process of privatization of school education taken shape in Nepal?

In the next chapter, the results will be presented using the research questions as the main ordering principle.
3. Findings

3.1. Literature review: Conceptions of privatization

This sub-chapter begins by describing typologies of privatization. It then seeks to take stock of motives and mechanisms used to privatize education. It tries to identify who according to the literature are the promoters of privatization and later, revealing underlying contradictions under debates on the issue.

3.1.1. Typologies of private education

How to categorize privatization of school education depends on the perspective of the researcher. As mentioned in Chapter II, I have used management and funding as the two determining factors of privatization, and considering it relevant from the perspective of social justice. Both formal and non-formal education institutions have been discussed – the former in more detail.

3.1.1.1. Formal education service providers

One type of formal institutions are managed by non-government entities but are funded by the government. Others are jointly funded and jointly managed by the state and non-state entities. There are different kinds of operators, funded either by the state or the private sector. Amongst those who receive the state aid, are fully charitable, often run by the faith-based institutions. Others run on a cost recovery basis which may either be by faith-based or secular, but not for-profit. In Diagram 2 these categories are presented schematically. In the US for example, most private schools are run by faith-based institutions (IES, 2002). There is an emerging category of non-state schools run by interested individuals and parents, notable example being the Chartered Schools in the United States. In Belgium, citizens’ rights have been secured to establish schools for the kind of education they wish to provide based on their pedagogic ideals. The main difference in these two types is that Chartered Schools in the US are driven by an urge for efficiency (economic liberalism) while the Belgian schools are part of a liberal (and often confessional) political ideology.

Schools mentioned such as above limited in developing countries. A whole new genre of private schools appears to be emerging in these places. The privatization is taken as a relief of the cost of education to governments, while it is an opportunity for profit makers. In comparison to industrialized countries, a high number of purer market-driven forms of
schools can be found in developing countries although infrastructure for markets is not well
developed. (For some country specific categorizations see: Mok, 2005; McEwan & Carnoy,
2000; and Srivastava, 2008).

What appears is the move to a complex and unique typologies under construction – more in
the countries of the North. Diagram 2 has stepped a bit back and attempted to re-establish
the boundaries for simplicity. The countries in the North have increasingly privately managed
institutions under government funding. In the cases such Charter Schools in the US, they

By formal institutions it means that they are authorized to award an accredited degree.

Diagram 2. Funding and management-based types of formal educational institutions.

have some elements of joint management while European state-funded schools, particularly
those managed by religious institutions are largely self-managed – Catholic Schools in
Belgium are good examples at hand. In some cases, schools may charge fees to cover the
cost.

9 By formal institutions it means that they are authorized to award an accredited degree.
3.1.1.2. Informal education service providers

Informal education institutions can be further sub-divided into cognitive and non-cognitive service providers. The first category includes private tutoring\(^{10}\) aimed at a particular exam, preparatory classes for certain entrance examinations or background language skills. The latter ones provide support services for finding appropriate educational institutions to aspiring students, and help to process visa for instance. According to Hartmann (2008) private supplementary tutoring the "shadow education system" has evolved out of the reach of state control. Parents use such institutions to cope with low quality teaching (mostly) in public schools. So, this kind of tutoring can be considered as a form of corruption. However, scholars point out that even taking equity concerns into account, tutoring can raise the effectiveness of the education system under certain reasonable assumptions (Dang & Rogers, 2008). Educational Consultancies\(^{11}\) yet another genre of informal institutions are not seriously looked at so far. With the popularity of education in the countries of the North, this number can be expected to grow rapidly in the developing world.

3.1.2. Motives for privatization

Having discussed the types of private education, I will focus on the main motives behind privatization. A primary motive of privatization appears to be mainly financial. However, it is not so straightforward. This sub-chapter seeks to go a bit deeper into financial motives taking a look at non-financial motives afterwards.

3.1.2.1. Efficiency and choice

The observation that the delivery of public goods by public entities is inefficient job is the major argument for privatization. By efficiency it means a higher output measured in terms of economic gains against input. Economists have two ways of dealing with it – one is the privatization of public services. This is supposed to make things right by ‘the invisible hand’ of competition and private ownership and management. Another way, for economists such as Friedman and Buchanan, was to restructure public services by introducing market principles. Vouchers and Charter schools in the US are the examples of the implementation of such ideals. In the countries of the North, parental choice appears to be taken as a major policy instrument to induce market principles in education service delivery. This choice drive is so strong that even the Labours in the UK or the Democrats in the US who are traditionally

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\(^{10}\) Private tutoring defined as fee-based tutoring that provides supplementary instruction to children in academic subjects they study in the mainstream education system.

\(^{11}\) These are institutions which mediate between students of the southern countries and the academic institutions in the northern countries entirely based on competitive market determined fees.
inclined to the state operation of education services loosened their ideological stances giving way to the so called Third Way policy. Broadly it implies promotion of competitiveness by the state while insisting on inadequacies of unregulated capitalism (Peterson, 2006 in Ball, 2007, p 21).

School choice is taken as one of the most effective tools to introduce efficiency where every rational parent makes the best choice. This would remove all the constraints parents are subjected depend on state run schools. A large girth of literature exists on the topic starting right from Friedman (2005) to Carnoy (2000). The latter is one of the most critical scholars who does not believe that “market will do better than a century of struggle and legal battles for equal access to education” to whom the choice is supposedly aimed at least in the case of US. Choice ideology, however, can betray liberal ideologues who take it as an exercise of freedom to choose the kind of school that fits to their interest. It may take some time to realize that in effect it serves as a tool for marketizing delivery of education services. Further, the market as a mode of social engagement has ‘class nature’ and is likely to be reproduced which means, success in the marketplace does not primarily appear to be a function of family motivation but rather a factor that depends on parental skill, social and material advantages (Gewirtz, Ball, & Bowe, 1995, p. 189).

However, both pro and anti-privatization camps agree that the question of using market principles has risen from the failure of the public delivery of education. Economically, public education around the globe is considered to be a very inefficient organization (Hanushek, 1995) and consequently, the market is presented as panacea to fix all failures. Lubienski (2006) calling such phenomenon as “teleological reasoning of an inexorable move to the market”, quotes Oettlé (1997): “very few analysts have perspective and ability to question the appropriateness of privatization in other (non-market) grounds”. In other words, neither well founded questions about markets have been asked nor acceptable alternatives put forward.

### 3.1.2.2. Faiths and ideologies

As mentioned earlier, finance is not the only concern that sustains private schools. Another foundation of the existence of non-state forms of education is the faith-base, particularly the Christian missionary zeal. Even though the faith-based schools were not privatized as per se, they have existed as separate entities from the state for long. In other parts of the world, most often Christian missionaries were followed or accompanied by colonizing forces, generally both lending support for mutual existence. In some countries, schools have also been kept under private provision for ideological reasons. The case of Belgium is already mentioned.
3.1.2.3. Profits

Education by nature is an ‘immaterial’ labor intensive enterprise. There is a good prospect for educational business as demand not likely to go down. Because, society still largely considers education not to be a business, ‘market proponents recognize negative connotations in the term, and therefore avoid its use, even as they embrace various elements of the market ideas (Lubienski, 2006). In general, private education is a small but growing enterprise in the United States where private education businesses account some 10 percent of $1 trillion education industry (Hentschke & Wohlseter, 2007). After the 1990s, particularly in developing countries there has been an influx of institutions franchising educational brands particularly from countries of the North. Countries such as Singapore and United Arab Emirates (UAE) are gearing up to become the hubs for education catering to the students in their geographical periphery and beyond. Singapore successfully attracts school level children from outside the country particularly from neighboring counties. A significant number of students are attracted from developing countries to developed countries and the enrolment is coming to lower and lower levels. There is a manifold increment of foreign students (according to Robertson et al (2006) up to 8 times in New Zealand since 2000 for example) among OECD countries. Foreign students in educational institutions of OECD countries account some 7% at present. In the UK, universities generate significant additional income from international students (OECD, 2008, p. 266). Already in 1999 education was estimated to make up 3% of total services in OECD countries (Larsen, Martin, & Morris, 2002). Robertson et al, (2006) note: “by the early 1990s the export of education services from New Zealand through Asia had risen to become a greater foreign exchange earner than the wine industry!”

3.1.3. Methods used

Schools are privatized in various ways for which different tools and techniques are applied. Here I have presented the most common methods used for privatizing school education. First three categories deal primarily with the development taking place in the US; the fourth one seeks to capture the trend in developing countries. At the end, I discuss the New Public Management as method of introducing competitive element in the public sector.

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12 It appears that it’s mostly higher education in OECD countries since compulsory level education is mainly provided by the state. However, in developing countries expansion of private schools has created demand for similar kind (English medium for example) of education at higher levels.
3.1.3.1. Education vouchers

Vouchers are a kind of coupons provided by the government that can be redeemed in a government recognized private or public schools of parental choice recognized by the state. They are based on the classical economic theory which presupposes that the competition compels the schools to perform the best at the least possible cost. The most notable countries using voucher system are Chile and the USA. The idea of voucher in the US is traced back to Adam Smith himself in his Wealth of Nations (Noguera, 1994). It took nearly 200 years before the Nixon’s Administration’s Office of Economic Opportunity took up the idea and offered to finance the experiments (Friedman, 2005). In the US, the vouchers are considered as a way out of ailing public schools in specific locations of certain urban areas. They are meant to target the deprived so that they are ‘freed’ from limitations imposed upon them by socio-structural, economic or geographic realities (for detailed discussion on the voucher system in the US see d’Entremont & Huerta (2007). In Chile, they were started in 1981 as a part of General Pinochet’s market oriented reforms (Hsieh & Urquilla, 2005).

According to d’Entremont & Huerta (2007), major critiques made against the voucher system in the US are: a) they siphon money away from the public schools (leading to the closure over time), b) it leads to student sorting as the better off families are better informed about school performance and private schools tend to use formal and informal strategies to avoid less performing students, and, c) they shift away from publicly established goals (over market demands). A study by Hsieh & Urquiola (2005) in Chile confirms all these propositions although they have warned of the dangers of the generalization.

3.1.3.2. Chartered Schools

Hyped by their popularity in the US, Chartered Schools are the latest models of non-state managed schools. The first chartered law was passed in the State of Minnesota in 1991. Now they number some 4,000 with over 40 states having such a law. Basically, Charter Schools are established by private individuals including parents. They are subject to the most of the rules those apply in ‘traditional’ public schools. The degree of control depends on the ‘charter’ made between the founders and the authorities (mostly state education departments and municipalities). This is an example of a kind of Third Way between the private schools and the schools run by the state.

Charter Schools are considered much less controversial than school voucher system - lesser degree of privatization being one of the reasons (Vergari, 2007). Another kind of controversy around Charter School was whether these schools can be run by the faith-based entities. This issue is currently resolved with the court ruling in favor. A study by Buckley & Schneider (2004) shows that Chartered Schools in the US are as good as public schools in
promoting citizenship. There was a fear that such components might get less pronounced in non-state schools.

3.1.3.3. Home schooling
Gained ground in the US, the home schooling system (HSS) has some of the fiercest supporters and opponents. United around a number of solidarity groups including religious groups and the parents with special needs children the HSS supporters are reported to be able to clog the White House phone system in three hours (Cooper & Sureau, 2007). It appears that home schooling is a meeting point of people with diverging but special interests. Privately funded, privately provided and privately managed and (almost) privately regulated, HSS could be considered as the “ultimate” form of privatization if state fund would not be allocated. Taking home schooling also the cause of the decline of public schools Lubienski (2000) put forwards two major consequence:

First, it withdraws not only children but also social capital from public schools, to the detriment of the students remaining behind.
Second, as an exit strategy, home schooling undermines the ability of public education to improve and become more responsive as a democratic institution.

Supporters regard it as an example of the grassroots, family-based, value-driven system of education where the family becomes the centre of educational life for children, not the formalized setting of public (private) schools (Cooper & Sureau, 2007). Its impact at broader scale is yet to be seen.

3.1.3.4. Laissez-aller
In many developing countries private schools are run with minimum state approval for their operation. One basic trend is that they are very much entrepreneurial and the state normally has no contribution whatsoever other than minimal legal basis to run them. The term *laissez-aller* is used to denote this kind of ‘haphazard sprawl’ of private schools (Bhattarai, 2007). They are run for profit demonstrating a high level of commodification of education. These schools take advantage of the market created by the failure of public education. Normally a high demand for better education starts from the better-off section in urban areas, sparking off a vicious circle: the more the private schools, less the general attention in the public schools, the less the attention in public schools, the more the demand for the private schools. Studies in India however indicate that private schools primarily cater better off section of the society is no longer true (Kingdon, 1996; Srivastava, 2008; Tooley, 2007). They are now being established to match different size of parents’ pockets. These are the parents who are aware of the importance of education but have lost faith in public education
system. For Srivastava (2008), it is a challenge to hegemony of the middle class that the poor do not understand the value of education. However, UNESCO/GMR (2009) boldly states that low fee private schools (LFP) are symptoms of the failure of the state in delivering education:

Clearly, unplanned growth in low-fee private primary schools is responding to real demand. . . . The important question for public policy is whether governments should use financial resources to accelerate that trend, or resolve the underlying problem driving it: namely, the failure of public education systems to meet the needs of the poor. Given that nine out of ten primary school children in developing countries attend public-sector schools, the overwhelming priority should be to improve their standards and accessibility rather than to channel public finance into the private sector.

This is perhaps for the first time; the debate on privatization of education has surfaced to the international arena beyond the countries of the North. Tagging this as an ideological victory over children’s future, a privatization propagator rebukes: ‘It (the report) eschews all private alternatives and argues that our only salvation is the state’ (School Choice, 2009).

3.1.3.5. The new public management

Boundaries between the private and the public continue to blur. It’s not only that public services are being delivered by the private sector, public sector itself undergoing a transformation process. Broadly the New Public Management (MPM) is a set of complex processes of public sector reforms with the introduction of ‘market as new disciplinary technology’ (Olssen, 2009). When there are areas that cannot be privatized for practical or political reasons (e.g. one cannot make all the staff in a department redundant) they are split and put in competitive positions, responsibility delegated to lower levels of hierarchies with a strong message to bureaucracy that if you don’t improve, the job will go to non-state entities. Some of the methods mentioned above such as voucher systems or Charter Schools are part of this drive, as well as the focus on forms of management by objectives. This shift of governing to governance and management has been felt strongly in the education sector in the countries of the North. The sector is now “governed by numbers” and “from a distance” and no longer only by school supervisors visiting schools for inspection for instance. The league tables in the UK are such an example. Some teachers in these countries get so distressed from detailed modes of management and facing prescribed standards and targets that some of them appear to have lost the faith in teaching itself (see Simons et al. (2009a) for a comprehensive discussion; particularly Ball (2009) and Lawn & Grek (2009) in the same volume). Versions of new public management are being introduced by international monetary institutions in most developing countries and considered as a way of reducing public sector expenses. The case study gives indication that NPM may be making its way through the donor – particularly the World Bank as it places priority on EFA.
3.1.4. Status of privatization

Owing to various forms of privatization, it is hard to find uniform data on the status of privatization. The literature gives an impression that the trend of privatization at all levels of education is felt increasing throughout the world. However, between 1999 and 2006, Table 4 shows that enrolment in private schools has remained unchanged globally at a 7% median at primary level. Share of private schools in developing countries has even decreased by one median point in the same period (Graph 2). Although this set of data has the best possible dependable source, it may require further verification in order to put more confidently.

Table 4: Enrolment in private schools as percent of total enrolment (global regions)

<table>
<thead>
<tr>
<th>Region</th>
<th>Pre-primary</th>
<th></th>
<th>Primary</th>
<th></th>
<th>Secondary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>30</td>
<td>34</td>
<td>7</td>
<td>7</td>
<td>47</td>
<td>47</td>
</tr>
<tr>
<td>Countries in transition</td>
<td>0.02</td>
<td>2</td>
<td>0.2</td>
<td>0.6</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>Developed countries</td>
<td>6</td>
<td>9</td>
<td>4</td>
<td>4</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Developing countries</td>
<td>47</td>
<td>49</td>
<td>11</td>
<td>10</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>Arab States</td>
<td>83</td>
<td>76</td>
<td>4</td>
<td>7</td>
<td>46</td>
<td>47</td>
</tr>
<tr>
<td>Central and Eastern Europe</td>
<td>0.7</td>
<td>2</td>
<td>0.3</td>
<td>0.7</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>Central Asia</td>
<td>0.1</td>
<td>1</td>
<td>0.3</td>
<td>0.7</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>49</td>
<td>55</td>
<td>8</td>
<td>10</td>
<td>47</td>
<td>48</td>
</tr>
<tr>
<td>East Asia</td>
<td>57</td>
<td>50</td>
<td>2</td>
<td>3</td>
<td>47</td>
<td>48</td>
</tr>
<tr>
<td>Pacific</td>
<td>20</td>
<td>20</td>
<td>7</td>
<td>7</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>29</td>
<td>39</td>
<td>15</td>
<td>17</td>
<td>51</td>
<td>51</td>
</tr>
<tr>
<td>Caribbean</td>
<td>88</td>
<td>86</td>
<td>21</td>
<td>28</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Latin America</td>
<td>29</td>
<td>20</td>
<td>15</td>
<td>14</td>
<td>51</td>
<td>51</td>
</tr>
<tr>
<td>North America and Western Europe</td>
<td>26</td>
<td>27</td>
<td>7</td>
<td>7</td>
<td>49</td>
<td>49</td>
</tr>
<tr>
<td>South and West Asia</td>
<td>5</td>
<td>41</td>
<td>11</td>
<td>8</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>53</td>
<td>53</td>
<td>11</td>
<td>8</td>
<td>45</td>
<td>44</td>
</tr>
</tbody>
</table>

Compiled from (Unesco/GMR, 2009): Annex Table 3B (p284-290), 5(p. 306-312) & 8 (p. 326-330)
(Data includes both for-profit and non-profit private schools)

Accordingly to OECD, (2008) public expenditure in education in OECD countries still hovers around 90% while it is under 80% for countries participating in the World Education Indicators (WEI) Program (UIS, 2003). Perhaps a generalized statement can be made that the poorer the country economically, more the number of private schools as indicated in the case of some Indian states (Kingdon, 1996). Further, the share of private expenditure in education in OECD countries is found 7.2% while it is 21.6% in WEI countries (UIS, 2003). Clearly it show the pressure of resources in developing countries in financing education.

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13 UNESCO/GMR (2009) uses privatization figures as the number of pupils/students enrolled in private institutions that are not operated by public authorities but are controlled and managed, whether for profit or not, by private bodies such as nongovernment organizations, religious bodies, special interest groups, foundations or business enterprises.

14 WEI countries are primarily those developing countries with large economy including countries such as India and Brazil.
3.1.5. Promoters

We have already (3.1.3) discussed what the prime motives in privatizing education are. Here, I present major institutions that are known to promote privatization, revealing a complex intertwining of economics and politics.

3.1.5.1. Lobby groups

According to Spring (2002), conservative think tanks such as the Manhattan Institute are financing scholars and using marketing methods to spread ideas about school choice, privatization of public education and home schooling. Giving the inside battle for influence Spring (ibid., p. 37) continues:

> Maintaining that a liberal elite controlled universities and government bureaucracies, conservatives felt they needed to create...a counter-intelligentsia to spread free-market economic ideas, including the ending of public school monopoly over education.

He presents a “web of conservative think tanks on education” (ibid., p. 55) which can imply that policy of privatization is not necessarily a self-diffusing or borrowed one (see debate later). Privatization is often associated with right-winged conservative political ideology; with left-winged liberal democrats at the other side of the fence. Political parties framed in such left-right binaries appear to cross the floor on the issue of privatization, particularly that of

3.1.5.2. International agencies

It is claimed that privatization is driven by domestic political and economic factors, and external injection can facilitate the implementation only when local conditions are favorable (Banerjee & Randinelli, 2003). However, the governments of developing countries are still come under pressure to commit services to market supporting institutions despite growing evidence of the damage caused by increased involvement of the private sector in delivery of public services (Hilary, 2005). He further states:

.. Often this is condition of receiving development assistance, loans or debt relief from international financial institutions and donor governments. Much recent attention has focused on the role of the World Bank and IMF in this regard. .. Despite its avowed commitment ... UK DFID has invested heavily in this program, creating a host of new bodies and financing mechanisms to advance the cause of privatization across the developing world.

Below, I discuss the role of major international agencies that are explicitly known to promote privatization around the globe. I will revisit the World Bank in the context of Nepal later.

The OECD

The Organization of Economic Cooperation and Development (OECD) continues to increase its influence in education towards more privatization of education. Although it is very unlikely that European countries will move to privatized schools soon, the path towards an “Entrepreneurial University” or “Education Private Limited Company (Plc)” is clear. The following statement clarifies the matter further:

In some (countries), the proportion of private funding of tertiary educational institutions is high enough to challenge the view that tertiary education is primarily a state responsibility. In fact, this view is gradually being replaced by the perception that, given the shared public and private returns that education brings, costs and responsibilities for its provision should also be shared between those who directly benefit and society at large (i.e. private households and businesses as well as governments), at least at the tertiary level of education (OECD, 2008)

Across the channel, one of important players of the European Union, the United Kingdom, has already much advanced to privatization (see Ball, 2008 for full account).
The World Bank

It is often understood that privatization is a “sponsored program” and in favor of the Western countries (Olssen, 2009). The World Bank\textsuperscript{15} is considered to be one of the main instruments of such a mechanism. A major drive behind the Bank’s involvement in education is the concept of human capital that was already gaining momentum in the 1950s. The Bank is the single largest source of development capital in the field of international education although its policies on education have not been as effective as postulated, and in some cases they have created significant educational distortions in a nation’s education sector (Heyneman, 2003). Since the Bank’s “marriage” with the UNESCO in 1990, it is evident that educational policies particularly those of developing countries are almost entirely geared towards EFA. The Bank’s lending doubled and tripled in each decade since the 1980s (Psacharopoulos, 2006).

Through its subsidiary IFC, the Bank, has created “EdInvest”, an investment information facility - a forum for individuals, corporations and other institutions interested in education in developing countries. It provides information for making private investment possible on a global scale. It supports the start-up or expansion initiatives in primary, secondary, and tertiary education with a particular interest in student loan programs, e-learning, technical and vocational education and training (IFC, 2008). The explanation given for the involvement of IFC in private education is that the overwhelming majority of international donor organizations that support education projects actually support public sector initiatives. So, there was a need for an agency supporting education in the private front. Perhaps for heavy criticism and apparent failure of marginal section of the society to acquire education for cost reasons, the Bank can be considered to have shifted its stance to support compulsory education (Heyneman, 2003; Psacharopoulos, 2006; Sosale, 2000). Nepal’s case later also supports this shift to a certain extent.

GATS/WTO

WTO is considered as one of the most assertive neo-liberal institutions that promotes free trade across the globe. When it transformed itself from GATT to WTO, it acquired three

\textsuperscript{15} The World Bank Group consists of International Bank for Reconstruction and Development known as the World Bank and its four subsidiary institutions: International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).
distinct areas of engagement: the conventional regime of trade on goods, Trade Related Intellectual Property Rights (TRIPS) and General Agreement on Trade in Services (GATS). GATS inherits the legacy from WTO’s predecessor nearly half a century old GATT, that foreign companies who operate in the market of the host country be given the same treatment as companies from home. GATS is considered to be a one way provision where return is extremely difficult if not impossible once a country makes an “ascent” to the platform. GATS covers basic services such as water, health and education that have been traditionally considered as the responsibility of a welfare regime. GATS’ classification covers any international trade in the field of education that is divided into four modes of delivery: cross-border supply of educational services (on line learning, distance education, brand franchising); consumption abroad (international student mobility); foreign investment for educational products; movement of natural persons (international teacher mobility) (see Larsen, Martin, & Morris (2002) for details).

The provisions are said to be enforced under enormous pressure from multinational agencies particularly by the US financial services sector. However, WTO and supporters claim that it’s the most democratic global institution existed so far – there is no member with veto privilege as in the case of UN nor decisions of high-stake shareholders prevail as in the case the World Bank. It’s a forum for negotiation on an equal footing – “trade without discrimination” as the institution claims. Further description along this stand can be found in WTO (2008). According to them, they not only seek to remove the trade barriers to liberalizing trade, but in some circumstances their rules support maintaining trade barriers. In principle, WTO “carves out” services under government authority and something that has no commercial purpose. However, it can mean that as soon as education, for example, is privatized, it comes under the remit of GATS.

Global Civil Society has been alarmed for the potential harm it can cause and has been registering its resistance (e.g. “The Battle in Seattle”). Despite sweeping effects of its scope, it was not until GATS came into being, the WTO managed to draw the attention of education theorists. According to Robertson et al. (2006) an attention emerged “to profound changes that might characterize education in the new millennium”.

3.1.6. Debates

Debate on the issue of privatization is often ideologically charged and the phenomenon is not well studied so as to have concrete knowledge of its significance (Hentschke & Wohlsetetter, 2007). Of course, the overall issue of privatization itself is not settled. Mostly economists see privatization as a vehicle for vitalizing a nation’s economy by expanding productive activities and raising national income. Opponents argue that it has increased income disparities in a society causing frictions in the communities. They further argue that
frequently produced private monopolies are as inefficient as public provision and often more corrupt (Hentschke, 2006 in Hentschke & Wohlsetter, 2007). In this section, I intend to capture the main premises of debates.

3.1.6.1. Is education a tradable commodity?

It’s a tricky and value-charged issue and seminal to all other debates i.e. if there is an agreement that education is not a tradable commodity no other debates on radical privatization will be necessary. It implies that if education is not a tradable commodity it cannot be commercialized. Commoditization is normally understood as the reduction of the value of something that only money can capture. Masschelein & Simons (2002) express outrage for an overall imposition of business metaphors and practices to education, that is, the reduction of humans to entrepreneurial beings, of education to learning, and of education to something that can be consumed or invested in. According to them “learning” has become an individual plan (thus private) where one has to think and plan rationally – or else, he or she may end up being a liability than an asset to the society.

The terminology is often associated with capitalism or rather with its critiques. People may find even the discussion on the topic absurd. Referring to Habermas, Sharma (1999) in Lawrence & Sharma (2002, p. 663) stipulate that

*the instrumental reasoning associated with capitalism has penetrated deeper into daily experience. Political and cultural life has been colonized by instrumental techniques (i.e. accounting and economics) and distorted communications, so that categories of truth and beauty have been replaced by the instrumental knowledge of techno-science.*

3.1.6.2. Is privatization imposed?

Another common issue of debate is whether privatization as a policy of educational governance is imposed or not. However, the question itself presupposes that it may have been externally induced. Drawing loosely upon Spring (2008) and his interpretation of the process of globalization, the three kind of policy adoptions can be distinguished: diffusionist or automatic, imposed and borrowed.

The group of scholars, critical to privatization naturally considers it imposed. Implicitly, pro-privatization scholars may think either it borrowed or automatic or (self-) diffused. The words imposition and borrowing have power connotations, and hence, critics of privatization often address “the powers” behind privatization (such as the World Bank, for instance). Often when it is in the context of Australia and Britain for example, borrowing is used (as by Walford (2008) for example) as implies no consequential power relationship. Some researchers and international institutions appear to use the rather diplomatic term “traveling policies” (e.g. Lindblad &
Popkewitz, 2006). In the second part of this chapter, I will make an attempt how the policy of privatization has traveled to Nepal.

3.1.6.3. Which is efficient – private or public?

Which is efficient – the private or the public organization of education? This the most frequently occurring debates in this field. The argument put forward in favor of privatization are built around the ideas that schools run on private provisions are more efficient than the schools run by the state machinery. Before, going further I furnish few words on the term. The term efficiency means high test score of students at minimal cost possible. This is mostly based on the standard score comparison between the public and the private schools against financial inputs. The stress is on the volume of output and the quality perspective is captured by the score. With the same level of input, if $100 gives a total score of 400 for five students (average 80) as opposed to 400 for eight students (average 50), efficiency in literal sense would be high in the first one. Efficiency debate is concerned on the first one. The test score does not express the true value of education or human capability gained through education. There is no precise measuring tool too. Nevertheless the test score is considered to have informative value as a predictor of adult labor market success (Bjorklund, Clark, Edin, Frederiksson, & Krueger, 2005). For efficiency comparisons, the same variables which are measured in public schools are measured for private schools for efficiency. However, if we looked at from effectiveness point of view, in crude terms, we would be interested in the second one because benefits have been broadly distributed in this case. However, social justice is a perspective and should not mean that it aims for low quality education. The supporters of the second situation argue that the private education favors or leads to the first situation.

The literature presents the score of the students from private schools higher in general than the students from public schools. While performance difference would be moderate between public and private schools in richer countries, in developing countries, as exemplified by the case of Nepal, the difference is quite big (see further in the case). However, pointing to the need for further research McEwan & Carnoy (2000) conclude “tentatively the case for shifting public resources to privately run schools is mixed”! There is a well understood selectivity of best pupils in private schools including in the US (Figlio & Stone, 2001). Despite de-selectivity criteria have been enforced, private schools use different informal criteria that are not easy to verify (d’Entremont & Huerta, 2007). However, this debate is likely to remain unsettled even with most rigorous techniques unless the issue of “cream-skimming” by private schools is resolved.

Without bringing effectiveness i.e. equal opportunity perspective in the picture, the debate is not complete. This is what scholars (and activists) arguing for public delivery of education, appears attempting to convey. It is positive that some pro-privatization scholars (including Tooley (2007)
& Tooley, Dixon, & Stanfield (2008) for instance) are taking this issue up and assessing the impact on the poor. Nonetheless, performance of both private and public schools appear to depend on the structure of the political system. A large private education sector can benefit public schools in a broad-based democracy where politicians are responsive to the needs of families using public schools, but leads to disastrous outcomes in a society that is politically dominated by the rich. (Croix de la & Doepke, 2007)

3.1.6.4. What Role for the State?

Debate in the role of the state in delivering services is amongst the most elusive and complex. Conventional knowledge on the issue is to frame the debate in the opposite polarity of “the public” (state, government) and “the private” (family, business, management). Calling these “lazy binaries”, Ball (2007, p. 21) rejects such an idea that “contrasts a particular version of the private with another particular often rosy version of the public”. This blurring of the boundaries was touched upon earlier (3.1.5.1.). Privatization in education now essentially means dividing “labor” for education “between” the state (public) and non-state entities - the family and the business sector (private). Hence, unlike governing education through hierarchical state apparatus, governance is increasingly conducted through non-hierarchical networks of private-public partnerships. The role of the government changes from the provider of the services to the coordinator or the facilitator of the services.

Broadly, there are two mutually re-enforcing ideological foundations that orient governments to governance. Central to governance is the subsidiary concept which is based on the theory that decisions should be taken by the lowest-level competent authority. As a principle, subsidiarity would entail that the higher level of government would perform only those essential tasks that for reasons of scale, capacity or need for exclusive power cannot be effectively undertaken at lower levels of administrative decision-making (GUFP, 2006). This is supplemented with the Public Choice Theory that advocates the application of economic theories to public-sector institutions in the interest of making public organizations subject to similar costs and benefits as they operate in the private sector (Olssen, 2009). These two entail in downsizing of the government through de-regulation and other means so that it as business. It should however be noted that in contrast to classical liberalists who have negative conception of the state power (for its character of interfering with the free rational individual) the neo-liberals represent a positive role of the state in creating appropriate conditions for the market to function (Olssen, 2009). In other words small in size the neo-liberals expect the state to take stronger role to let market play its role. There is a strong resentment against this “small big state”, however, no reasonable alternative is found presented yet.
Funding is the most important functions of the state in extending education services to its citizens. In developed countries, states still fund education significantly, although more and more, management responsibility appears moving to the private realm. In developing countries, on one hand, the private sector is reducing effectiveness of resources allocated in the public sector. On the other, government performance augmented by the limitation of resources has remained rather poor. The crucial question that researchers have to answer is what role government can play in such a circumstance. In other words: is there a Third Way for the “Third World”?

3.1.7. Summary
The sub-section on the literature review has dealt with on a plethora of perspectives on the privatization of education. In most of the countries in the North, mostly in the Anglo-Saxon countries, there is a tendency for school management to be moving into the hands of the private sector although it is overwhelmingly the business of the state in European countries. More pure market forms of schools exist in the countries of the South. Efficiency and choice appear to be the main motivating arguments for privatization followed by faiths and ideologies. The use of vouchers seems to be a radical method of privatization in the US, followed by Chile. Charter Schools quite significantly and home-schooling to a limited extent make up other methods. Laissez-aller or rather minimally regulated forms of schools are most likely to be found in developing countries. While the privatization was not found as prevalent as the impression one gets from the literature (7% global median), effects of the shift from governing to governance in education are being felt to a certain degree.

Fingers are pointed towards pro-privatization lobby groups and international agencies for propagating privatization. With the rise of WTO/GATS, the World Bank was not found pushing for privatization of compulsory level education. However, it does not mean that it is not promoting or supporting privatization in other levels or sectors. Private operators are found increasingly getting organized and geared to protect their interests. Major debate takes place between the proponents and the opponents of the private delivery of schooling services founded on the arguments of efficiency and effectiveness. The first is mainly concerned with input against output based on the test scores of students whereas the effectiveness stresses on the distributive aspects of achievement. One way or another, the literature on privatization, tends to boil down to pro and against debates establishing it as a highly contested topic of contemporary education. In spite of valid concerns being raised, the opponents of privatization are yet to come up with plausible solutions amidst prevailing monolithic market-based solutions to global problem of education.

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3.2. The case study: Privatization of Nepal’s education

In recent years, some interest in privatization of Nepal’s education has been developed amongst external researchers particularly motivated by the recent political developments in the country (e.g. Caddell, (2006), Shields & Rappleye, (2008), Carney & Bista, (2009) and (Vaux, Smith, & Subba, 2006). Otherwise, privatization of education in Nepal is nearly untouched field. By describing the situation with wide varieties of perspectives, this chapter aims to contribute to build the foundation for further research in privatization of education in the country. First, I describe the historical perspective then discuss the current level of prevalence. Next, I describe the situation analytically through the framework of the division of labor. Following this, I attempt to understand the factors that may have caused and sustained the privatization of school education in the country despite public and political resistance. The sub-chapter ends with the description of the implications of the whole process.

3.2.1. Description

3.2.1.1. History

As already mentioned, Durbar School can be regarded as the first modern private school in Nepal. It is private in that it was not accessible to the public, modern in that it was an English medium school. The St. Xavier’s School was opened just before the fall of Rana regime in 1950. Another kind of early private school was Adarsha Vidyalaya established in Biratnagar around 1930 by K. P. Koirala, father of Nepal’s three prime ministers. It is difficult to identify which was the first school with profit motives. Established in 1965 in Kathmandu, Adarsha Vidya Mandir is considered to be a precursor of the majority of current private schools in the country (further details can be found in NEJG, 2008).

Until 1971, when the government nationalized all educational institutions, different kinds of schools thrived in the country. Then the absolute ruler King Birendra, was quoted saying “I have the responsibility to the people - stricken with hunger, illness and ignorance”

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16 One of the next issues of the Journal of Globalization, Societies and Education is going to concentrate on Nepal (Per Com: December, 2008).

17 It was ironic however that while it nationalized private schools, the government asked Eton the top-notched British elite school to establish a model restricted-entry school (called Budhanilkantha) where the then Prince Dipendra studied - ending up in the Eton itself after he completed schooling at Budhanilkantha (Joshi, 2003) – this can be the regarded later version of Durbar School.
Schools such as the St Xavier’s or (Siddharth) Banasthali, aligned their curriculum to government requirements and managed to keep their separate existence. In 1980, shortage of resources to finance school expenses, softening of the political grip and the prevailing liberalization of the economy, led to the amendment of the Education Act of 1961. Since then privatization has been referenced in policy documents in increasing frequencies.

Although the political course in the country was heading to uncertainties, the government in the early nineties initiated an extensive economic reform agenda. Reforms were introduced, for example, to liberalize trade, . . . foster private sector development, and strengthen public expenditure management.

They helped to transform the Nepalese economy from a highly regulated to a more open, market-oriented economy; create an energetic private sector and expand its role in such areas as manufacturing, industry, exports, education, health, air transport, finance, and power; and improve the country’s macroeconomic fundamentals (NPC, 2003).

This has taken place at about the same time when the World Bank joined UNESCO and other UN agencies for UPE beginning with WCEFA in Jomtien in Thailand. The country was going through a kind of transition while demand and supply for both private and public education continued to increase amidst rapid migration to urban areas. This was the period when there was a big influx of private schools, mostly in the urban areas and an uproar was unleashed against the fee structure of private schools. The public schools were in shambles in absence of effective supervision combined with the teachers’ lack of motivation and the shortage of resources. People had no choice but to turn to private schools.

Towards the end of the decade, a committee was formed to assess the issues of private schools and explore how the private system of education could be improved (CSMPSS, 1998). However, the issue of overall political-economy of private schooling was kept aside. Stronger objection had come from the Maoists who vowed for janbadi shiksha (the pro-people education) and the nationalization of all private schools (CPN-M, 2003). Before the peace accord in 2006, the Maoists were reported to have physically attacked quite a few private schools and extorted large sums of money from them.

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18 Nepali text: भोक रोग र अर्थवाणी प्रवाह जनताप्रीति मेरो जिम्मेदारी छ. “Bhok, rog ra ashikshale grasta janatapratidario jimmedari chha”.

19 Banasthali, the private non-profit school was amalgamated with the nationalized private school Siddhartha and got hyphenated name Siddharth-Bansthali School.
Table 5 Major trends of Nepal’s education system and privatization

<table>
<thead>
<tr>
<th>Indicative Period</th>
<th>Major Happenings</th>
<th>Major political events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1950s</td>
<td>No organized “modern” education institution; a palace school established some 100 years ago; few religiously based schools for Sanskrit/ Buddhist education (supported both by the community and the state); one Christian missionary school started.</td>
<td>1950: end of aristocratic rule</td>
</tr>
<tr>
<td>1950-1970</td>
<td>An array of government aided and non-aided schools run by the community – including few Sanskrit-based schools.</td>
<td>1960: Nepal’s short experiment with democracy that was sabotage by the king for next 30 years</td>
</tr>
<tr>
<td>1970-1980</td>
<td>Nationalization of non-state schools under external assistance and opening education sector for private investment, the state not able to finance schools; subscribing to economic liberalization policies.</td>
<td>Students Movement of 1979; referendum and legitimization of existing absolute monarchy</td>
</tr>
<tr>
<td>1980-2000</td>
<td>Influx of private schools with little regulation; support from exogenous institutions and politicians except some resistance from extreme left and some parents.</td>
<td>1990: People’s Movement I limits the king to a constitutional monarch; Jomtien Conference and unified program of international agencies 1996: beginning of the arms struggle of insurgents</td>
</tr>
<tr>
<td>2000- to 2009</td>
<td>Some regulatory provisions in the wake of extreme political activism and urban public dissatisfaction; private schools face significant pressure – latest being the struggle between the Maoist led coalition government and the education entrepreneurs (see annex III for a news clipping).</td>
<td>2000: WCEFA; UN Millennium Summit 2006: People’s Movement II; abolition of monarchy and the election of constitution assembly – insurgent Maoists emerging as the largest party.</td>
</tr>
</tbody>
</table>
To sum up the history, a scan of Table 5 shows that there is a change in education system when there is a change in the political system in the country. Particularly the time between 1970 and 1980 appears to be eventful from the point of view of privatization of education. The country witnessed two important events in the history of education in the country: nationalization in the beginning of 1971 and the re-privatization in 1980. The latter event coincides with the opening of political sphere in the country. This establishes certain level of causality between nationalization and the privatization. However, limited literature shows similar trend in some African countries at the same time. This deserves attention for further analysis. It also indicates that privatization follows some level of liberalism ultimately leading to extreme situations such as haphazard growth of private schools and the armed struggle. For example, for-profit privatization started in the 1980s and reaches to a point of explosion towards the end of millennium with insurgency. This is appears to be an important period to understand the interplay between privatization of education and politics in the country.

3.2.1.2. Prevalence

Delivery of educational services is increasing and more institutions are being established in the private sector than in the public. According to CBS (2004), the private school participation rate has gone up from 7 to 17 percent between 1996/97 and 2003/04. PABSON (2006) estimated there were some 8,500 private schools nationally with 150,000 staff catering to some 1.5 million students.

Private schools exist whenever there is a sizeable population, may it be in remote or in more accessible parts of the country. Many low-fee private schools are found to be serving worse-off sections of society in India. In Nepal, 44 percent of students from the richest quintile are enrolled in private schools while less than 7 percent of students are from the poorest quintile.

### Proportion of Public and Private Institutions

<table>
<thead>
<tr>
<th>Stage</th>
<th>Private %</th>
<th>Public%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Childhood / Pre primary</td>
<td>13</td>
<td>41</td>
<td>59</td>
</tr>
<tr>
<td>Primary</td>
<td>24.746</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Lower Secondary</td>
<td>7.436</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>4.547</td>
<td>29</td>
<td>71</td>
</tr>
<tr>
<td>Higher Secondary</td>
<td>1.556</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Higher Education</td>
<td>0.473</td>
<td>16</td>
<td>84</td>
</tr>
</tbody>
</table>

*Graph 3. Proportion of public and private institutions in Nepal.*
Findings

(CBS, 2004). Clearly but not surprisingly, this shows that private schools still overwhelmingly serve the better-off section of the society. Graph 3 shows that 80 percent of higher education institutions are operated in the private sector, while 88 percent of primary schools are operated by the government. At higher secondary level the government and the private sector both share half of the delivery. Public sector still remains dominant in providing schooling for lower grades except for pre-primary or early childhood level.

3.2.2. Division of labor in educational governance

Privatization can be viewed as the re-distribution of labor in governance between the state and non-state entities. The division of labor in education laid out in a framework of “pluri-scalar governance of education” from is applied for this description (Robertson et al., 2006). It describes the situation concerning financing, ownership, provision and regulation. This is expected to help make tensions and contradiction amongst different stakeholders visible.

3.2.2.1. Financing

The government is fully responsible for teachers’ salaries, construction and maintenance of public school buildings. However, labor and locally available resource such as stones and wood are expected to come from the community. The ratio of financial responsibility is 60:40 between the government and communities (UNESCO/IBE, 2006). Well over 90% of regular budget allocated to education is spent on teachers’ salary. Per pupil public expenditure on primary education is one of the lowest in the world (nearly a 9\textsuperscript{th} of world average of $1005), indicating that public schools are severely under resourced.

Most local government units (district, village), except major municipalities, depend on the central government for funding as they have few sources of revenue. Moreover, there is a legacy of considering education as the business of the central government that takes time to change. Even large municipalities with high revenue sources pay little attention to education. A primary reason, it can be argued behind low level of attention from the municipalities is that those children of the “people with a voice” enjoy the choice of private schools. The poor population cannot exert pressure on municipal administration. The municipalities present a vivid illustration of the political-economy of the privatization of school education in Nepal.
Table 5 Recent trend of financing of education

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Government Budget</th>
<th>% of Foreign Aid</th>
<th>% GDP</th>
<th>% GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>9.1</td>
<td>10.3</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>1995</td>
<td>13.1</td>
<td>26</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>2000</td>
<td>14.1</td>
<td>21</td>
<td>2.5</td>
<td>2.4</td>
</tr>
<tr>
<td>2001</td>
<td>13.8</td>
<td>18.9</td>
<td>2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>2002</td>
<td>16.3</td>
<td>15.4</td>
<td>3.2</td>
<td>3</td>
</tr>
<tr>
<td>2003</td>
<td>15.8</td>
<td>16.7</td>
<td>3</td>
<td>2.8</td>
</tr>
</tbody>
</table>

Table 5 show that Nepal’s education budget has been increasing steadily over the years and so has the foreign aid. The share of foreign aid in the total education budget has greatly fluctuated between 1990 and 2001. The increment in the share of foreign aid is the result of donor coordination particularly through BPEP which is a consequence of WCEFA. Reduction in foreign aid after the millennium can be attributed to the armed conflict in the country. Higher shares in GDP and GNP despite insurgency may be contributed to remittance. In the last a few years, there has been an exodus of Nepali youth migrating to other countries particularly to the Gulf countries to earn wage labor.

Table 6 Public spending on education

<table>
<thead>
<tr>
<th>Year</th>
<th>Total public expenditure on education as % of GNP</th>
<th>Total public expenditure of total government expenditure</th>
<th>Public current expenditure on education</th>
<th>Public current expenditure on primary education</th>
<th>Public current expenditure on primary education as % public current expenditure</th>
<th>Public current expenditure per pupil (unit at PPP in cost 2005 US$)</th>
<th>Public current expenditure on primary education as % of GNP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>2.9</td>
<td>12</td>
<td>74</td>
<td>53</td>
<td>97</td>
<td>1.1</td>
<td>(Based on Unesco/GMR, 2009) p. 384</td>
</tr>
<tr>
<td>2006</td>
<td>3.2</td>
<td>15</td>
<td>77</td>
<td>49</td>
<td>119</td>
<td>1.2</td>
<td></td>
</tr>
</tbody>
</table>

In 1971, as reiterated several of times, the government took an overall responsibility of financing school education and nationalized all schools. And in 1980, the government legalized private schools again (re-privatized). The crux of financing issues relating to privatization is likely to be located here. The contribution of private funding is not visible either in Table 5 or Table 6. Table 6, (Column 5) suggests a 4 percentage point reduction in current expenditure on primary education. Part of this may be attributed to the private sector for which detailed investigation is necessary.

### 3.2.2.2. Ownership

Faced with tremendous public dissatisfaction and against the background of the agitation of the Maoists, the 7th amendment of the Education Act was passed by the parliament in 2001. An important change was that it re-categorized schools. It called public schools as
Community Schools\textsuperscript{20} and the private schools as Institutional Schools. Both kinds of schools require approval from the District Education Office (DEO). Community Schools are recognized after certain requirements are fulfilled by the community although government may also establish a full-fledged school anywhere required. When a community proposes to set up a school, it is expected to take the lead. This involves providing teachers’ salaries and arrangement of the school building among other arrangements. The Institutional Schools were sub-divided into Educational Trusts and Educational Companies. Both types of schools can be established and thus owned by individuals or groups\textsuperscript{21}. Educational Companies, which are profit making schools, also require to get registered with government’s Company Registration Office. Although much responsibility has devolved to the community, the government is still the owner of public schools. Since the approval of the government for a public school means a commitment for long-term, provision of schools in the public sector is getting more and more stringent. Practically, a basic requirement for the establishment of a private school is the deposit of a certain amount of money as security with the DEO.

The ownership in the sense of a program is worth elaborating and clarifying. When Nepal receives foreign aid or loan for a specific project, project documents are designed by external consultants, implemented by the government machinery, and again evaluated by the external consultants. The Nepali government is directly or indirectly obliged to accept both the design and the evaluation on which money is hinged. Who owns the program in reality is a question of concern. No one can blame bureaucracy if it is not motivated in these circumstances.

\textbf{3.2.2.3. Provision}

Decentralization was a currency gaining momentum in the 1980s in Nepal together with the liberalization process. This appeared to contradict the centralized autocratic system and was not so successful. As mentioned earlier, the local governments had to depend on the central government for resources because they did not generate sizable amount of revenue. The local governments had responsibility without resources. Then in the democratic era (post

\textsuperscript{20} From the point of view of research, this point can be tagged to relate with the World Bank’s Community School Support Project (CSSP)

\textsuperscript{21} Teachers working both in private and public schools are reported to establish such schools. Often a group of teachers either from public or private schools are reported to get together and establish a private school often splitting or off-shooting into another school because of the disputes in an existing private school or in response to emerging opportunities.
1990s), terminology changed from decentralization to local self-governance. The Local Self-governance Act 1999 was enacted with much fanfare. It gave more authority to district governments (District Development Committees), municipalities and village councils (Village Development Committees). DEO (as the line agency of the Ministry of Sports and Education) remained the authority for the establishment of schools whether in the public or the private sector.

3.2.2.4. Regulation

In principle, the government is the sole regulator of education provisions. When it comes to private education, regulations are minimal and hence to a large extent governed by the market. Private schools required approval for operation from the government. They are not permitted to operate in public property. (It means that boundaries between the public and the private have not yet blurred in the case of Nepal’s education) Key examinations including school final is administered by the state. Overwhelming portion of students from public schools do fail (see Implications later) in this system of examination. It’s a debate whether it is a good system for students from both of these kinds of schools to attend the same examination. Regulation is more stringent for public schools as already mentioned. Although it does not appear congruent to the culture, practice and economy, the drive for performativity appears at play. Public Schools have to produce a volume of data for the School Improvement Plan (SIP) on which grants are based. Perhaps it is an extreme case. Teachers were reported to have copied paperwork from another school as they did not know or were not willing to learn how to fill the forms. Filling forms incorrectly is not uncommon. This already creates misunderstanding between the community and the teachers, as some of the grants are based on “per pupil” basis.

It appears that the government encouraged the private sector but did little to regulate it. There was significant resistance from private schools to declare their status either as “non-profit private trusts” or “for-profit school company”. Private schools are reluctant to a recent five percent (increment from 1.5) tax or even to seek approval before raising fees. The PABSON chairman was quoted saying by the media: “the organization did not deem it necessary to file a proposal (to raise fees) at the DEO as the Fee Fixation Committee has not met for years and the school fees were not revised for a long time” (Nepalnews.com, 2009b). However, they have been regulating themselves on certain issue such as holidays, days for examinations and have drawn a code of conduct.

3.2.3. Influences

Taking the issues further, effort here is to understand as who influences to initiate and sustain privatization of schools in Nepal. | have viewed influences in three modes viz.
diffusionist or automatic, borrowed and impositionary as explained in Chapter II. The impositionary mode is illustrated with the activities of the World Bank and the UNESCO in Nepal.

**Diffusionist**

Prior to the nationalization, as is evident from history, a large number of Nepal's schools were run by the communities. When the government was no longer able to continue financing schools after the project period, it appears to have left with no option but to invite investment from the private sector. A look at the rapid urbanization and migration process helps to understand the growing need for private schools in the country. Between 1952 and 2001, the population of Kathmandu where most of private schools are concentrated, increased by 500 percent (Pradhan, 2000, in Haacka & Rafter, 2006). It would be extremely difficult for the government to deliver education services matching the speed of migration. Moreover, it had to continue financing existing schools in the rural areas where the migrants came from. Next, the emerging urban middle class was aware of government’s limitations and the importance of education. It endorsed private schools. The urban setting, good future prospects and matching human resources attracted. This was supported by almost no restricting regulatory framework. Readers may recall, this phenomenon called as Laissez-aller was discussed in the literature review section.

**Borrowed**

Was the policy of privatization in Nepal borrowed? Response to this question is not easy as little documentation can be found to substantiate arguments. The opening of the first school in the palace was a good example of borrowing. One needs an opportunity or an environment to borrow from. No specific activities between 1971 and 1980 relating to this question could be noted. Given the King’s much hyped interest in education, it still leaves a possibility that he may be the immediate trigger for privatizing education. He had studied in the elitist Eton School in England and was instrumental in establishing a school (Budhanilkantha, which may be considered as later version of Durbar School!) modeled after it in Kathmandu.

**Impositionary**

International institutions are among the first “suspects” for imposing policies in developing countries in the postcolonial era. This section describes the activities of the World Bank and the UNESCO and tries to determine if their assertion can be felt in Nepal’s educational policy frameworks. First, I have juxtaposed the policy thrusts of the two institutions with Nepal’s key policy documents. Next, I have made an attempt to see the both institutions at programmatic levels.
**Juxtaposing Policy Thrusts**

In order to make policy thrusts of the two institutions and Nepal’s key policy document comprehensible, I have extracted relevant texts in a table attached in Annex II. For Nepal, relevant sections of its periodic planning documents from MoES (1956-2007) were scanned. For the World Bank reliable concise data was available (Psacharopoulos, 2006) & (Heyneman, 2003). For UNESCO, education related information was extracted from its publication for until 1990s (Michael, 1994). After that EFA has been major policy thrust for UNESCO. A short table (Table 7) was compiled based on this table in Annex II for analysis. The three columns are independent and bear no mutual reference. The objective for compiling this table was to check if the thrusts of these policies make an explicit connection.

As can be seen in Table 7, the concept of ‘manpower’ (column 3, row 4) has made to Nepal’s education policy document (column 5, row 4) although the World Bank then, didn’t have education programs in Nepal. A link can be seen between UNESCO thrusts (column 5, 3 and 5, 4,) on the Non-government Organizations (NGOs) and adult literacy. Although NGOs are not part for this research, it has been briefly mentioned for its straight-forward visibility in UNESCO policies. They indeed are part of public sector reform. Side effects of NGOs to government line agencies have been felt significantly as I have personally experienced as government staff in Nepal and other parts of Asia. In the 1990s there were tens of thousands of NGOs in Nepal, each of them running at least a few adult literacy classes while there was no provision for NGOs to get involved in the formal education sector. The education landscape of Nepal would have been much different (perhaps, even privatization would not have taken place to this level) had the same level of resources and energy been flown in primary education through NGOs (see Archer & Fry, 2005, p. 57).

The 7th line of the table shows no clear policy of the Bank on education in the period of 1997-2006. Because of the “grand alliance” for EFA, the WB appears to exercise “new public management” in educational governance through EFA Projects. An example (school grants based on SIPs) was presented earlier – this requires closer scrutiny. In fact, global annual monitoring of the progress on EFA can be taken as the highest degree of “educational governance by numbers” at global level. It has graded most countries of the world based on EDI. Most countries of the world by now have adopted the reporting requirements for GMR. This is translated to the school level. In this sense, UNESCO has actively contributed to the introduction of competitive elements in the public management of education. An interesting illustration from my observation is the case of a couple of teachers in Nepal who were reluctant to enroll overage children for fear of getting their NER score low! Full impact of GMR is yet to be assessed.
<table>
<thead>
<tr>
<th></th>
<th>2</th>
<th>World Bank</th>
<th>UNESCO</th>
<th>Nepal</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>1956–1963:</td>
<td>No policy on Education (but prevailing concept of Human Capital in general)</td>
<td>Universalization of Primary Education; Stress on planning (establishment of IIEP);</td>
<td>Human values, democracy; skills for economic development</td>
</tr>
<tr>
<td>4</td>
<td>1963–1987:</td>
<td>Manpower, VOCED oriented</td>
<td>Notions of Functional Literacy/Lifelong Education – more linked to civic aspects; emphasis on adult literacy</td>
<td>Universalizing basic education; Manpower for all round development; broadening education – some opening to private sector; Basic needs and nationalistic ideas</td>
</tr>
<tr>
<td>5</td>
<td>1987–1990:</td>
<td>Internal debates, confused</td>
<td>Further stress on literacy; accreditation of NGOs; equivalency moves</td>
<td>Expansion Primary Education; private sector encouragement in colleges</td>
</tr>
<tr>
<td>6</td>
<td>1990–1997:</td>
<td>Basic, general education oriented</td>
<td>Jomtien Conference – the grand alliance – focus on basic education</td>
<td>Nationality, democracy, self-development and skills; BPEP; preparing for modern world; mother tongue education</td>
</tr>
<tr>
<td>7</td>
<td>1997–2006</td>
<td>No clear priorities</td>
<td>Follow up and intensification of basic education – annual GMR after Dakar: influencing by numbers!</td>
<td>Education as fundamental means of alleviating poverty; sacred dimensions; inclusion; competition, standards; regulation of private schools; EFA</td>
</tr>
</tbody>
</table>

Periods for World Bank column are based on Psacharopoulos (2006). The other two columns are summaries of the table in Annex 3.
Technical Education was the first of World Bank’s Education Projects in Nepal. EFA, EFA Additional and the Second Higher Education are the three ongoing projects. Graph 4 (WB, 2009) gives a summary of World Bank funded education projects in Nepal. It is not likely that the conditionality of the Bank to the government can be detected from this kind of research. Looking at some of the activities under EFA project under the Bank’s funding, it can be understood that effort has been made to introduce competitive elements in the public management of school education. Government funding based on SIP is one of such examples (see WB, 2008 for further insight).

Graph 4. World Bank projects in Nepal.

In order to get a better insight into the complexities, I briefly discuss the last (closed) Community Support School Project under the Bank’s financing that aimed at promoting (re)communitization of government schools. It generated much controversy and faced resistance, particularly from the teachers and the Maoists. Opponents take this as the process of withdrawal of the government from public services under the Bank’s conditions to downsize the public sector. The government has not been creating teachers’ positions in public schools and has been “issuing relief funds” instead. This has given rise to speculations of conditionality of international financial institutions.

The Bank’s press release on the approval of the loan for the project stated:

. . . Borne out of this realization, Nepal enacted amendments to the Education Act in 2001, in an effort to bring back the positive elements of community management. Nepal has a wealth of experience in the management of schools by communities…

. . . Presently there is an obvious segregation in the provision of education along the lines of income status, with a large gap in the quality between the
private schools catering to richer sections of the population and public schools catering to the poorer sections (WB, 2003).

It shows the Bank’s concern over privatization of school education and its negative effects on public education. Perhaps as the promoter of compulsory level education, the Bank may have considered giving the schools back to the community as a counter to private schools. To what extent the amendment of the act was conditional move is a matter of concern. A research highlighted the early effects of community transfer of the school under this project:

It appeared that resource strong schools were particularly keen to opt out, many of which had an eye to competing with the private sector. In these cases, schools were beginning to switch to English language instruction, tight school uniform codes, and were prioritizing learning achievement over broader social objectives. Teachers were being marginalised as newly changes in teacher attendance and motivation, and were heartened by the attention being given by policy makers to learning conditions in public schools (Carney & Bista, 2009).

Although from the initiatives such as EdInvest the Bank is explicitly promoting privatization in education in general, the Bank, however, does not appear pushing for privatization in the school sector in Nepal. Its Community School Support Project (CSSP) indicates that it may be gearing up to market principles in the management of education in the public sector. It does, indeed shows the Bank’s explicit concern on the quality divide between the public and the private schools in Nepal. Perhaps as the promoter of privatization it has not raised the issue of private schools as negative factor for public school efficiency.

The UNESCO

UNESCO is working to improve education worldwide through technical advice, standard-setting, innovative projects and networking. The Educations for All goals, adopted by 164 countries at the World Education Forum in 2000, have become the Organization’s overriding priority in education (UNESCO, 2007). It claims to lead the global Education for All movement, aiming to meet the learning needs of all children, youth and adults by 2015 (UNESCO, 2008). Nepal became its member in 1955 and in 1998 an UNESCO Office was established in Kathmandu.

Reiterating its small office that also hosts a documentation centre, UNESCO asserts its influential position in Nepal:

As the profile of the office has grown, our ability to influence policy in Nepal has concurrently increased and local contacts have developed into effective working partnerships. (UNESCO Nepal, 2009).

In 1961, an UNESCO evaluation mission that subsequently seems to exert significant influence in Nepal’s education policy visited Nepal. It appears that UNESCO was not taking
a prominent role in education in comparison to its other fields of competence (science, culture, communication) until the movement for UPE/EFA. Although explicitly says it influence policy it does not say. Donor coordination in the country is one mechanism.

3.2.4. Implications

Its a challenge to identify the implications of privatization of school education in Nepal as barely any research in the field is found. Because the benefits are generally enjoyed by the well-to-do and the influential section of the society, one can assume that they tend to outweigh serious side effects caused to the larger society. Even the current “battle” between the proponents and the opponents of private schools appears to have been caught between ideology and profits rather than based on a systematic analysis and evaluation of the situation (see Caddell (2006) for further discussions on the “battle”).

In addition to knowledge of English that the private schools impart, performance in the final school examination is the major yardstick for measuring success of private schools in Nepal. The Graph 5 shows a striking difference in the educational outcomes in the School Leaving Certificate (SLC) examination for 2005. Eighty-three percent boys and 80 percent girls who pass this final school exam belong to private schools. This has remained typical trend for several years. One can easily preview the amplification of such results in different dimensions of social life. As research themes for the discussion, an attempt is made to map some of the implications of privatization of school education (Table 8). This table reflects the issues discussed in this case study and specifies the issues along the framework of outcomes with their positive and negative outcomes. Critical explanations are furnished in its footnotes. In the first column of the table are the major outcomes of private schools.
Table 8 Implications of privatization of schools in Nepal

<table>
<thead>
<tr>
<th>Positive Outcomes</th>
<th>Positive Effects</th>
<th>The Side Effects</th>
<th>Remarks</th>
</tr>
</thead>
</table>
| Quality of Education Improved (minimum: access to English; see Graph 4) | - Improved employment opportunities in relevant sectors\(^{22}\)  
- Large number of students get admissions to universities\(^{23}\) of the countries of the North  
- Gives some pressure to improve public system | - Does not function as human capital due to brain drain  
- Rather than functioning as a pressure to improve public schools deteriorates faith in public education\(^{24}\). | Brain-drain existed earlier but to a lesser extent; Perhaps it pays back in a few years by remittance. |
| Private resources invested for education | - Relieves government of the burden of educating to those who afford to pay.  
- Prevents resource drain by providing education of parents’ choice inside the country | - It has not relieved government much the cost (efficiency gain for 15-20% while the rest is suffering);  
- Takes attention away from public education at the cost of a large proportion of children (80-85%);  
- Institutionalizes education as 'un-equalizer'\(^{25}\). | The country has seen a decade of insurgency where education or rather deprivation of it is said to play a great role\(^{26}\). |

\(^{22}\) Need for requiring knowledge of English is supplied filled within the country. Nearly among the failed 60% belong to public schools fail in English; Examples can be found in: Bhattarai, (2007).

\(^{23}\) Official figure show an increment by three times from about a thousand in 1995 to 2004 (MoES, 2006). With some 200 education consultancies number can be expected to go much higher.

\(^{24}\) See: Croix de la & Doepke (2007)

\(^{25}\) See Khadka (2000) in (Bhattarai, 2007) for this process already taking a decade ago in Nepal.

\(^{26}\) Shields & Rappleye (2008a) present certain aspects of this supposition more explicitly. Also see (Vaux, Smith, & Subba, 2006).
As illustrated in Graph 4, there is an undeniable difference in test-score based achievements. Combined with English efficiency this can be expected to have clear effect on employment and prospects for further studies. The next block of rows concerns non-cognitive aspects.

Ten to 15 percent of children are able to get “better” education than in public schools. Most students appear to have good level of English. This has increased their employability. Because of better English, many students get enrolled in the universities of Northern countries. These are the positive effects of private schools. However, the quality human resource produced does not stay in the country. Its impact need to be systematically studied. Nonetheless a popular belief that private schools create pressure for improvement of public schools does not hold true. Rather, as has been observed it has contributed to reduce faith in the public education system itself.

Privatization of school has relieved at least the cost of education of 10-15 percent student. Many believe that if there are no schools providing quality education, parents take their children to other countries. Privatization has helped to check this trend. Counter arguments is that the cost of inefficiency in public schooling is higher than the gains from the private schools. The side effect from private schools as an ‘un-equalizers’ demand serious attention. Croix de la & Doepke (2007) have stated privatization to bring disastrous outcomes in circumstances when the agenda is set by few. Scholars such as Shields & Rappleye (2008) see schools concurrently acting as a contributor to the conflict while also functioning as mitigators.

3.2.5. Summary

Divided in three main parts, this sub-chapter started with the history of privatization in Nepal that underscored the importance of nationalization and re-privatization of school education in the 1970s and 1980s. The share of private schools in Nepal stood around 15% on average for pre-primary to High schools levels – least privatization occurs at primary level at 5% median points. In the second part, the division of labor was described where less regulation and no financial involvement of the government relating to private schools were noted. It indicated a major problem with nationalization which is as an activity that was inevitable to crush the government with financial burden. There was no evidence of international agencies directly pushing for privatization policies in Nepal. Rather, the World Bank was found concerned with the wide quality gap between the public and the private schools. In subtle ways UNESCO, somehow appeared to be promoting elements of new public management across the globe, including in Nepal. As expected, there are clear indications that achievements from privatization outweigh the concerns of equality.
4. Discussion and conclusion

This research has explored scientific literature and the case of Nepal relating privatization of school education analytically. Scope of the description of the case has been widened from the comprehensive review of the literature while the case illustrated points under discussion. Both parts of the results have strong elements of analysis and a summary is presented at the end of each part. Thus, in this final chapter, I wish to present my broad reflections on the findings, and then discuss briefly about the conceptual frameworks that I have applied here.

Efficiency of private schools beyond standard test scores is not so much researched area. Longitudinal comprehensive researches on the effects of privatization have yet to be conducted. Composing a comprehensive picture of privatization is a challenge because of the diversity of market approaches used and the varying degree of competition applied. Further, the blurring of boundaries between the public and the private makes it even more complex to grasp the essence of the problem. We appear to be in need of specific conceptual tools and frameworks to understand and interpret the phenomena taking place also in developing countries. Moreover, both the North and the South are not homogenous entities. Important differences in education levels exist within the country such as between rural and urban areas. Ten to 20 percent of children of Nepal have not set foot inside a school while a couple of students from Kathmandu top ranked the globally contested A-level exams in 2009. This creates another series of challenges for research.

Quality and competitiveness appear to be the major issues in the countries of the North while equal access to basic education is the main concern in the South. In rich countries the differentiation in educational outcome of public and private schools does not seem to be as striking and not to dampen a nation’s solidarity as much as it can do to a developing country. In rich countries adequate resources supplied in the public space at critical times can counteract the frustration resulting from uneven educational outcomes (e.g. unemployment benefit or pensions). Privatization as illustrated by Nepal’s case is a great un-equalizer because it institutionalizes inequality. An obscure pattern emerges – there may be a negative correlation between privatization of education for profit and the country’s state of economy. The “rise” of private education may be associated with the “fall” of public education! Privatization of education in the Southern countries hence appears to be re-enforcing a vicious circle between poverty and education. Nepal’s case appeared to have reached to an extreme point and exploded into insurgency.

This study does not seem to detect forces blatantly enforcing privatization of education in Nepal. However, it appears almost certain that the short-lived externally aided nationalization was immediate

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27 Horace Mann, an American Education Administrator had used the function of education as the ‘great equalizer’.
trigger for privatization of education. However, this process of nationalization and privatization takes place at the same time in places as far as Africa. This demands mindfulness and further research. Moreover, education is a sub-system of a large political-economic system in which forces of privatization are at play. For example, on the one hand the World Bank was not found overtly pushing for privatization of school education; on the other, it appears that the Bank has introduced competitive elements in public management of education—let alone its influence in liberalizing economy. There is the Bank’s EdInvest initiative that overtly exists for promoting privatization of education worldwide. Nepal’s case demonstrated that the opening of the political system has meant the opening of the economy as was evident by the events taking place in the 1980s and the 1990s. Subsequently, it has opened the education sector for the market. Currently Nepal is undergoing a significant political transition. At present state of upheavals, it is an interesting question which path Nepal’s education system takes as both the public and the private options do not appear to offer solutions. Privatization is much less likely to address social justice, the study reinforces. Situation in public schools is grossly unsatisfactory. Does the answer lie in the fact that the public and the private are contesting too much? Or is it just a question of the shortage of resources. And what happens to the promises made in the Dakar framework for Action? It appears, developing countries too will be looking for a “Third Way”.

Next, I wish to discuss shortly the frameworks and methods adopted in this research. The juxtaposition of policy thrusts of the World Bank, the UNESCO and Nepal did add rich perspectives on the discussion on policy impositions. Not so unexpected, the juxtaposition could not capture the finer transactions of discourses between the government and the international institutions. Hence, there is a need for finer tools such as critical discourse analysis\(^{28}\) to analyze policy texts, combined with quantitative and qualitative techniques including public perceptions and a detailed study of the status of privatization. Nonetheless the method enabled us to assert that the “grand alliance” between the World Bank and the UNESCO have had far reaching consequences at least in the case of Nepal.

The pluri-scalar education governance framework of the division of labor helped to extract contradictions prevailing in present education system of Nepal. Effort here was patchy for its wide exploratory nature. is There is further scope for experimenting the framework to fuller extent. An adapted policy influence framework added interesting dimensions and signaled historical policy tensions as a compliment to the division of labor framework. However, more theorizing exercise along with more experiment is necessary. In sum, there is a need for developing a refined framework in order to study the privatization of education in a country. Hopefully this research as a first step has taken stock of tools and perspectives for further research and debate.

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References


References


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Annexes

Annex I: Map of Nepal

Source: Indian Defence Review

<table>
<thead>
<tr>
<th>Period</th>
<th>World Bank</th>
<th>UNESCO</th>
<th>Nepal</th>
<th>Other Significant Events in the Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-1961</td>
<td>Did not yet directly worked on education – but had influence from other provisions</td>
<td>Report of a Special Committee: Fundamental Education - Common Good for All Peoples (1947), First International Conference on Education (1949), First Regional Conference on FPE in Bombay. (1952), Nepal a member (1953), World</td>
<td>Sacred dimensions (democracy, nationality, physical, mental development), Skills for agriculture and industry</td>
<td>First elected socialist government; its dismissal by the king within a year</td>
</tr>
</tbody>
</table>

| 1961-1965 | Concepts of Human Capital | UNGA adopted a resolution that recognized ed, hitherto considered exclusively in humanist perspective as a factor in economic development (1960), formal relations with NGOs (62); IIIEP established – focus on improving quality, finance and admin and human resource development. | Economic Development; Physical and Mental Development of the people; awareness of social issues such as land reform. | Second Three Year Plan | King's Direct Rule |

\textsuperscript{29} ‘To help people who have not obtained such help from established educational intuitions to understand the problem of their environment and their rights and duties as citizens and individuals, to acquire a body of knowledge and skills for the progressive improvement of their living conditions and to participate more effectively in the economic and social development of their community.’
| 1965-1970 | All education investments supported by the Bank required justifications on the basis of manpower demands (Hyeneman, 2003) | UNESCO Mission (led by Dr Bruno Knall of the University of Kiel, Germany) for a Comprehensive Survey of Nepal's Progress in Education and make recommendations (Wood, 1965) | Notion of functional literacy – linked to the exercise of rights and responsibilities & aptitudes in professional, social, civic and cultural fields. World Conference on Ed Planning: planning a priority; ‘World Crisis in Education’ by IIEP Director (gist: situation is deteriorating). | Nepal endorses UNESCO goal (Karachi plan of providing basic education for all); free and compulsory primary education; socio-economic development; educated farmer to modernize farming; Quality in education; unemployment. | Third Five NationYear National Periodic Plans | New Constitution establishing king’s absolute power imposed |
| 1970-1975 | Loans mainly for technical-vocational education at the secondary and post-secondary level (60s 70s) | Pub: Lifelong Education; Girls education program with NORAD in Gandaki region of Nepal (1970); Legal Foundation for National UNESCO Commission (1974) | Manpower for all round development of the country; essential primary education; resource shortages; low teachers' wages; a quality modern school under foreign assistance; | National Education System (under US assistance) under Forth Five Year Plan |
| 1980-1985 | First Policy Paper in Education (Basic content?) | International Panel Future Development of Education with professionals of teaching profession (1980); | Uniform education; women's education; vocational and technical education; firm general education; popular participation and involvement; socio-economic development, | Sixth Five Year Plan |

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\(^{30}\) “Education and learning, far from being limited to the period of attendance at school, should extend throughout life, include all skills and branches of knowledge, use all possible means, and give the opportunity to all people for full development of the personality.”
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>Primary Education Project (1984)</td>
<td>Rural areas; curricula attuned to national and social norms; permit private and panchayat sector to run pre-primary schools; adult education; trade schools; stimulate for general and professional colleges in the private sector.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>King’s absolute power continues.</td>
</tr>
</tbody>
</table>
| 1985 - 1990 | Three key research outputs:  
- ‘Rates of return’ review article  
- ‘Education for development’ book  
- ‘Diversified secondary education’ book | Draft policy paper ‘The financing of education in developing countries: An Exploration of Policy Options’ (need for a sector-wide approach, priority to primary education in the poorest)  
Regional Program for the `Universalization and Renewal of Primary Education and the Eradication of Adult Literacy in Asia and the Pacific’ prepared; UNGA passes literacy to be given priority in 1990s, Four Regional Offices – in Bangkok for Asia (1987); ‘The Future of Educational Planning’ by IIEP; contract to work with NGOs – 700 NGOs accredited (1988); Study on Primary Education – decline in quality of primary Basic needs (Primary and skill-based education); statistics; Loyalty to nation and crown... duties and rights. high moral character; capable manpower... technical skills and knowledge for modernization; expand literacy rapidly... primary education and adult education, vocational education, economic development qualitative improvement of education, encourage private sector and people’s participation in the establishment of lower secondary and secondary schools and institutions that imparts higher education of vocational or general. |}

Seventh Five Year Plan

- Primary education policy paper  
- Vocational-technical education (VOCED) policy paper  

World Conference on Education in Jomtien, Thailand: new inter-agency approach (‘the Grand Alliance’ – DG said later) having affirmed that education is productive investment - WB to double its annual lending to education sector; NGO association reaches to nearly 900;  
`Investing in the Future: Setting Educational Illiteracy in the Developing countries’ Planning Holiday – due to Peoples’ Movement – I in Nepal  

Jomtien Conference urging EFA by 2000 (Sponsored by WB, UNESCO and UNDP - Hyeneman, 2003);

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31 It emphasized and supported the growing role which new participants in the education process such as families, communities, associations, trade unions, political parties, the private sector, and the media were performing by relieving governments of some of the burden of operational and budgetary responsibilities through a policy of partnership.
<table>
<thead>
<tr>
<th>Year</th>
<th>Key Research Output</th>
<th>1992-1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992-1997</td>
<td>- Software inputs vs. bricks and mortar</td>
<td><strong>‘The financing of education in developing countries: A World Bank review’</strong> (resurfacing of a similar report earlier - (Pascharopaulous, 2006).</td>
</tr>
<tr>
<td></td>
<td>- Priorities and strategies in education: a review paper</td>
<td>Sacred dimensions; preparing for modern world, science and technology, knowledge, technical skills and competence; economic development conservation and utilization – natural, national resources; integration of communities; National Education Commission; right to mother tongue education;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eighth Five Year Plan (Based on the Report of the National Education Commission)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Basic and Primary Education Project and Secondary Project as Jomtien follow up; Multiparty parliamentary system with constitutional king established. Beginning of an insurgency in 1994 that lasted for over 10 years – the party demanded abolition of private schools in the</td>
</tr>
<tr>
<td>Year</td>
<td>Project Description</td>
<td>Establishment</td>
</tr>
<tr>
<td>------</td>
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</table>

Education as a fundamental means for alleviating poverty and bringing substantial improvement in the standard of living through socio-economic well-being, and achieve national progress through the proper development of human resources; effective means for human resource development for overall national development and poverty alleviation, citizen conscious of and devoted to democracy, individually capable, productive, disciplined, responsible to human right, social liability and sensible to nationality; literacy skillful, knowledgeable and information oriented; technical manpower; gender equality opportunity to disabled, backward ethnic tribes and deprived section; local elected bodies and community;

**International Conference on Education in Dakar, Senegal at the year 2000 – rich countries of the Northassure firmly no children of any country shall be out school for lack of resources and technical expertise.**

**United Nations Millennium Summit, world leaders set a goal of achieving universal primary education**
primary education in national languages; grant on the basis of student capability and the need; carrier-oriented education. Technical Education and Vocational Training Council strengthened; higher education more systematic, competitive and standard; Only the Government cannot bear the financial burden of higher education; therefore, policy will be adopted to share the cost by students of higher education; receive community contribution; and get cooperation from those concerned with higher education; and basic technical research in higher education; open university, open secondary and high secondary school; special education; encouraging private sector to make meaningful participation in education management by re-evaluating the role of the private sector and formulating necessary regulations. Schools by

the private sector brought in the policy framework; decentralizing education management; policy of information management system and library development; emphasis to formulation of appropriate education; policy to invest certain share of gross domestic product in the education; anomalies and weaknesses in syllabi of school and higher education addressed; syllabus will be revised in line with the need of national and international changed context; liberal promotion policy in primary level.

| 2002-2007 | Community School Support Project in Nepal (2003) | Long term perspective; decentralization – empowering school management committees; Life standards of women and disadvantaged groups; primary education accessible to all; basic and mid-level technical human resource, education as a means to poverty alleviation and develop | Tenth Five Year Plan |
| Additional Financing (2007) | human resource cable to compete internationally; development and definition of quality education; leadership at all levels; teachers’ licensing; opportunities for the disabled in EFA context; policy reform for making education competitive, qualitative and to make private sector effective, timely and relevant - develop a mechanism where schools run from the private sector are subject to a minimum of 5% scholarship to the deprived groups (risk: affective implementation), - expand technical education and vocation training including in the participation of the private sector, - encourage NGOs and the private sector to establish higher education institutes | leading to an election for Constitution assembly |

Sources: UNESCO: (Michael, 1994), World Bank: (Psacharopoulos, 2006), (Heyneman, 2003), (WB, 2009), Nepal: (MoES, 1956-2007)
Annex III: Pro-private schools demonstration against 5% school tax

(Some of the placards tentatively read: Educational Quality, Today's Inevitability; Withdraw 5% Tax; Stop the Politics of Orthodox Ideology (?), Stop Politics in Education; Don’t Destroy Existing (set ups), Make New (provisions).)