SOUTH ASIA

Non-state actors in education
WHOCHOSES?WHOLOSES?

SUMMARY
Non-state actors in education

WHO CHOOSES? WHO LOSES?

SUMMARY
Executive summary

Key messages

- **Non-state actors are significantly involved in every aspect of education systems in South Asia.** Providing services at all levels of education, while also influencing and shaping policies. All state and non-state activities must be viewed as part of one education system.

- **Inadequate supply and quality of public education, combined with parental aspirations, have driven private education expansion from early childhood to tertiary education.** About a third of students in India and Pakistan, and a quarter in Nepal are in private schools that receive no state assistance. Over 90% of teacher education institutions in India are funded only by fees.

- **A highly competitive education system and labour market in the region have led to a major boom in private tutoring and the growth of education technology companies.** A premium on English-language education motivated a rise in international schools in Sri Lanka.

- **Non-profit actors and civil society institutions have played a major role in improving access for girls and the marginalized and in holding governments and the private sector accountable.**

- **Expansion of access, primarily through fee-based non-state activity, has not been equitable.** Non-state institutions are concentrated in urban areas and attended more by boys and privileged populations. In Bhutan, private early childhood care and education centres are attended primarily by families who can afford to pay.

- **Quality education is not the exclusive preserve of any one type of actor.** There is wide diversity in learning levels within the private schooling sector and faith-based institutions. After controlling for socioeconomic status, the relative advantage in learning outcomes that private schools enjoy is reduced or eliminated in India and Pakistan.

- **Innovation is often led by non-state actors, but no type of institution has a monopoly on it.** While non-state tertiary institutions have more flexibility to adapt, public institutions enjoy more prestige and research capacity. Non-state actors have advocated for foundational literacy and numeracy policies in early grades.

- **Existing regulations focus more on entry and input requirements than equity and quality.** Fee regulations are common in primary and secondary education, but less so at the tertiary level. Regulations are lacking for ancillary institutions and more recent forms of non-state activity.

- **Lack of adequate government capacity and mutual mistrust between government and non-state providers hamper regulation enforcement.** Fragmented education systems, where state and non-state institutions are not governed as a single system, is another critical issue.

- **Public–private partnerships in technical and vocational education attempt to catalyse private-sector support for skills training.** Lessons from India’s National Skill Development Corporation show that success in partnerships requires clear roles, regulatory oversight and governance mechanisms, the flexibility to drive innovation and a clear alignment of interests and objectives.
- **Households are burdened by expenditure due to inadequate government financing.**
  Poor learning outcomes lead households to pay for better education. Public institutions are often not free. High spending by wealthy families creates major inequality in education opportunities between richer and poorer households.

- **Teachers do not enjoy the same benefits and working conditions in public and private schools.**
  It is necessary to improve state and non-state teacher preparation systems, promote professionalization and include teachers in decision making.

- **The desired scope of non-state activity in education and views of their value are debated.**
  While diverse stakeholders acknowledge non-state actors’ positive contributions, profit-making and business interests are viewed with scepticism and concern because of commercialization.

- **COVID-19 has exposed the fragility of the fragmented education systems in the region.**
  Private schools and their teachers and students have faced heavy financial consequences, and parents have had to reassess their education priorities. Institutions that were already well-resourced were able to cope better, thus likely exacerbating inequality.
Education is both a public and a private good. Governments take on the high cost of delivering education because of its public-good qualities – in other words, the wider benefits to societies and economies. An educated workforce helps develop the economy, while public schools develop and strengthen a sense of national identity, superseding and absorbing traditional education structures managed by local communities and religious institutions. Without state provision, individuals might not invest as much in education, reducing societies’ potential. At the same time, consuming more education improves an individual’s opportunities. Education is a vehicle for differentiation and advancement. Those who manage to climb the education ladder are better placed to improve their standard of living. As education systems cannot accommodate everybody on the higher rungs, families do everything they can to ensure that their offspring make it to the top. The government has a responsibility to fulfil the right to education of good quality for all. At the same time, it needs to ensure equality of education opportunities. How governments fund and provide education influences the extent of non-state activity.

South Asia is the region with the strongest presence of non-state actors in education. This regional report, which builds on the 2021/2 Global Education Monitoring Report, draws extensively on data collection and expert analysis from collaborations with several institutional and individual partners in the region. It covers nine countries: Afghanistan, Bangladesh, Bhutan, India, the Islamic Republic of Iran, Maldives, Nepal, Pakistan and Sri Lanka. Non-state actors are significantly involved in every aspect of education systems and provide services at all levels of education (Table 1); they also influence policies.

Non-state providers in each country are diverse, with unique characteristics and a varied share of enrolment and modes of operation. In India, private unaided and aided schools enrolled nearly as many students in 2019/20 as the government schools and local bodies. In Bangladesh, most secondary schools are state assisted. In Pakistan, private schools educate over a third of the population, and there has been a substantial effort to fund public–private partnerships at the school level through education foundations. In Nepal, institutional (private) schools educate about a quarter of the population and receive no state funding.

### Table 1:
Share of private institutions in total enrolment in South Asia, by level, 2020 or latest available year

<table>
<thead>
<tr>
<th>Country</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
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<tr>
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<tr>
<td>World</td>
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Source: UIS database.
“COVID-19 shifted enrolment from private to public institutions in India and Pakistan due to reduced household incomes”

Faith-based education promotes religious and cultural values in an affordable manner. In Bhutan, roughly 5% of students are Buddhist monks, a remnant of the previously dominant monastic education. In Bangladesh, the aliya madrasa stream combines religious and secular education, supported by a state subsidy, while qawmi madrasas are non-formal and usually mosque-based. In Pakistan, 4.1 million students in 2017/18 studied in more than 31,000 religious schools, making up 8% of overall enrolment. Analysis of choices between public, private and religious schooling in Pakistan finds that parents with fewer formal years of schooling are more likely to enrol their children in madrasas than in private schools.

Non-governmental organizations (NGOs) have played a significant role in providing access for children from disadvantaged backgrounds and during times of crises. In Bangladesh, after a cyclone, war and famine struck the country in the 1970s, several NGOs began charitable work, including non-formal education programmes, in rural areas. By the early 2000s, such programmes reached 1.5 million, or 9%, of the 16 million primary education students. About 70% of those attending NGO schools were girls. The system was gradually formalized, with NGO school students participating in primary education graduation examinations from the early 2010s, enabling them to transition to formal secondary education. The system then began to contract. By 2018, the 674,000 students in NGO schools represented less than 4% of total enrolment. In Afghanistan, a community-based education system, accomplished through major international support, responded to the major barriers to access for girls and for children in remote areas after the end of the 1996–2001 Taliban regime.

Private, unaided institutions are growing. Catering to elite populations, international schools are on the rise. In Sri Lanka, while over 85% of schools are public, enrolment in international schools that are outside the Ministry of Education’s jurisdiction effectively doubled between 2012 and 2019. At the other end of the fee spectrum, there is growth in low-fee private schools. In India, 67,000 of the 97,000 schools established since 2014 have been private and unaided. A survey of more than 1,000 budget private schools from five states in India conducted for this report found that two thirds were established by individuals in the community, and 80% of school owners only had one school in operation.

COVID-19 shifted enrolment from private to public institutions in India and Pakistan due to reduced household incomes. India, the enrolment share of private schools decreased from 33% in 2018 to 24% in 2021, with the shift most prominent in the states of Andhra Pradesh, Kerala and Uttar Pradesh. In Pakistan, enrolment in private institutions fell from 23% of 6- to 16-year-olds in 2019 to 19% in 2021.

Parental choice for schooling depends on affordability, proximity and perceptions of quality. English, apart from serving as a linking language for people with diverse linguistic backgrounds, also functions as a symbol of class linked to a long colonial history and globalization, influencing choices in favour of private education. In India, 73% of parents who chose a private school did so because they perceived it as offering a better learning environment, 12% for English medium education and 10% because of lack of availability of a government institution. At the pre-primary level, 86% of low-income households in eight cities in India said they would either choose a budget private school or expected to transition to one in grade 1.

Early childhood care and education (ECCE) provision was led and remains dominated by non-state providers. The private sector is often the main provider of ECCE in many countries, educating 93% in the Islamic Republic of Iran and 71% in Sri Lanka. In Afghanistan, three types of ECCE exist: private centres located in urban areas, NGO-organized pre-primary education in mostly rural areas and religious pre-primary education centres. Employer-based ECCE services and incentives include childcare vouchers, subsidies, breastfeeding support and on- or off-site childcare centres run or sponsored by the employer. In Sri Lanka, the law obliges employers ‘with a prescribed number of women workers’ to establish and maintain a crèche. With privatization of plantations in 1992, crèches evolved into child development centres, often outsourced by employers to private preschool providers.
Non-state provision in tertiary education has expanded due to insufficient public supply. In India and Pakistan, the non-state sector spiked starting in the 1990s due to growing demand, limited public funding and a marked policy shift in the 1980s away from the post-independence strategy of expanding higher education through public institutions. Private, self-financing colleges have had phenomenal growth since the late 1980s, especially in the case of engineering, management and medical institutions. In Afghanistan, non-state tertiary provision had increased to over half of enrolment by 2020. As the government struggled to keep up with increasing demand, non-state universities filled the gap, particularly in urban centres. In Nepal, the limited capacity of the only university in the country led to the establishment of non-state campuses, both community and privately managed. In Bhutan and Sri Lanka, non-state tertiary education is recent and limited in scope.

Technical and vocational education and training (TVET) is mostly provided informally by the non-state sector. Non-state actors have contributed to expanding formal TVET provision and attracting more students. TVET institutions managed by non-state actors doubled in Bangladesh between 2012 and 2019. Stronger non-state involvement is central to increasing demand in the sector and to tackling unfavourable perceptions about vocational programmes, especially in public institutions. In India, the National Skill Development Corporation was set up in 2009 to leverage the private sector’s networks, expertise and resources.

Private tutoring is popular and increasing. In Sri Lanka, the percentage of households spending on private tutoring increased between 1995/96 and 2016 from 41% to 65% of urban households and from 19% to 62% of rural households. In Bangladesh, the share of households that paid for private tutoring increased between 2000 and 2010 from 28% to 54% in rural areas and from 48% to 67% in urban areas. Private tutoring has evolved from small-scale individual operations to institutional coaching centres. In India, even in tertiary education, 13% of students received private tutoring in 2017/18. The number of coaching institutions may run into the hundreds of thousands.

Technology providers have expanded rapidly. In Pakistan, almost 300 education technology companies have been established since 2015 and fundraising for them has increased 15 fold. India has one of the world’s most vibrant education technology landscapes. In 2019, it had over 4,500 education technology start-ups specialized in secondary education, higher education, test preparation, skills development, online certification and casual learning. The influence and scale of education technology companies accelerated during the COVID-19 pandemic. In 2020 alone, US$2.1 billion was invested in India’s education technology sector, compared with US$1.7 billion in the 10 previous years combined.

Textbook provision is segmented into public and private publishing. Most countries have centralized textbook provision systems in which textbooks are manufactured at low cost and distributed free of charge for single use to students. But the presence of a large private school sector supports commercial publishing. India’s private publishing sector is dominated by educational books or textbooks due to the demand for quality textbooks. Nepal employs a mixed approach in which government textbooks for grade 6 and above are printed and distributed by the government’s Janak Education Material Centre, while grade 1–5 textbooks are printed and distributed by the private sector. While the government is in charge of providing textbooks and stationery to all students in Maldives, the state collaborates with various non-state actors for curriculum development and publishing.

Large-scale textbook, tutoring and technology providers aim to be one-stop shops and provide online and offline education. Market-leading textbook publishers, such as S Chand in India, are increasing their digital offerings, marketing platforms and applications broadly as solutions directed at students (tutoring, language learning and personalized assessment), teachers and schools. In Pakistan’s urban areas, a franchise model of tutoring is prevalent, with companies or academies offering a full suite of services; they run schools and tutoring centres and develop their own curriculum and textbooks. Large-scale education technology companies, such as Byju’s in India, offer educational
More than 90% of the almost 33,000 recognized pre-service teacher education institutions in India were privately funded through student fees services, such as tutoring and learning materials, for all education levels. At the same time, they are opening up physical tuition centres to diversify their offerings based on the mode of delivery.

Support services are often provided in partnership with non-state actors. In India, non-state actors have been the major providers of the national midday meal programme, which catered to 90 million children in 2019, making it the largest school feeding programme in the world.

Non-state actors are important and sometimes the majority providers of teacher education. Their participation has been growing since the 1990s. Teacher education is provided exclusively by the state in only two countries, Bhutan and the Islamic Republic of Iran. In 2020, more than 90% of the almost 33,000 recognized pre-service teacher education institutions in India were privately funded through student fees. Non-state actors such as Teach for All’s partner organizations in Afghanistan, Bangladesh, India, Nepal and Pakistan have been active in providing support for research and development, funding and advocacy for capacity building for teacher education.

DEBATES AROUND NON-STATE ACTIVITY ARE HEATED IN COMPULSORY EDUCATION

The region’s demand for education, juxtaposed with socioeconomic, political, governance and capacity challenges, has provided space for non-state actors to fill some gaps in education systems. In India, only 46% agreed that the government had primary responsibility for providing school education, whereas responses averaged 90% in 35 middle- and high-income countries.

While South Asia has made tremendous progress in education access, governments have underinvested in education. Except for Bhutan, countries have never spent near the recommended 15% of total public expenditure or 4% of gross domestic product (GDP) on education. Bangladesh, Pakistan and Sri Lanka spent less than 2.5% of GDP on education in the 2010s. Quality and relevance have therefore become a concern. Data from Pakistan’s Annual Status of Education Report (ASER) show that less than half of students can read a story in Urdu, read sentences in English or solve division problems by the end of primary school.

A key debate is about the value of private actors in education. While advocates of private activity and profit making argue that private actors are able to provide more innovative, higher-quality services than state actors, others are against privatization and commercialization and focus on the need to fulfil the right to education.

Some non-state actors are viewed as contributing positively to equity, inclusion and innovation in education systems. Civil society organizations (CSOs) play a central role in holding governments accountable for their commitments in education. The ASER learning assessments have exposed learning challenges in India. Policy conversations on foundational literacy and numeracy have been pushed by non-state institutions. Teacher unions’ inclusion in decision-making processes helps support education reform implementation. NGO adult education provision models that proved successful in Bangladesh have been endorsed and replicated by the national Bureau of Non-formal Education.

An emphasis on profit making or business roles is viewed with more scepticism. Most respondents from Maldives, in a survey for this report, viewed non-profit institutions, individuals and associations more positively than for-profit ones. The All India Forum for Right to Education campaigns against increased commercialization and privatization of education, and for strengthened accountability of private schools and early childhood centres. National Campaign for Education Nepal focuses on strengthening public education systems.
Policy developments vary in how much they facilitate private engagement. Regulatory advances in India and Pakistan have emphasized flexibility, autonomy and less restrictive regimes. The National Education Policy 2020 in India marks the latest step in increased facilitation of private engagement in education as it proposes to make physical and infrastructural requirements for schools ‘more responsive to realities on the ground’. In Pakistan’s Punjab and Sindh provinces, public–private partnerships are viewed as important contributors to expanding access to education. By contrast, in Sri Lanka, the government considers schools catering to children aged 5 to 14 as illegal and unregistered unless run by the Director of Education. Proposed policies include recognizing these schools in order to regulate and monitor them at the national and provincial levels.

Non-state actors are generally accepted at the early childhood level. The policy focus is therefore less on regulation and monitoring and more on improving synergies and coordination in efforts to mainstream early childhood education. A plethora of NGOs have raised the importance of early childhood education in the region. For example, the Bangladesh Early Childhood Development Network, a partnership of 172 members from government, NGOs and international organizations, was established in 2005 for advocacy and cooperation through information sharing, technical guidance and capacity building.

NGOs and CSOs have had a pioneering role in initiating and supporting adult education. In Bhutan, a basic literacy project launched by the National Women Association formed the basis of a state-funded and managed literacy programme targeting youth and adults. In Nepal, community-based organizations were key to raising awareness of literacy development and delivering programmes within the National Literacy Campaign and Literate Nepal Mission.

Non-state actors’ engagement is an inherent feature of TVET. Partnering with the private sector has become a policy priority to expand training capacity. The Sri Lankan National Skills Development Plan 2014–20 aimed to double the training participation rate and offering. TVET often takes place outside formal contexts. In Nepal, community-led institutions have grown fivefold since 2016.

The debate in higher education is mostly one of degree. Although there is hesitancy towards profit-making and privatization, the lack of capacity and funding in the public sector means that the participation of non-state actors is welcome. Policy frameworks tend to hold friendly or neutral views towards non-state actors in this sector. In Bhutan, the target is to double the number of non-state institutions and increase their share of enrolment. In India, the National Education Policy 2020 stipulates that public and private institutions should be regulated under the same umbrella. In Sri Lanka, the state has opened the doors to non-state actor involvement in higher education.

The impact of non-state activity in education is varied

Expansion of access through non-state provision has not been equitable. In Sri Lanka, children from wealthier households and urban areas (68%) are more likely to attend private preschool than children from rural (48%) and tea plantation (44%) areas. In Afghanistan, 76% of all private schools are in capital cities of five zones. Except in Bangladesh, boys are more likely to attend private schools than girls. In urban Pakistan, 45% of private school students and 25% of public school students were privately tutored in 2019. In India, among tertiary education students in 2018, some 20% from the poorest but 35% from the richest quintile attended independent private institutions.

State and non-state schools differ in terms of facilities. In Afghanistan, all private schools have a functional school building, while 20% of public primary and secondary schools do not. In India, private unaided schools are more likely to have access to internet, computers and boundary walls, but far less likely to have a ramp. Among over 1,000 low-fee
private schools in India surveyed for this report, 30% said they had inadequate water and sanitation facilities or safe and secure environments.

**Teachers in public schools have better qualifications and higher salaries.** In Sri Lanka, 98% of public school teachers but only 68% of private school teachers are either graduates or have received training from teacher training colleges. Public school teachers were more likely than private school teachers to have qualifications and teaching experience in mathematics, English and science.

**Learning gaps between private and public schools shrink when student socioeconomic background is taken into account.** In the Islamic Republic of Iran, students in non-profit institutions had higher critical thinking and social skills than their peers in public schools. The positive effect of private primary schools on learning disappears in rural Pakistan and is cut by about half in India after controlling for family background. In 112 villages in Pakistan’s Punjab province, private school students scored significantly better on a learning assessment, but the long-term evidence on continued improvement in already high performing schools is weak. Low levels of learning are a concern in religious institutions and low-fee private schools.

**Stratification is a concern.** In Pakistan, 37% of children would need to change schools to make the distribution of disadvantaged children even across the system. Richer provinces have higher segregation rates than poorer provinces. In two Nepalese districts, even the public secondary schools viewed as ‘best’ in a census of principals were unable to attract children from richer families, a sign of public school stigmatization. Some public schools have switched to English medium, a common mode of instruction in private schools and considered attractive by parents.

**Demand for private tutoring is high despite mixed evidence on its impact on student performance and the wider negative impact on education systems.** In Sri Lanka, five months of tutoring had no impact on end-of-primary examination scores. But in Bangladesh, more than 70% of state and non-state education actors surveyed for this report reported that private tutoring helped students perform better. The formal education system has reportedly lost some of its most talented teachers to this ‘shadow education’ in a quest for higher income. In Nepal, teachers who offered tutoring covered less material in school to increase demand for tutoring. Poorer students who could not afford tutoring did worse on examinations. Teachers were found to be gentler and more attentive in home tutoring than in classroom teaching. In urban Maharashtra state in India, students were reportedly more respectful to coaching centre tutors than to their teachers and often skipped school lessons, especially in higher grades. Parents relying on private tutoring for their children may be less likely to advocate for quality-enhancing reforms.

**Teaching profession segmentation negatively affects the education system.** Teachers make less than other professionals, on average, but there is also large inequality in pay among teachers. The expansion of private education in India and Pakistan has been fuelled by low salaries, paid to young, underqualified female teachers with limited alternative employment opportunities. Education system reliance on teachers with lower qualifications through unequal contractual arrangements is unsustainable.

**Innovation in early childhood education can be found in both the state and non-state sectors.** In Bangladesh, non-state actors have promoted play-based learning, for instance in Rohingya refugee camps. In Bhutan, both state and non-state ECCE centres follow a curriculum guided by the Ministry of Education, seeking to strengthen the holistic development of the child through play and exploration. In India, public preschools used more play-based activities, while private preschools had a more formal instructional style.

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In Sri Lanka, five months of tutoring had no impact on end-of-primary examination scores

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Non-state actor innovations in basic education are not sufficiently evaluated. There have been many attempts by non-state actors to scale up innovations. The non-profit consulting firm FSG aims to replace rote learning with activity-based learning in private schools at scale. By 2023, its Program to Improve Private Early Education aims to offer high-quality, affordable activity-based learning serving at least 500 low-fee private schools in India. But the few studies of such initiatives focus on the operational challenges of scaling up more than on learning impact. And most of the results come from the programmes themselves, rather than from independent evaluators.

State and non-state tertiary institutions differ in their focus. Non-state institutions may be more flexible and faster in adapting to change but tend to focus on skills that are rewarded by the labour market, which affects their recruitment policies. In Bangladesh, non-state institutions tend to recruit part-time, temporary professors, who are not involved in the long-term development of the institutions.

Private actors lead innovations in TVET, but student outcomes are mixed. Private actors have initiated technology-oriented programmes but struggle to afford the necessary equipment to ensure training quality. Trainees participating in National Skill Development Corporation programmes in India, 90% of which were delivered by private actors, increased their employment rate by 11 percentage points compared to pre-training levels. In Bangladesh, an evaluation of employability outcomes for polytechnic graduates showed no substantial difference between private and public centre students.

GOVERNANCE AND REGULATIONS OFTEN DO NOT TACKLE THE MOST IMPORTANT CHALLENGES

When responsibility for managing and monitoring non-state providers is divided, coordination challenges arise. In Bangladesh, the responsibility for primary and secondary education is divided between two ministries, hampering a unified vision for curriculum, teachers, quality and standards. The governance of faith-based schools tends to be assigned to an authority separate from the education ministry, which generates challenges on issues such as child safety and curriculum. In Sri Lanka, the international school system does not come under the purview of the Ministry of Education.

Regulations emphasize entry requirements and sanctions rather than equity and quality. Regulations on school establishment and operation emphasize infrastructure, teacher standards and fees. In order to register, schools must fulfil too many criteria. In India, national and state legislation overlaps. Analysis of 56 laws in 12 states found a strong emphasis on input-related parameters linked to registration, including classrooms, toilets, drinking water facilities, kitchens and playgrounds. The most extreme form of sanction, school closure or licence withdrawal, is also the most common. India’s 2009 Right to Education Act states that if schools do not comply with standards for three years, the authorities must withdraw recognition, whereupon owners are liable for substantial fines if they continue to operate.

Certification and working conditions tend to be more clearly specified for public school teachers. In Sri Lanka, service conditions are clearly specified for public but not private school teachers. In Nepal, all teachers need to have a licence from the Teachers Service Commission and the salary cannot be below the minimum scale set by the government. But government schools have separate regulations on allowances, leave, pensions and other benefits. In Pakistan, all teachers must comply with national teacher professional standards related to certification, accreditation and teacher training. In India, the Right to Education Act expects all teachers to meet minimum qualifications and pass an eligibility examination. Some state governments require private schools to hire teachers with specific qualifications.

In Bangladesh, the responsibility for primary and secondary education is divided between two ministries, hampering a unified vision.
Few countries have fee regulations for tertiary education. In India, there are regulations for determining how much fees can be raised, prohibiting capitation and other fees, and specifying how fee income can be used. In Andhra Pradesh state, 50% of fees are expected to be earmarked for salaries. In tertiary education, half of the countries in the region have caps on tuition fees or limits on tuition fee increases, or indicate specific uses for tuition fees received. When regulations apply to non-state institutions, they are sometimes only enforced for providers that receive public funding.

Regulations for private tutoring and technology providers lag behind. The tutoring industry has been characterized by a laissez-faire approach where services are assumed to be self-regulating, in accordance to market demand and apply. In Bhutan, India and Sri Lanka, no licensing or registration is required to set up a private tutoring business and the sector is mostly unregulated. Education technology companies are often set up as e-commerce providers and therefore do not come under the purview of education regulations. If their security protocols are weak, it poses special challenges related to quality assurance, data privacy and advertisement.

Meaningful enforcement of regulations is impeded by lack of human resources. In India, state education departments have not had enough staff to inform applicants, process applications, monitor private school compliance with infrastructure and teacher norms, and deal with appeals. Given weak state capacity, bureaucracies tend to prefer mechanical regulations focused on registration requirements over a monitoring process that can benefit education systems. Asked about school inspection frequency, 35% of providers in India’s Andhra Pradesh state, 49% in Haryana and 45% in Telangana said they were inspected once a year.

Regulatory processes that are long and delayed disincentivize registration. Several examples were reported from India. In Delhi, 28 certificates or approvals from 6 departments are needed to open a private school. Obtaining the documents involves 16 officials from 3 Directorate of Education offices. Officially, the process should take four months at most, but some cases have taken over five years and many schools remain unrecognized. Interviews with five private teacher education institutes in India’s Himachal Pradesh, Punjab, Rajasthan and Uttar Pradesh states reported that the accreditation process could take up to five years, which was more than five times longer than the length described in the guidelines.

Vaguely formulated regulations can have negative implications. Federal and state-level regulations in India for private schools are not aligned. In Nepal, the Tribhuvan University Act grants the university the power to establish infrastructure norms for technical faculties. The Ministry of Education, Science and Technology, however, claims this is its responsibility. This ambiguity has been blamed for the lack of adequate medical science colleges in the country.

Public–private partnerships require clarity over roles and responsibilities between public and private actors. In Pakistan, while there is support from top policymaking bodies to expand public–private partnerships, some government departments oppose them. India’s National Skill Development Corporation has been tasked with conveying skills to 400 million youth in the 10 years to 2025. A 2015 evaluation revealed provider dependence on government funding and shortfalls in course duration and provision quality. Reform has since improved regulatory oversight and strengthened the emphasis on quality and equity in monitoring by the Ministry of Skill Development and Entrepreneurship. This new phase is viewed as a successful balance of scaling up private-sector engagement in skills development and ensuring government accountability and oversight.

Governance roles for parents come with increased responsibilities and risks. In India, state-level regulations regarding parent participation or child protection are limited. Only 6 of 31 states and union territories require private schools to have a parent–teacher association and only 5 require parents to have a role in fee regulation. In Bihar, private unaided schools are required to consult parents before revising fees. All but 7 of the 389 international schools in Sri Lanka are registered as private businesses. Parents lack the means to report teachers, corporal punishment or fund misuse.

In Delhi, 28 certificates or approvals from 6 departments are needed to open a private school.
These institutions are outside education system jurisdiction, and can avoid redressal mechanisms. Users of private education technology products have expressed concern about non-existent or non-functioning grievance redressal mechanisms and misleading advertisements.

Providers view government regulations as burdensome rather than supportive. Providers often cite the financial and administrative burden posed by standards as imposing on their freedom and performance. Soon after the Right to Education Act was approved in India, private schools challenged its constitutional validity. In India, Nepal and Pakistan, providers consistently complain about the scale of government regulation. In Pakistan, after an army public school was attacked, new regulations and infrastructure requirements for security placed the cost responsibility on private institutions without any financial assistance. In Nepal, where state and non-state campuses are affiliated with public universities, the centralized curriculum development process is viewed as hindering campuses’ ability to adapt content.

Regulation requirements and limitations fuel corruption. In Pakistan, stakeholders reported intentional delay of registration approval or the granting of no-objection certificates. In Afghanistan, a 2019 Report from the Independent Joint Anti-Corruption Monitoring and Evaluation Committee stated that most private schools could not meet the regulatory requirements, resulting in corrupt supervisor practices. In India, 80% of recognized low-fee private schools in Telangana state, 72% in Andhra Pradesh, 43% in Haryana and 35% in Jammu and Kashmir reported they had to pay more than what was officially required to obtain certification. Low-fee private schools have especially struggled with getting no-objection certificates linked to school safety.

Private school teachers highlighted the need to focus on their conditions and on teaching and learning regulations. Teachers and head teachers from private schools in India felt that the most regulated areas were teacher qualifications, admission policy and textbooks, while teacher salaries, accounts and pedagogy were the least regulated.

FINANCING MECHANISMS DO NOT TARGET EQUITY SUFFICIENTLY

Government funding of non-state providers, aimed at improving access and quality, is often inadequate and late. Most governments provide some aid to non-state schools through direct per-pupil subsidies, grant payments to schools or payments for operational expenses, such as textbooks or infrastructure. Private-aided schools account for 6% of enrolment in India. Private unaided schools were expected to give 25% of their seats to children from poor and disadvantaged backgrounds, under the Right to Education Act, in exchange for financial support. But these schools received payments that were delayed or substantially less than what was mandated. Bangladesh has a unique model of state assistance. Over 16,000 non-state secondary schools and 7,600 madrasas receive monthly payments for teacher salaries. In Pakistan, under the public–private partnership system, the average subsidy ranges from US$3 to US$9 per child per month, which is considered inadequate to cover expenses.

Some government programmes target particular students. In Nepal, Dalits, students with disabilities, out-of-school children and poor children have special rights to acquire free education and be provided with scholarships at state and non-state schools and ECCE centres. In Pakistan, voucher programmes established by the federal and provincial governments target out-of-school children so that they can attend non-state schools. The Indian government offers scholarships, fully funded or on a cost-sharing basis with states. Several of these scholarships allow enrolment in non-state schools. Bangladesh provides stipends for selected TVET courses, but these do not apply to private institutions, which account for the majority of enrolment.

Some governments support non-state tertiary institutions. In Bangladesh, higher education institutions benefit from value-added tax exemptions. In Sri Lanka, the government wants to establish a free education investment

“In India, Nepal and Pakistan, providers consistently complain about the scale of government regulation.”
In the Islamic Republic of Iran, the government leases or sells excess land and buildings to non-state providers to build and maintain preschools.

Government allocations for early childhood are very low. Early childhood education receives about 4% of government education expenditure in South Asia, which leads to the burden being shifted to households. In India, the Islamic Republic of Iran, Maldives, Nepal and Pakistan, governments use subsidies, grants, taxes and various incentives, from start-up funding to public land, to encourage non-state ECCE providers to operate. In the Islamic Republic of Iran, the government leases or sells excess land and buildings and allocates annual subsidies to non-state providers to build and maintain preschools.

International donors influence non-state education provision. An analysis of World Bank project documents between 2008 and 2012 found that Bangladesh, India, Nepal and Pakistan were among only seven countries where projects included direct support for private provision. Donors have supported public–private partnerships and innovative financing in the region. In Pakistan, the World Bank and the United Kingdom have played a key role in supporting publicly financed, private for-profit schooling. Public–private partnerships have been used to finance social impact bonds, especially because of India’s supportive regulatory environment. The World Bank has provided loans of up to US$500 million under the Strengthening Teaching-Learning and Results for States programme to strengthen in-service teacher training, teacher knowledge and teacher management quality in six Indian states. The Educate Girls Development Impact Bond in India’s Rajasthan state ran from 2015 to 2018 with a capital commitment of US$280,000. Building on that experience, the Quality Education India Development Impact Bond, running from 2018 to 2022, is the largest of its kind at a cost of US$11 million. Social Finance India, an impact financing platform launched by the Tata Trusts and the Global Steering Group for Impact Investment, aims to provide US$2 billion by 2030, of which US$1 billion will be directed to non-state education service providers through the India Education Outcomes Fund and US$1 billion will support the India Impact Fund of Funds to catalyse debt for impact in education, health and housing.

Corporate and philanthropic activity in education has increased under specific corporate social responsibility measures. India has seen a surge in education spending by large businesses falling under the corporate social responsibility mandate, accounting for over a quarter of total such funding in 2019/20. In 2019, the government expanded the rules to allow the 2% mandatory contribution from companies to fund public tertiary institutions and government-funded research organizations and laboratories. Meanwhile, potential for profit has attracted venture capital funding investment in non-state education technology companies. An analysis of 105 investors in such start-ups found that venture capital firms and angel investors accounted for almost 80% of education investment in 2019. In Nepal, the Industrial Enterprises Act of 2020 made corporate social responsibility mandatory in certain industries, banks and financial institutions. Companies with a minimum annual turnover are expected to set aside at least 1% of their annual net profits for corporate social responsibility purposes.

However, corporate social responsibility remains a weak substitute for lost taxes that could strengthen education systems. Despite the growing scale of corporate social responsibility funding in India, it adds up to only about 4% of the education budget. Even with historically low corporate income tax rates, India is estimated to have lost US$16.8 billion or 0.7% of GDP to private tax evasion and international corporate tax abuse, funds that would usefully contribute to education.

Household spending is very high in the region. In Bangladesh, households account for 71% of total education spending. Fees for NGO schools are three times higher than for government institutions and those for private kindergartens are nine times higher. In Pakistan, households account for 57% of total education spending. In Nepal, households account for 63% of spending in pre-primary education and 75% of spending in private TVET, compared
In Bangladesh, households account for 71% of total education spending with 8% in public TVET. In the two major cities, monthly fee payments by households in the top quartile are four to eight times higher than those of households in the bottom quartile. In India, the top 20% of households spend about four times more on government, private-aided and unaided schools than does the bottom 20%. In 2017/18, households spent over five times as much on private-aided and unaided schools as on government schools.

Households borrow to pay for education. Some 12% of households save and 6% borrow to pay for school fees in South Asia. In Bangladesh, around a third of families borrow money to cover study costs at private polytechnics. Government student loan programmes have been set up in Bhutan, Pakistan and Sri Lanka to provide low-interest loans for those attending non-state institutions. In Bangladesh, students protested against public university tuition fee hikes and a tax on fees in private universities, leading to a reversal of some of decisions.

Private providers are heavily reliant on fees. Of 1,050 low-fee private schools in India surveyed for this report, 1,000 relied exclusively on fees. Teacher education institutions in Afghanistan, India and Nepal viewed the reliance on fees, and the lack of government funding, as major constraints for the development of their programmes.

Financial intermediaries aim to improve access to capital for private schools. In India, 73% of schools surveyed had difficulty identifying a financial institution that gave loans to schools, while three quarters reported that they needed loans for infrastructure. Several financial service providers have entered the market, often with a religious, charity or equity objective. Edify and Opportunity International are the largest education support providers lending to single-proprietor low-fee private schools for technology, working capital and infrastructure improvement and expansion. These and other institutions, such as the Kashf Microfinance Bank in Pakistan, also help develop proprietor capacity in school improvement planning and business administration. An analysis of unconditional cash grants offered to private schools across more than 250 villages in rural Pakistan found that when all schools in a village received financing, schools began to focus on quality to remain competitive.

COVID-19 took a major toll on private school finances. The National Independent Schools Alliance in India found that out of 3,690 low-fee private schools in its network, only 4% were able to collect more than 10% of fees in 2020/21. The government response to dealing with private institutions was viewed as inadequate. In Bangladesh, while government teachers continued to receive pay and had job security, NGO teachers received 60% to 80% of their salary. In Pakistan, non-state providers received no support from the government.

**RECOMMENDATIONS**

There is a vast diversity of non-state activity in education. Non-state schools vary in terms of management, ownership, financing, motivation, profit orientation and fees charged. Moreover, the role of non-state actors extends well beyond provision of schooling to many other activities (e.g. learning assessments and supplementary tutoring), at various education levels (from young children receiving care to adults learning foreign languages) and through multiple channels of influence (e.g. from lobbying to research).

South Asia has had a long history of substantive engagement of diverse non-state actors in all these domains of activity, with particularly rapid recent growth in private enrolment. The prominent role of non-state actors in the region is a result of its social, political and economic challenges and education sector decision-making. Governments in the region also vary substantially in how they envision their role in education – with some viewing themselves as the sole provider and others seeking to encourage and facilitate private-sector and public–private partnership modalities.

Campaigns to accelerate mass education coincided with concerns about poor quality and weak governance issues. Meanwhile, parents increasingly aspired to provide any advantage to their children in a fiercely competitive labour market.
Over time, private schooling expansion in urban and later rural areas led to middle-class flight from public schools, leaving it unclear whether quality or stratification was the real reason for the exodus. These developments, coupled with failure in government capacity to provide adequate education quality or develop adequate oversight mechanisms, led to trust in government to provide education being broken, and support for public education financing and provision being undermined.

In recent years, non-state actors have become visible for their role in other aspects of education beyond provision. Given the state’s central responsibilities as duty bearer tasked with protecting and fulfilling the right to education, several questions arise regarding what non-state actors’ roles ought to be in sharing responsibilities. For instance, should they fill existing state capacity gaps, or should they advocate and empower the state to act?

Well-designed partnerships between state and non-state actors within a facilitative regulatory framework, supported by political will, can help optimize the functions of education as a public good. State and non-state partnerships can be meaningfully fostered through regular dialogue. Improved coordination among actors in early childhood, technical and vocational institutions, as well as between government agencies, civil society and the private sector, is essential. For instance, to strengthen the teaching-learning ecosystem, there is a need for more systematic planning and dialogue between all stakeholders in the school ecosystem, state and non-state. Greater regional exchanges, networking and collaboration are a must to foster peer learning on harnessing the potential of non-state actors in South Asia.

Improved trust in government is a key means of ensuring equitable education of good quality and fruitful engagement by non-state actors. Strengthening the quality and reputation of government schools is the first step to help shift the discourse about the state’s role in education. Government-led efforts to increase financing, information and transparency – as seen in pockets in the region – help signal political commitment to public education and equity. The resulting improvement in perceptions will also enhance trust in the ability to manage non-state activity. At the same time, improvement is also needed in non-state education institutions’ financial transparency and inclusivity. Improved information and citizen engagement are the critical foundations for holding state and non-state actors to account.

Various aspects of government capacity must be improved to deal with non-state activity. Public administration personnel are overstretched. Processes and paperwork are bureaucratic. Capacity to use education data to improve planning is lacking. Clarity over division of responsibilities is another aspect that needs to be improved, regardless of governments’ political and policy directions. Ultimately, governments need to forge a social compact centred on equity, quality and inclusion so that the entire education system – state and non-state – can collectively prepare learners to address current challenges such as climate change, declines in democratic governance and prevailing inequality.

This report’s rallying call – Who chooses? Who loses? – is an invitation for policymakers to revisit and question relationships between state and non-state actors and deepen existing debates with an emphasis on equity and inclusion objectives. The following recommendations related to the role of non-state actors in education were framed and contextualized to South Asia to help #RighttheRules so that governments protect equity through financing, quality, governance, innovation and policymaking.

1. FULFIL THE COMMITMENT TO MAKE A YEAR OF PRE-PRIMARY AND 12 YEARS OF PRIMARY AND SECONDARY EDUCATION FREE. PUBLICLY FINANCED DOES NOT HAVE TO MEAN PUBLICLY PROVIDED IF EQUITY CAN BE ENSURED.

While governments have committed to providing free, publicly funded access to schooling, many countries in the region have never been close to achieving such levels of financing. In Pakistan, household spending as a share of GDP is almost the same as government spending. The inadequacy of government spending is usually compensated with households shouldering the financial cost through a range of fees – collected by public and private institutions – which can be especially burdensome for poor households.

Several countries in the region have recently committed to gradually increasing public spending as a share of GDP with benchmarks for 2025 and 2030. These benchmarks represent especially significant increases in Bangladesh and Sri Lanka. Meeting these financial commitments are a foundational condition for governments to ensure that state and non-state providers ensure the same minimum agreed conditions and standards for students irrespective of socioeconomic background.
However, any substantial commitment to increase financing should be complemented by government efforts to bolster the public sector’s capacity to plan, absorb and dispense funds, and ensure proper oversight. Otherwise, existing governance challenges will greatly reduce the efficacy of any increased financing.

When governments financially support privately operated institutions, they need to ensure that the financing mechanisms are equitable. Contracting out management, subsidizing operational costs and funding households may not always reach those left the farthest behind. Careful regulation of fees and monitoring of commercialization are critical to limit exclusion.

The existing inequitable education financing system thus needs to be better monitored. This applies both to household out-of-pocket expenditure and to the distributional impact of government spending for all levels of education. Information on government spending and the design of financing mechanisms needs to be transparent and easily usable so stakeholders can hold governments accountable.

2. SET QUALITY STANDARDS THAT APPLY TO ALL STATE AND NON-STATE EDUCATION INSTITUTIONS AND IMPROVE STATE CAPACITY TO ENSURE THEIR APPLICATION.

While public schools in most countries in the region have worse student learning outcomes than private schools, the difference in student performance is greatly reduced after controlling for the students’ socioeconomic conditions. The reality is further complicated by the diversity within public institutions and within private and other non-state institutions. The more fundamental challenge is that learning levels are low overall in global terms, which implies that there is a need to focus on improving quality across the board.

Governments need to establish quality standards on inputs, processes and results and efficiently apply them to all education institutions. Standards should help schools improve. Teachers need to be valued as professionals. Governments need to gradually address challenges such as segmented teacher labour markets and wide inequality in pay and conditions. Government acknowledgement of problems and efforts to improve public schooling quality is essential to ensure that similar standards are achieved in all types of schools.

Some non-state providers may enjoy considerable autonomy, for historical or cultural reasons, and be reluctant to accept scrutiny whether they are faith-based or profit-oriented. Government oversight through school inspections, evaluations and learning assessments should apply to all providers. State capacity to implement these mechanisms should be factored into their design.

Countries need stronger quality assurance processes in technical, vocational and tertiary education. As governments increasingly subsidize individuals or contract with companies to promote training, they need to protect the most disadvantaged, who are vulnerable to fraud, especially in the absence of achievable and enforceable standards.

3. ESTABLISH COMMON MONITORING AND SUPPORT PROCESSES THAT APPLY TO ALL STATE AND NON-STATE INSTITUTIONS.

Governments need a clear vision and framework of how they want to engage non-state actors, and communicate this vision through regulations on inputs, processes and results. They especially need to develop clear regulations on certain education system elements that influence the equity of teaching and learning, such as private tutoring, admission criteria and fees.

All education providers should be regulated as education entities under a common umbrella to facilitate coordination, information sharing and planning. Some providers are regulated as businesses in early childhood care and education, private tutoring and vocational training. This allows them to exist outside the regulatory control of education systems. Similarly, other providers are supervised only by social protection ministries or religious authorities. Such fragmentation of responsibilities can lead to gaps in authority and limit holistic treatment of the education system. Coordinated regulatory reach is necessary to collect comprehensive information on various aspects of non-state education providers at all levels of education to ensure that quality and standards of all providers are in line with national education goals.
Regulations need to be simple, transparent and efficient. They are currently viewed by providers in the region as being excessively focused on inputs and infrastructure requirements, as well as bureaucratically cumbersome, disincentivizing registration. Governments should work with non-state providers as partners to ensure that regulations focus on education processes and results related to health, safety, quality and equity. Regulations should be periodically reviewed and incrementally adjusted in a transparent and participatory way, inviting input from state and non-state institutions.

Governments need to build a relationship of trust with non-state providers, encouraging them to register, eliminating arbitrariness in rules and communicating the right incentives for them to run schools effectively for learners’ benefit. Governments also need to protect children whose families have placed them in private schools and convey the message that they care for all children’s education, irrespective of the type of school they attend. Governments must have oversight of all learners and cannot ignore those who are served by non-state providers.

Governments need to develop regulatory frameworks to prevent private tutoring from undermining the quality and equity objectives of the formal schooling system. In a region with an extremely competitive landscape for education and employment, online and offline private tutoring have greatly expanded. Countries need to monitor private tutoring prevalence, types and costs through household surveys. Policy responses could include remedial support and financing for those less likely to procure such services. The priority should be addressing the root causes of private tutoring demand and supply, such as low teacher pay, curriculum pressures and the high-stakes nature of final examinations.

4. FACILITATE THE SPREAD OF INNOVATION THROUGH THE EDUCATION SYSTEM FOR THE COMMON GOOD.

Policymakers should encourage the identification of good practices and innovation and give good ideas time and space to develop. Governments should use a consultative approach and work in partnership with all actors. Creating conditions and platforms for interaction and cooperation can help the education and training system benefit from differing sources of expertise and diverse viewpoints.

Governments need to nurture innovation in the systems they finance. They need to convey the message that they are committed to excellence. They should monitor learning and its determinants in all types of schools, evaluate where good practices are taking place, compile information about such practices, provide resources enabling practitioners to exchange experiences, pilot good ideas and scale them up. Governments need fresh ideas in education and should bring together those who can develop them. To achieve that, they need to train education officers and managers to be able to identify and develop such ideas. Governments also should look for lessons from non-state actors, especially on the use of autonomous and contextualized, flexible approaches to teaching and learning for marginalized learners. Knowledge sharing between state and non-state institutions should be promoted.

No one has a monopoly on good ideas in education. The government’s role is to create the right environment to produce innovation. Governments need to provide the financing and incentives to foster education innovations that are especially relevant for marginalized groups and equity, as such innovations are often distinct from those that are primarily market focused.

5. MAINTAIN TRANSPARENCY, INCLUSIVITY AND INTEGRITY IN PUBLIC EDUCATION POLICY PROCESSES.

Government capacity to manage the diverse set of actors seeking to influence policy must be strengthened. All actors should have a genuine seat at the table. Communications with public officials about education legislation, policy and regulation should be transparent. Policymakers should be open to listening to multiple stakeholders.

To maintain the integrity of policymaking processes, a range of accountability and transparency measures need to be in place. These include open and inclusive consultations, legislative committee hearings, government or court petitions, freedom of information acts promoting disclosure of donations to political parties and meetings with senior government officials, and rules against government officials who leave office taking positions from which they could derive private benefit, and against lobbyists and their sponsors taking public office.
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