


INVESTING IN OUR CHILDREN'S FUTURE



FROM
**Early
Child**
DEVELOPMENT



TO
Human
DEVELOPMENT



THE WORLD BANK

EDITED BY MARY EMING YOUNG

Role of the Private Sector in Early Child Development

Robert G. Myers

The private sector has an important and significant role to play in improving the development of young children. This chapter presents a framework for discussing the private sector's potential contributions and highlights specific ways for this sector to contribute. The chapter is organized into four sections: clarification of the concept of early child development (ECD) and reasons for supporting ECD; definitions of the private sector; review of the sometimes-conflicting reasons for advocating private versus public care and education; and suggested ways of increasing the involvement of the private sector, especially companies and individuals, in supporting early childhood activities. Key points are summarized in the conclusion.

Early Child Development

The concept of ECD includes terms such as early childhood, child development, childcare, and early education. Although often used in distinct ways, these terms, together, convey the essence of ECD. Appreciating the substance of ECD is important when considering the reasons for supporting ECD and the implications for private-sector involvement.

Definitions

In this chapter and volume, *early childhood* encompasses the period from conception until entry into school at about age 6 or 7. The period may be extended through ages 7 and 8 when designing ECD programs, to include the articulation between preschool programs and grades 1 or 2 of primary school. Early childhood is the period when the brain develops almost to its fullest and when humans learn to walk and talk, begin to establish moral foundations, gain self-confidence, and develop a general world view. This early period provides the foundation for later living and learning.

Child development is a multifaceted, integral, and continual process of change as children become able to handle ever-more-complex levels of moving, thinking, feeling, and relating to others. Physical, mental, social, and emotional development occurs as a child interacts with his or her surrounding environments—the family, community, and broader society.

Childcare consists of the actions taken by caregivers in the home or a nondomestic setting to ensure children's survival and to promote their growth and development. Good care responds to children's basic physical, mental, social, and emotional needs, determined biologically and by the cultural and socioeconomic context and environment. Too often, childcare is considered narrowly as custodial care that provides only protection and the fulfillment of biological needs, without regard for children's mental, social, and emotional development. Also, the needs of caregivers, as well as children, are important considerations when discussing forms of care. For example, sometimes, parents' needs take precedence over children's needs when choosing among childcare options.

Early education, or early learning, is the process of acquiring knowledge, skills, habits, and values through experience, experimentation, reflection, observation, and/or study and instruction during early childhood. Education is a crucial part of child development and involves a gradual unfolding of biologically determined characteristics. Unfortunately, early education is often associated narrowly with

mental development occurring in preschool centers which, as their name implies, are designed to prepare children for success in school, giving little attention to broader developmental needs or care.

Although often labeled and organized separately, childcare and early education programs should offer the same basic program elements to help children develop their maximum potential. Childcare programs must meet parents' as well as children's needs, and therefore may have different hours of operation than early education programs; however, the basic attention given to the children should be the same. In the discussion below, the terms "early childcare and development," "early childhood education and care," and "ECD" are used interchangeably.

Why Support ECD Programs?

Common sense and scientific findings suggest that the early years of childhood are critical for formation of intelligence, personality, and social behavior and that a child who develops well during these years will have greater opportunities in life, be more productive, and, very likely, be a better citizen. The reasons why societies should want to invest in ECD have been elaborated elsewhere (e.g., Myers 1995). Some of these reasons may resonate more than others in particular groups and settings. Six arguments for ECD are, in brief:

1. *Human Rights.* Children have a right to live and develop to their full potential. The United Nations Children's Fund (UNICEF) and other international organizations supported by local human rights organizations have vigorously promoted this position, based on the near-universal signing of the Convention on the Rights of the Child, which includes the right to healthy development. However, some governments do not find this argument for supporting early childhood programs particularly compelling.
2. *Moral and Social Values.* Humanity transmits its values through children, beginning in infancy. This argument will be forceful for those who believe that core values are being lost and/or that

the particular values of their cultural group are not represented adequately in a homogeneous system of childcare and education supported by government.

3. *Economic Productivity.* Society benefits economically from improved early development by greater productivity in later life. This argument may be attractive to governments and businesses concerned about economic growth and competing in a world economy. However, as suggested later in this chapter, the general economic benefit and the chain of effects from early childhood through schooling to greater economic productivity may not convince private companies to invest in ECD (versus, for example, investing in secondary or technical education). Potentially more convincing for many employers is the notion that childcare programs may free up women to work and thereby increase the immediate availability of an important source of labor.
4. *Cost-Savings.* Investments in ECD are preventive and can reduce later needs for, and costs of, social welfare programs, remedial school programs, healthcare, and judicial and criminal services (Schweinhart and others 1993). This argument should be particularly attractive to governments, but may not be to private businesses or individuals because the immediate private (versus social) benefit to the firm or person may not be great or evident. Private decisions do not usually incorporate social externalities.
5. *Program Efficacy.* The efficacy of health, nutrition, education, and women's programs can be improved by combining these programs with ECD. Combined efforts result in enhanced interactive effects among health, nutrition, and early stimulation. From the perspective of industry and commerce, childcare programs may be good investments because workers (especially women) will lose less worktime due to child-related concerns.
6. *Social Equity.* Providing a "fair start" may help modify distressing socioeconomic and gender-related inequities. This argument will appeal particularly to governments and nongovernmental

organizations concerned with creating a more equitable society and to groups that have not had equal access to services. For industry, this argument may have to be linked to the notion of achieving greater social stability (a climate in which companies can operate with greater security) and to the altruistic values of company managers (which may also have an economic payoff because a company will be viewed as socially responsible).

Backed by scientific studies, this combination of social arguments should be compelling to governments and social organizations. However, the arguments may not be convincing to private firms or individuals because of the lack of a direct, private payoff. If governments do not act, the potential social benefits offered by ECD programs to the general population (e.g., crime reduction and related judicial costs) would be lost.

Implications for the Private Sector

Much discussion of private-sector involvement in education has been focused on higher and secondary education, with only some attention given to primary schools. Although parts of this broad discussion are pertinent to ECD, discussion of private-sector involvement in early childhood programs must differ for several reasons in addition to the obvious difference in children's ages. Four characteristics of ECD are particularly pertinent to discussion of private-sector involvement in this arena. These are the evolution of the field of early childhood education, the breadth and the selective nature of educational systems, and the "tension" between ECD and women's work.

Evolution of the Field

Early childhood education is at a different stage in financing, operation, and public-private control than other educational levels. Primary school education, for example, has become largely a public responsibility throughout the world, although this has not always been the case. Until the late nineteenth century in Europe, for example, religious organizations dominated in the provision of primary

schooling, a trend that seems to be mirrored currently for early childcare and education in many countries.

In contrast, childcare and early education for healthy development of young children is essentially a private-sector responsibility, particularly in the developing world and especially for children under age 4. Mangenheim (1999) shows that the private-sector bias in early childcare and education also is characteristic of the United States.

In many parts of the developing world, care and education during a child's early years continue to be almost exclusively the responsibility of the family, with relatively little financial support from government. And, a large proportion of formal and informal childcare and early education programs are operated by nongovernmental, and often religious, organizations. In most countries, preschool education is not obligatory or universal, and governments therefore are not concerned legally with educational support at this level. This situation is similar to that for upper secondary and higher education, although the tradition of public involvement at these levels is much longer than for ECD.

There are, of course, important exceptions to the dominance of the private sector, broadly defined, in attending to young children. Preschool for children during the year immediately preceding entry into primary school has become obligatory in some countries. And, Latin America has a growing number of governmental educational programs for young children, reaching down to age 4 and sometimes age 3. In Europe, the public sector is deeply involved in supporting childcare and early education by a variety of strategies. In socialist countries, an intense governmental effort was made previously to fund and operate programs for young children, but much of this work has been undone with the shift of political and economic policies during the 1990s. In India, a very large number of children benefit from the public Integrated Child Development Service.

In countries where the private sector is already dominant in ECD and early education, "privatization" may not be the main issue. Instead, the task may be to identify ways that the private sector can

help parents to educate their children, can improve existing childhood programs operated within the private sector, and can partner with government to improve access to, and quality of, ECD programs financed and administered by government. In some countries, the concern may be how to make early childhood programs more public and how to involve governments in a field they have been reluctant to enter.

Breadth

Most discussions of private-sector education have focused on children's participation in schools and what they learn there. However, early development and learning mostly occur outside schools in other educational and learning environments such as the family and community. Because development occurs as children interact with their environment(s), programs to improve early child development must encompass complementary strategies linked to the different environments that surround a child (Bronfenbrenner 1979). These strategies (Myers 1995) include:

- Attending to children in centers outside the home (creating an alternative environment for care and education)
- Educating and supporting parents, focusing on the home environment
- Supporting child-centered community development programs, focusing on changing the general conditions that affect child development in communities
- Strengthening the capacity of social institutions created to attend to children and families (in centers, homes, or communities)
- Advocating and legislating creation of a better policy and legal environment for programs.

The private sector can be involved in many more ways of improving early child development than by operating early childhood centers or providing resources to organizations that operate centers.

Selectivity

As children ascend in the educational system, they grow older and become a more select group socially and economically, particularly in the developing world. As they age, they also approach and then pass the legal age for entering the formal labor force. Through selection, the families of children who remain in the educational system are more likely to be able to pay for their child's education. Children from low-income families are more likely to be selected out of the system, and children who remain come from families with more resources. Also, children who remain are usually more able and more qualified than others for a position that will pay well after they complete school, making loans for education a feasible option.

From the perspective of the corporate sector, investing in these more-select children may make sense because companies will need a well-qualified workforce, especially in this time of globalization. These same conditions of selectivity, linked to age and labor-market availability, are less applicable to discussions of children during their first 5 or 6 years of life, even though many young children in the developing world work at a very early age.

Tension Between ECD and Women's Work

Early childhood programming is at the intersection of education and care, and it relates directly to a tension in allocating women's time between children's development and women's work. Although, in theory, this tension applies to both parents, most societies continue to assign women the almost exclusive role of caregiver, hence, the phrase "women's work." Because care is part of ECD, the discussion of ECD extends well beyond the boundaries of educational institutions and budgets to include other parts of public bureaucracies and home care by parents or others. Discussion of ECD programs also includes not only their effects on children's performance and productivity in school and later life and work, but also the family members' (especially mothers' and older sisters') earning and learning power as potential contributors to the labor force. This potential tradeoff be-

tween care and participation in the labor force recedes in importance as children mature and enter higher levels of education.

The Private Sector

Different meanings applied to the term "private sector" color and sometimes derail discussions of ECD. Failing to clarify the meaning of private sector can compromise discussions, because different organizations and individuals have different vested interests in the outcomes of early care and development, the types of resources they can offer, and their organizational ways.

Definitions

At a very general level, "private" connotes that which belongs to specific and separate individuals or groups, whereas "public" refers to goods and concerns held in common. Presently, "public" is usually equated with a government's statements and roles as representative of a people's common concerns. Hence, a contrast is often made between the private sector and the governmental sector. The tendency to equate "public" with "governmental," however, may contradict the original meaning of the word public. When a government truly represents a people's concerns, it may accurately be termed a "public" institution. However, in a dictatorship, the concerns of the government may or may not be public concerns and the people have no ownership or control of the government.

During the twentieth century, the role of governments in providing education increased rapidly, particularly at the elementary school level. Education (and schooling) came to be viewed as a public good that should be provided free of charge, often within the framework of a welfare state. During the past two decades, however, the welfare state has been challenged and initiatives to "privatize" social services, including education, have arisen.

Figure 1 presents the various dimensions of the private sector as related to early childcare and education. In many discussions, these dimensions are combined to represent the private sector, which is

viewed as everything that is not governmental or everything "outside government" (van der Gaag 1995). The figure demonstrates that a broad definition which contrasts the private and governmental sectors encompasses organizations established explicitly to provide services and products that may or may not be educational. The private sector broadly includes profit and nonprofit institutions, religious and nonreligious institutions, nongovernmental organizations (NGOs), community groups, and private voluntary organizations (PVOs). Both organizations and individuals are included.

In some discussions, the definition of private sector as related to early childcare and education is limited to private care and education services provided directly by businesses or social groups (column 2, rows A and B). In others, the definition is focused on all activities (row A, columns 1 and 2) conducted for private profit by only the business community.

The distinction between organizations that are directly involved in care and education (column 2) and those that are not (column 1) helps clarify discussions about "privatization" versus "involving the

Dimension	Noncare/noneducation purposes and products (column 1)	Care/education products (services, training, materials) (column 2)
A. Business organizations		
Large organizations	Steel company, bank	Kindercare
Medium or small organizations	Shoe repair shop	Home daycare center
B. Social organizations		
Community groups	Local women's group	Women's group care center
NGOs/PVOs		
Churches	Religious group	Religious preschool
Philanthropies	General foundation	Childcare foundation
C. Private individuals	Adults without children	Mother in home, tutor

NGOs, Nongovernmental organizations; PVOs, private voluntary organizations.

Figure 1. Dimensions of the Private Sector as Related to Early Childcare and Education

private sector." Whereas privatization involves the shifting of ownership and operation (and sometimes financing) from governmental to nongovernmental organizations or individuals (that is, into column 2), "involving the private sector" suggests a broader search for ways to involve private institutions and individuals that are not already directly involved in programs of care and education; emphasis is placed on column 1, but the concept pertains to all parts of the figure. Involving the private sector may consist of finding ways to:

- Shift institutions and individuals from column 1 to column 2 as owners, operators, or caregivers (i.e., privatizing), or
- Capture resources from all parts of the private sector that could be used by public or private institutions for care and education to improve child development.

The advantages and disadvantages of privatization have been much debated and are not specifically addressed in this chapter. Rather, the focus is on the broader theme of "involving the private sector" in care and education.

Private-Sector Involvement: Statistics

Statistics on the involvement of the private sector in childcare and education mostly report enrollments of children in formal institutions owned and operated by business or social organizations (column 2, rows A and B). The data include enrollments in for-profit and nonprofit educational institutions, religious and nonreligious institutions, and community groups and PVOs directly involved in education. The statistics omit the educational contributions of business or social organizations not established explicitly for educational purposes, and they do not reflect individual or informal home care and education.

The statistical and administrative definition of private-sector involvement rarely, if ever, distinguishes explicitly among ownership, operation, or control of organizations and sources of financing. The dominating criterion almost always seems to be ownership. As noted

by Bray (1998), this definition of "private" is problematic because of organizations' different combinations of financing, operation, and control. For example, financing may be provided by the government, but operation and control may be nongovernmental, as for the burgeoning "charter" schools in the United States. Or, institutions created and operated by the government may be financed largely by nongovernmental sources, as are many community-based centers that are officially sanctioned and supervised by the government, but supported by community volunteers.

In the recent reviews prepared for the Year 2000 Evaluation of Education for All, most countries reported that a certain percentage of students enrolled in early childhood programs are enrolled in private (i.e., nongovernmental) programs. This percentage varies widely among the countries. For example, in Cuba, early childhood education and development is considered the responsibility of the government, and the percentage of private institutions is reported as zero. In various African countries and parts of the Middle East, however, the government places heavy responsibility for early care and education on families and local community organizations, and enrollment in these "private" initiatives is reported as 100 percent. The data for these countries do not indicate the extent of governmental support to subsidize the programs.

Nevertheless, for educational statistics in general (and data on early education and care in particular), the nongovernmental, administrative definition of private appears to be the definition of choice or of least resistance. Because most statistics do not include the contributions of private, unregistered institutions that are providing care and education, the estimates of private-sector activity may be significantly underreported.

Involving Institutions

Figure 1 distinguishes between business and social organizations, a distinction that corresponds approximately, and respectively, to "for-profit" and "not-for-profit." When using this distinction, discussion of the private sector could be limited to organizations created to

make a profit for those who own and operate the institution (i.e., to row A). This definition is derived from an economic decisionmaking framework which relates efficiency and effectiveness to an organization's desire to maximize profits. The definition can be applied to a firm that produces and sells an educational service or product (column 2, row A) and/or to a business that operates in another market (column 1, row A).

Applied narrowly, this economic definition excludes all not-for-profit institutions such as churches, community groups, or voluntary organizations, even if they operate a school or childcare center and charge fees. In figure 1, these not-for-profit organizations are grouped together in a separate, "social" category because their motivation is supposedly social and altruistic (i.e., serving the public good, rather than seeking private gain).

Distinguishing a business sector from a social sector in relation to profit-seeking behavior is problematic because the behavior of profit-seeking and nonprofit organizations may be similar. Many "nonprofit" organizations operate as profit-making, seeking new markets and trying to perform cost-effectively. A not-for-profit educational organization often charges fees and may actually earn profits, but may (or may be required to) distribute or disguise its profits by paying higher salaries or reinvesting them in the organization. In addition, not-for-profit organizations may seek to maximize nonmonetary benefits (such as socialization to a particular religious orientation) that are more private than social. Conversely, a for-profit, noneducational business organization may use its profits (at least partially) altruistically to support nonprofit and public undertakings, including childcare and education programs. Or, for-profit educational institutions may utilize "sliding" fee scales to allow subsidies for some students, an action that is not aimed at maximizing profits.

If private sector is defined only in economic terms, then "privatization" becomes a narrow concept of privately owned and operated organizations seeking greater control of a defined market and motivated by a desire to maximize profits. Social organizations would be excluded.

Although the distinctions between profit and nonprofit blur, the difference is sufficient enough for societies to continue to distinguish them legally. Also, social organizations are expected to more closely represent the public interest, compared with profit-driven businesses, and to have certain operational advantages over government bureaucracies and corporations. These advantages relate, for example, to their organizational structure and their ability to interact with local populations and adjust to cultural differences.

Figure 1 further segregates large organizations from small and medium organizations [e.g., "mom and pop" (mostly "mom" in this case) operations]. When discussing privatization or the role of the private sector, emphasis is usually given to large firms, in the hope of identifying large-scale, rapid, and efficient ways to improve systems. In the developing world, however, most nongovernmental childcare and education programs are operated by small groups, communities, or individuals, with larger social, but usually not business, organizations (e.g., religious groups or international NGOs) sometimes involved. The combination of small, as well as large, enterprises (and particularly, small enterprises delivering a service) constitutes a major category of private-sector organizations involved in the operation of early childcare and education programs.

Figure 1 also segregates social organizations as community groups, NGOs and PVOs, churches, and philanthropies. These categories may overlap (e.g., a community group may be rooted in religious beliefs), and the groups may differ substantially in motivation, ways of becoming involved in care and education, and persons to convince about involvement (e.g., the local priest, mayor, or women's leader). Except for philanthropies, which have funds to provide, many of the other groups, including NGOs and PVOs, must seek funds and/or operate with donations of time and in-kind contributions.

Size, again, is an issue. Although not conveyed in figure 1, involving an international NGO or philanthropy that has an annual budget of US\$100 million is different than inviting a local women's group to donate time and money to organize a service.

Involving Individuals and Families

A different perspective of "private" is needed for discussions of involving individuals and families. Their private role may be as immediate providers of childcare and education or as users of, and payers for, these services (see figure 1, column 2). Or, individuals and families may be considered potential sources of support for care and education programs (if they do not have children) (see column 2). In either case, the discussion shifts from the power of private and public producers to the power of private consumers, who may choose to be at-home providers of care and education.

Families and individuals have their own criteria for choosing whether to (or how much and how to) invest in early childcare and education in or outside the home. Their incentive to invest may be a child's development in a center or work-related childcare needs. Their information about options and their knowledge of the possible benefits for the child may be extensive or limited. Their choices will be affected by the characteristics of available services [e.g., cost (in relation to ability to pay), distance, flexibility of hours, quality, and confidence in the program].

Understanding how families make their decisions to invest time and money in early childhood programs, including care and education at home versus nongovernmental or governmental settings outside the home, is important. Their decisions may be affected, for example, by:

- Offering private education at different prices and of different quality
- Offering public subsidies as direct payments, scholarships, tax credits, or vouchers for use in private or public programs as the user chooses
- Extending parental work leaves
- Providing additional information about available programs.

From the perspective of families and individuals, the concept of privatizing education is associated more with increasing the choices

for potential users to meet particular needs than with shifting the operational base from governmental to nongovernmental institutions. Choice is viewed as good in and of itself and is linked to a market-based orientation of knowledgeable consumers, high competition, and availability of many options (see Plank and Sykes 1999). These conditions are not currently present in most developing countries.

In the recent dispute at the National Autonomous University of Mexico, a public institution, students demonstrated against privatization, defined as the introduction of modest fees for some students according to their ability to pay. It did not involve a change in the operation and control of the university, which would continue to be a public institution. Although the students won their 9-month fight against privatization, the demand for entrance into higher education shifted, interestingly, toward private institutions, which increased their enrollments and thereby increased privatization of higher education in Mexico.

Along with the notion of improving private choices, the idea of increasing parents' share of the cost of care and education (i.e., making a greater private investment) has also become more popular in recent years. Governments have begun to introduce fees for public programs, a form of privatizing, and to encourage development of privately operated schools for families who can pay for them, leaving the government to serve others. These ways of capturing private funds from families for care and education programs may increase the choices for some families but reduce those for others, and they may create greater inequities if not accompanied by subsidies. These considerations are relevant to discussions of private versus public care and education.

Private Versus Public Care and Education

At least six general concerns "drive" discussions of public versus private financing, operation, and control of social programs, including early care and education. These concerns are:

- Availability of resources and educational opportunity
- Efficiency and cost-effectiveness
- Accountability
- Quality
- Equity
- Diversity and choice.

The relative weight given to each of these concerns, as they are converted into criteria for judging the effects, will set the tone and affect viewpoints of private-sector involvement.

Availability of Resources and Educational Opportunity

The concern that governments simply cannot find sufficient money for adequately financing education programs, including early childhood programs, is widespread. Competing demands for governmental funds lead to underfinancing and "a need to restrain expenditures so as to reduce deficits and debts" (Tooley 1999). This concern is usually linked to the expressed desire to improve access and coverage of programs for children who are "left out" because governmental funds are scarce.

Regardless of whether governments have the ability to increase funds for early childhood programs, the proportion of a government's budget allocated for these programs is minimal—often less than 1 percent of the total education budget in most developing countries, an amount that is virtually invisible in their gross domestic product. Even when health expenditures are included, the allocation is small, and transfers from planned expenditures for defense, security, or even other educational levels are not deemed feasible.

Accordingly, businesses, communities, and other social organizations and individuals are considered the first "alternative" sources of funding to supplement limited government capacity (or willingness to spend) for early childhood (or other care and education) programs. The search for private funding:

- Motivates exploration of additional ways for the corporate and business world (i.e., the noneducational, profit-making part of the private sector) to be convinced to use its resources for the public good by supporting programs
- Provokes interest in programs operated by community groups and voluntary organizations, which can capture new funds or involve individuals in giving their time to provide early child-care and education
- Leads to initiatives that require or entice parents to pay for services offered through private, and sometimes public, programs.

Seeking alternative financing broadly in the private sector may, or may not, reduce the public role in operating and controlling programs. While recognizing that obtaining additional funds from the private sector may be desirable, some critics continue to view the state's role of protector as important and necessary, and they suggest that the search for alternative funding can have undesirable results. For example, the costs of private programs may thwart the participation of low-income families in care and education programs unless the public continues to provide free services or help defray the costs of private services. Private-sector involvement could thus adversely affect equity (see "Equity" below).

Additionally, governments may have an "excuse" not to allocate funds to these programs, leaving their support to the whims of various private groups. One suggested alternative is that governments should strengthen their position by increasing taxes for families that can afford to pay and using these revenues to expand early care and education programs.

Efficiency and Cost-Effectiveness

Another concern is the common complaint that public programs are administered inefficiently and use the scarce resources they can obtain poorly. The bureaucracy is viewed as large and lethargic, and possibly corrupt, not directly accountable to the users of its services, subject to political influence, and having little incentive to improve

the administration of its programs. Presumably, programs that are privately operated within a competitive system would need to be accountable to users and therefore seek the most efficient and cost-effective ways of providing early care and education. The emphasis here is more on operation and control than on direct funding, which could come from public sources via vouchers or from users' direct payments.

In a review of a private secondary education, Bray (1998) suggests that more research is needed to confirm the already considerable evidence that private schools are more efficient than public ones. Clearly, circumstances vary widely among different settings depending on the populations served by private or public systems.

While acknowledging that the search for efficiency is legitimate and even necessary, some critics are concerned that the cult of efficiency can distort educational goals and distract operators from their primary task of educating and caring for children. These critics suggest that an organization can be efficient but ineffective, or, perhaps, have a limited standard of effectiveness (e.g., children finish school without repeating grades), while disregarding whether children learn and develop in an integrated way. These critics are concerned about the increasingly common view of children as "products."

Also, in the ECD field, using funds for half-day programs focused on 5-year-olds may be efficient if the primary purpose is to prepare children for school, but this focus de-emphasizes other purposes, for example, meeting the needs of parents who must work longer hours and seek full-day programs for younger, as well as older, preschool children. Similarly, having large numbers of children per caregiver or teacher may be efficient, but the children are then likely to be "herded" rather than helped to learn.

Efficiency must be viewed in terms of outcomes and not simply mechanistic accomplishments (e.g., timely delivery of "inputs," meeting payrolls for teachers, reducing grade repetition). A central question with regard to private versus public funding and operation of programs is whether the definition of outcomes is narrowly organizational and monetary or broader and more humanitarian.

Accountability

Accountability is closely related to efficiency. In this case, it refers more to the delivery of results than to forms used in delivering them. Accountability is the meeting of standards and the responding to users' articulated personal and social desires.

Although national governments spend public monies on education, they are only generally accountable to the public. Bureaucracies are entrenched and most public servants cannot be voted out or replaced by the public. Locally, where school boards and committees interface directly with their constituents, the administrators and teachers in public schools may be held directly accountable for the services delivered. Yet, for the most part, little attention is given to early childcare and education. Moreover, criticizing those who are viewed as experts (in childhood education) is not considered appropriate in many parts of the developing world.

One may assume that accountability will improve if private institutions operate childcare and education centers and/or if parents have to pay fees for a service. However, this assumption may not be accurate in cultures where market values do not dominate and lines of authority and forms of relationships differ from those in the market-oriented developed world. Bray (1998) provides examples of both situations.

Quality

As with accountability, advocates of private-sector education programs argue that these programs, which charge fees, will be of higher quality than public-sector education because the programs have to be responsive to clients within a competitive environment. This argument is not linked primarily to lack of funding, although this issue may be relevant, but to features of private education, such as the ability to clearly define outcomes and expectations, the selection and retention of good teachers (Rothstein, Carnoy, and Benveniste 1999), the use of evaluation, and a greater propensity to innovate (Finn, Manno, and Vanourek 2000). The argument depends on the assumption that users will be able to define, recognize, and monitor quality

and that quality will be a primary consideration when they choose among programs.

A contrasting argument suggests that allowing private organizations to operate programs could reduce quality because tangential, but related, factors (market imperfections) may influence users' decisions, interfere with competition, and diminish an organization's responsibility for accountability. For example:

- Low-income parents who must work may need childcare, but they may have little choice among programs because they cannot pay for expensive programs and must avail themselves of low-cost, potentially low-quality private alternatives if higher-quality public programs are not available or accessible or operate during their work hours. In this instance, distance, hours, and cost take precedence over quality.
- Parents may not be aware that they qualify for programs that would provide quality care and education and/or they may not be informed of the potential benefits of a quality program that offers services beyond simple custodial care. Knowledge is not uniformly distributed.

These "imperfections" in the system may allow operators to "cut corners" and reduce quality, for example, by hiring inexperienced caregivers and teachers at low salaries. Operators may offer users acceptable tradeoffs (e.g., longer hours, but reduced quality).

In a study of selected public and private schools in California, Rothstein, Carnoy, and Benveniste (1999) suggested that the location of schools in high- or low-income areas was more important to the clarity of a schools' goals and the teachers attracted to a school than whether the school was public or private. The results of a recent comparative study in Latin America (Casassus and others 1998) showed that the test scores for children in Cuba (an entirely public system) were clearly superior to those for children in Colombia (which has mostly private elementary and secondary schools).

In a recent survey (Myers 2000a) conducted for the Year 2000 Evaluation of Education for All, at least three ECD professionals from different developing world settings mentioned that the number of private organizations providing very-low-quality early childcare and education was expanding rapidly, and they urged institution of government controls. In sum, the availability of private organizations for early childcare and education does not guarantee higher-quality programs and may even result in lower-quality programs, depending on the circumstances.

Equity

Discussions of the role of the private sector become more negative when focusing on equity. In this instance, the private sector is often cast as a villain, a possible source of inequity, rather than social correction. Most private offerings are assumed to be available only to those who can pay for them, a situation that can create (or reinforce) a divided social system. In this case, the elite have access to quality private schooling, while the poor "make do" with an inferior public system, and urban children are favored over rural children.

Tooley (1999) suggests that this assumption may be misconceived because (a) the public provision of services can be inequitable and has hidden costs, and (b) innovative private programs for disadvantaged populations can be identified. Tooley (1999) presents eighteen examples of privately operated programs which demonstrate the potential benefits of private education, mainly at secondary and higher education levels. He highlights operators that established "tutoring" programs which became large-scale, alternative education programs characterized by low fees and results comparable with, if not better than, those of public institutions. However, Tooley does not clarify the meaning of "low cost" or the benefit of these programs to the poor, as distinguished from the lower-middle-class or middle-class population.

Some argue (Sancho 1999) that tapping alternative sources will enable governments to target public subsidies better and to increase the

flow of funds to programs for the poor. The unstated assumption is that this flow of funds will reduce inequities because the poor will have greater access to programs. However, if private programs tend to be of better quality than public programs, as is also argued, a two-tiered system will be created, and inequity will be related to quality rather than to access. That is, the public system will provide "second-rate" programs for the poor, and the private system will provide quality programs for those who can pay. Lack of access to quality programs is seldom considered an indicator of continuing inequity.

This view may be exaggerated because, as already noted, high-quality public programs exist, as well as poor-quality private programs. Nevertheless, there are sufficient examples of inequitable, bifurcated systems related to quality. Equating increased access directly with improvements in equity should be questioned.

Diversity and Choice

Discussions of private education also involve questions related to the choices among diverse approaches. The offerings of public education tend to be homogeneous, and large-scale public programs have difficulty responding to parents' demands for specific attention during the school years to cultural and religious differences. Public school systems also have difficulty entertaining alternative curricula, which has led to the growth of private schools operated by religious or cultural groups that are in the minority or are attracted to specific curricula (e.g., Montessori, creative arts) not sanctioned by educational authorities.

These tendencies within public schools may be moderated by decentralized systems with local control of curricula and the hiring of teachers. However, there will still be groups whose desires are not adequately represented in the public school system, and these groups have, historically, developed their own schools as a preferable alternative. The desire to respond to parental desires and to marginalized social groups can be applauded as a celebration of diversity, but may also reinforce social disjunctions and separateness.

Involving the Private Sector

The broad view of the private sector, adopted in this chapter, includes business and social organizations and individuals that are not directly involved in providing early childcare or education, but have resources that could be tapped to benefit young children. Two of the components depicted in figure 1—business organizations and adults without children (column 1, rows A and C)—could become much more involved in early care and education. Potential ways of involving these businesses and individuals are suggested below.

Involving Private Enterprise

Noncare, noneducation businesses may desire to invest in, or support, early childhood programs because of enlightened self-interest, social responsibility, and/or altruism. With regard to their self-interest, businesses may wish to consider three pertinent findings:

- Research suggests that company employees who do not have to worry about the care of their children will be better workers and have less absenteeism.
- The good publicity gained from participating in social programs can help sell products.
- Some forms of contributions can result in tax exemptions.

Improving the quality and productivity of the labor force is advantageous to private companies, for their own self-interest and the general public interest. The growing research literature on ECD links investments in early childhood to better performance in school and enhanced productivity later. Although the fact that healthier, more intelligent children will be more productive workers later in life is intuitively obvious, employers sometimes have difficulty accepting this long chain of causality because it is hard to envision and such investments do not yield immediate payoffs. The connection between education and productivity is more obvious and convincing for programs at secondary and university levels, when the children and

youth are older and the direct relationship between training and work can be visualized more easily.

Support can be provided, or is already being provided, to ECD programs by private businesses in several general ways—within companies, outside companies in the broader social arena, and collectively. Possible ways to contribute are suggested below.

Within Companies

One way of supporting early care and education is “at home,” focusing on company employees. When government does not require companies to provide childcare or maternity benefits, some firms have taken the initiative to provide these benefits to their own employees. The benefits may include:

- Instituting flexible work hours so that parents can better attend to childcare at home.
- Establishing a childcare or early education center onsite, operated by the firm or under contract with a separate service provider. Whether onsite services will be useful and successful depends somewhat on the distance employees have to travel to work. This approach has not been particularly effective in many developing countries because working mothers do not want their children to endure long trips twice a day on crowded public transportation.
- Providing parents with a cash benefit or voucher to be used for a program that meets certain standards.
- Providing parental education programs for employees.
- Asking employees to contribute to general social programs (e.g., the United Fund in the United States, which usually includes some support for early childhood programs) or to more-specific early childhood programs sponsored by the company or conducted by others.

The suggestions above entail “extra” expenses for a business, which many companies in the developing world are not willing to

entertain, particularly when their comparative advantage in the world market depends on maintaining low production costs. Companies are not likely to take these actions unless they see direct benefits to productivity or have a large social conscience. An example is the noncompliance with laws in many developing countries which require businesses with more than a certain number of female employees to provide a childcare center onsite. Even in these situations, most firms do not provide day care, and most governments do not enforce the law. In some settings, the result may be institution of a "cap" on hiring female labor (to keep the numbers low and avoid providing childcare), or female laborers are hired temporarily and rehired periodically (or let go) so that the firm can avoid paying a benefit.

Partly because businesses are reluctant to provide employees with childcare and early education benefits, many governments have included childcare within mandated social security benefits. Other ways governments have helped companies afford these benefits for their employees include allowing companies an exemption from taxes or from paying child-related social security benefits if the companies provide their own services or other benefits.

Outside Companies, the Broader Social Arena

Another approach, which can generate even wider support for ECD, is for firms to provide support for new or ongoing programs operated by governments, private educational firms, organizations in the social sector, or individuals. The business community does, and can, support these efforts in many ways—by paying taxes, supporting philanthropies, contributing to social trust funds, "adopting" schools, and donating products or services. Taxes and philanthropic programs are the two most prominent indirect forms of contributions by private enterprise to ECD for the public good. These forms of contribution are addressed below, as are the other, more direct, ways to contribute to ECD.

Paying Taxes. Tax contributions by private enterprise to support social programs, including programs for young children, are sometimes

closely to the company or may become totally independent, operating as part of the not-for-profit social sector.

Funds from a philanthropy can be used to support many possible initiatives to improve early child development. For example, they can support centers operated privately or publicly, and they can be used for the full range of complementary strategies in ECD (e.g., centers, parental education, child-centered community programs, training and other forms of capacity building, advocacy).

Recent history indicates a relatively low level of involvement of philanthropies in ECD, although specific data are not available. However, the trend appears to be changing slowly as increased contributions are spurred perhaps by the search for new activities to support, new knowledge about the importance of early childhood, changing social and economic conditions, human rights considerations, and other reasons. The cases described in the next chapter (e.g., the Abrinq Foundation for Children's Rights, the Aga Khan Foundation) illustrate the growing philanthropic involvement of the private sector. However, despite these pioneer and continuing efforts, the shift toward greater support for ECD does not appear to apply yet to the developing world in a significant way.

Establishing and Helping to Operate a Social Trust Fund. Businesses could become more directly involved in ECD by establishing and helping to operate a social trust fund. As a demand-responsive form of involvement, the fund would support programs proposed by care and educational institutions, rather than preset packages of activities. Businesses could operate the fund like a philanthropy or have a much more active and protagonistic role (e.g., providing direct technical or legal support to early childcare and educational institutions, offering loans, becoming involved in advocacy efforts).

A social trust fund is an excellent opportunity for building partnerships across sectors to support ECD, involving governments, private enterprises, and international organizations in contributing to a common fund. All contributors and potential users could be represented on an oversight, governing committee, and an NGO could be established to operate the programs using the fund's resources. The fund

could operate nationally, internationally, or within countries in particular geographic or political areas.

A major purpose of the fund would be to help create and strengthen ECD programs. Activities would be focused on helping communities, NGOs, and small entrepreneurs establish and improve programs, and the fund could provide additional support to institutions financed and/or operated by government. Emphasis could be placed on developing strategies of self-sufficiency for institutions serving lower-income groups that cannot afford to pay the full costs of services. Technical assistance could be provided to help eligible institutions develop proposals for funding.

"Adopting" a School. Programs for companies to adopt a school have been established in Costa Rica and Paraguay. The companies offer the school a range of assistance, such as helping with construction; purchasing or donating materials; and providing management advice, scholarships, and food. One example is the Arauco Company in Chile which provides support to various local community schools (UNICEF and Fundación Andes 1994). For privately operated schools, companies may help support a capital fund, sometimes on a matching basis, to provide a guaranteed, ongoing source of financial support from the earnings of the fund.

Donating Products or Services. In the past, private enterprise often has provided in-kind assistance to various parts of the educational system. The most notable example of this assistance is the large-scale donation of new computers. In the United States, for example, a mechanism has been created to recycle computers replaced by businesses. A similar mechanism could be created in developing countries to help communities and NGOs administer and provide early childcare and education. Other in-kind contributions by private enterprise have been mostly for elementary schools and include donations of school supplies (e.g., paper, crayons, books), construction materials, and sometimes food.

Other opportunities for involvement that are less related to immediate needs or expenditures are also available. For example, for community or private schools, industry could donate products that can

be resold, and donations could be used to build sustainability by helping local institutions develop their own capital funds. Or, industry could offer management assistance to schools, for most institutions of early education are administered by individuals who have no management experience. Courses could be developed to help directors of early childhood centers, operated by community organizations or NGOs, perform self-diagnoses of the centers' organizational and financial condition.

Some larger private businesses will be able to offer specialized assistance, such as computer support or other examples suggested below:

- Book publishers could provide courses for entrepreneurs in early childcare and education using books and materials they already sell.
- Banks could offer small loans, possibly on favorable terms, to small entrepreneurs in education. Or, credit card arrangements could be made, similar to those used to accumulate "frequent travel" miles, to assign a small percentage of one's purchases to a fund for care and education.
- Communications organizations can help publicize educational options and offer expertise and "air time" to support campaigns for early distance education and to sensitize and inform parents (e.g., CNN's current agreement with UNICEF, the World Health Organization, and others to inform the public about children's rights). Telephone companies could allow messages to be printed on their telephone bills to reach a large number of families.

Collective Involvement

Besides the possibilities for individual companies' involvement in ECD, collective contributions from the private sector are also possible and perhaps more feasible. Examples of collective involvement in education include the Coffee Growers Association in Colombia and the Sugar Growers Association in Guatemala.

Establishing a committee to help monitor whether particular firms are providing the benefits or services that should be provided under

law in relation to young children could be one form of collective involvement. A "seal" could be created to identify companies considered to be "child friendly."

Involving Private Citizens

Private citizens who are not parents can play a role as individual philanthropists in support of ECD. Other opportunities have been addressed elsewhere, such as use of vouchers, which privatize education and increase parents' choices for their children's education, and individuals' donation of time to help care for or educate young children, a phenomenon often found in many settings of the developing world, but not the developed world.

Individual Philanthropy

In the developed world, churches, charities, hospitals, and other organizations have long recognized the value of soliciting funds from private individuals, a tradition of microphilanthropy that has developed and perhaps been abused. Large international NGOs (e.g., Save the Children, Christian Children's Fund, Plan International, World Vision) are among the institutions that have used this approach to support programs to improve the condition of children in the developing world. These organizations have been very successful in obtaining funds by establishing programs for individual donors to "sponsor" a child or family in the developing world, drawing their funds mostly from individuals in the developed world. Although some of this philanthropic tradition also exists in the developing world, individual philanthropy is not as strong as in the developed world, partly because the number of middle- and upper-income people who can individually donate funds is much smaller.

Nevertheless, individual involvement in childrearing by nonparents in communities of the developing world may be very high because of extended family and kinship arrangements and traditions of community work. In addition, similar to the developed world, a new approach to involvement is arising as individuals are asked to make financial contributions to social programs. For example, in

Bangladesh, GrameenPhone appeals directly to individuals for financial assistance, and, in Colombia, the Center for International Development and Education is experimenting with an appeal for donations from Colombians living outside Colombia.

The explosion of the Internet greatly expands possibilities for microphilanthropy to a new level. For example, a small European group used the Internet to appeal for assistance after Hurricane Mitch, raising US\$200,000 almost overnight. Because of this success, the group is considering developing a mechanism for similar appeals that would include, for potential donors, a "menu" of NGOs in the developing world and short presentations of their programs. The organizations (and appeals) would be screened independently to validate their authenticity, experience, and need. One technology is already available to facilitate such an effort. As reported in *TIME* magazine (Schenker 2000), "... technology industry executives spoke to some of the world's largest banks at the [recent] Davos meeting about using digital certificates so that small amounts of money can be transferred between individuals." Undoubtedly, there are many examples of similar potentially fruitful efforts in the developing world, and documenting them and learning from their successes and failures would be useful.

Conclusion

This chapter has explored possible opportunities for involving components of the private sector in early child development. The main observations are summarized as follows.

1. Involving the private sector is different from privatizing. "Privatization" is a much narrower concept that refers to the shifting of ownership and operation, and sometimes financing, from governmental organizations to nongovernmental organizations or individuals. "Involving the private sector" is a broad notion that refers to the wide participation of all components of the private sector in a full range of activities.

2. For early child development in the developing world, privatization may not be the main issue, as suggested by the very high proportion of private-sector support for early childcare and education programs and the high proportion of early childhood programs operated privately. Rather, the task may be to identify ways for various parts of the private sector to help parents with their child's education, to improve existing childhood programs operated by the private sector, and to partner with government to improve access to, and quality of, programs financed and administered by the government. Attention may need to be given to making early childhood programs more public and involving governments in a field they have been reluctant to enter.
3. The arguments for investing in ECD may be compelling to governments and different social organizations, but may not be convincing to private businesses or individuals that may expect direct, private payoffs, or returns, from their investments, particularly if the businesses or individuals are not already involved in early childcare or education. If the private sector does not assume some responsibility in this area, and governments do not act, ECD programs will be underinvested (i.e., the level of private-sector benefits will not match the level of social benefits ECD programs can provide).
4. The assumption that there are knowledgeable consumers and competitive markets in many settings of the developing world is doubtful. The lack of these ingredients in many settings undercuts existing arguments for privatization, which postulate improved quality, accountability, and efficiency by offering incentives to private providers or funds to consumers for choosing among options.
5. The criteria for evaluating the effects of increased involvement by the private sector or privatization of early childcare and education include changes in levels of funding, access, accountability, efficiency, quality, diversity and choice, and equity. Applying these criteria may lead to contradictory conclusions. For example, the tendency to use the criteria of funding and access

often leads to neglect of equity and differences in quality, or inequity. Shifting the balance between public and private support affects these criteria in different settings, and researchers have yet to accumulate all the evidence about these effects.

6. The opportunities for involving noneducation and noncare businesses in early childcare and education are many. One promising approach is their participation in establishing and operating social trust funds.
7. Individual microphilanthropy is another promising approach for tapping private-sector resources that has not been promoted or examined widely within the developing world.

Note

In writing this chapter, the author benefited from papers or thoughts by Jeffrey Puryear, Miriam Waiser, Claudio Castro, Henry Levin, Stephen Heyneman, Mark Bray, and Ellen Mangenheim. The responsibility for the contents is solely the author's.

References

- Bray, M. 1998. Privatization of Secondary Education: Issues and Policy Implications. In J. Delors, ed., *Education for the Twenty-First Century: Issues and Prospects*. Paris: UNESCO.
- Bronfenbrenner, U. 1979. *The Ecology of Human Development*. Cambridge, Mass.: Harvard University Press.
- Casassus, J., J.E. Froemel, J.C. Palafox, and S. Cusato. 1998. *Primer Estudio Internacional Comparativo Sobre Lenguaje, Matemática y Factores Asociados en Tercero y Cuarto Grado*. Santiago, Chile: UNESCO, Regional Office for Education in Latin America and the Caribbean (Chile), Latin American Laboratory for Evaluation and Quality of Education.
- Finn, C.E., B. Manno, and G. Vanourek. 2000. *Charter Schools in Action: Renewing Public Education*. Princeton: Princeton University Press.

- Mangenheim, E. 1999. Preschools and Privatization. Paper presented at the conference on Setting the Agenda for the Center of the Study of Privatization in Education. Columbia University, Teachers' College. Mimeo [Forthcoming from Westview Press in a volume edited by H.M. Levin.]
- Myers, R. 1995. *The Twelve Who Survive: Strengthening Programs of Early Childhood Development in the Third World*. Ypsilanti, Mich.: High/Scope Press.
- . 2000a. Early Childhood Care and Development, A Global Review: 1990–1999. Paper for UNICEF and The Education for All Forum, contributed to the Year 2000 Evaluation of Education for All. Paris: The Education For All Forum. [Available on <http://www.unesco.org/education/efa>]
- . 2000b. Financing Early Childhood Care and Education Services. In M. Neuman, ed., *International Journal of Educational Research* 33:75–93.
- Plank, D., and G. Sykes. 1999. How Choice Changes the Education System: A Michigan Case Study. In C. Soudien and P. Kallaway, eds., *Education, Equity and Transformation*. Dordrecht, The Netherlands: Kluwer Academic Publishers, in cooperation with UNESCO Institute for Education.
- Rothstein, R., M. Carnoy, and G. Benveniste. 1999. *What Public Schools Can Learn from Private Schools*. Aspen, Col.: Economic Policy Institute.
- Sancho, A. 1999. *Sintesis del la Conferencia sobre Oportunidades de Inversión en Educación Privada en Países en Desarrollo*. Washington, D.C.: International Finance Corporation.
- Schenker, J.L. 2000. Plans to Dotcom the World. *TIME Europe*, Feb. 14, 40.
- Schweinhart, L., H. Barnes, and D. Weikart (with W.S. Barnett and A. Epstein). 1993. *Significant Benefits. The High/Scope Perry Pre-school Study Through Age 27*. Ypsilanti, Mich.: High/Scope Press.
- Tooley, J. 1999. *The Global Education Industry. Lessons from Private Education in Developing Countries*. London: Institute of Economic Affairs, in conjunction with International Finance Corporation.

- UNICEF (United Nations Children's Fund) and Fundación Andes.
1994. *Aportes de la Empresa Privada al Mejoramiento de la Educación en Chile*. Santiago: UNICEF.
- Van der Gaag, J. 1995. *Private and Public Initiatives. Working Together for Health and Education*. Washington, D.C.: The World Bank.