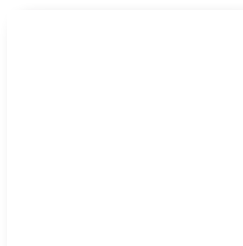
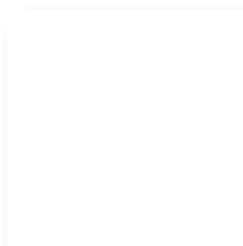


International aid and educating the poorest

Pauline Dixon and Paul Marshall



CENTREFORUM

About the authors

Paul Marshall is chairman of Marshall Wace LLP, one of Britain's leading hedge fund groups. He is also a founder trustee of Absolute Return for Kids (ARK), the children's charity, and co-chairman of ARK Education. He is chairman of the Management Board of CentreForum. Previous publications include: 'The orange book: reclaiming liberalism' (2004) which he co-edited, 'Britain after Blair: a liberal agenda' (2006), 'Tackling educational inequality' (2007) and 'Football and the Big Society' (2011).

Pauline Dixon is a Senior Lecturer in Education and Development at Newcastle University and has extensive experience working in Asia and Africa. She was the International Research Coordinator on the John Templeton Project from 2003-2005 and the Orient Global Project from 2007-2009. Her previous publications include: 'Revolution at the grassroots in developing countries: Implications for school choice in America' (2011) and 'Private schooling for low-income families: A census and comparative survey in East Delhi, India' (2007).

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■ Executive summary

Billions of pounds more are to be spent on international aid by Britain in the coming years. Currently estimated at £7.8 billion per year, the aid budget is set to increase to around £11.4 billion in 2013. The coalition government plans to enshrine into law that 0.7 per cent of gross national income is spent on development.

However, this increase in the aid budget is taking place against a background of increasing controversy around the effectiveness of aid and in particular of systematic (government-to-government) aid. The latter has been shown to suffer from corruption, theft and waste, instigating a dependency culture which some regard as more damaging than providing no aid at all.

If aid is to continue to attract political support, as we believe it should, a more effective way needs to be found to ensure that it reaches those for whom it is intended, enabling them to progress out of aid dependency.

Because systematic aid is typically allocated by Planners, often unaware of up to date innovations or opportunities for the poorest, it is frequently channelled into less productive and effective areas. Alternatives are obvious to those on the ground; those living and residing in the slums; the poor and the new generation of entrepreneurs, termed the 'cheetah' generation. So why aren't we listening to them?

In this paper we set out an example of one such different approach. In many developing countries there has been a *de facto* privatisation of schooling with a burgeoning of private unaided schools in shantytowns and slum areas around

the world. Parents voting with their feet have turned their backs on a failing state system, irrespective of the opinions and funding of aid agencies, and irrespective of the fact that state education is free, because the parents are able to choose what is best for their children. These private schools, charging minimal fees, are outperforming government ones at a fraction of the teacher cost.

But there are children who cannot gain access, who don't have the money to attend a school of their choice. Their plight has been recognised by some of the 'cheetahs' and 'searchers' from the UK and USA who have set up privately funded targeted voucher programmes in India. Evidence from the USA and Colombia has shown that, for disadvantaged students, gaining school vouchers can provide substantial gains and positive effects. In India, randomised control trials have illustrated the advantages of directing funds to the poor through an alternative provider and management sector.

It is possible therefore, through the use of aid vouchers, for funds to reach the poorest at the grassroots level, minimising waste, corruption and theft whilst focusing on efficiency and effectiveness. It is now time that such alternative means of allocating international aid be given a true hearing.

1. A brief (UK) history of international aid

In 2010 Official Development Assistance (ODA), the amount the UK spends on aid, accounted for around 0.56 per cent of UK Gross National Income (GNI), up from 0.51 per cent in 2009 and 0.43 per cent in 2008. This compares to the USA at 0.21 per cent and Germany's 0.38 per cent. In 2010 the UK ODA was estimated at around £8,354 million. This is the highest level of UK ODA ever recorded. The international aid budget is set to increase to around £11.4 billion in 2013, while the coalition government is planning to enshrine into law that 0.7 per cent of gross national income is spent on development.

Table 1 – UK official development assistance 1970-2010

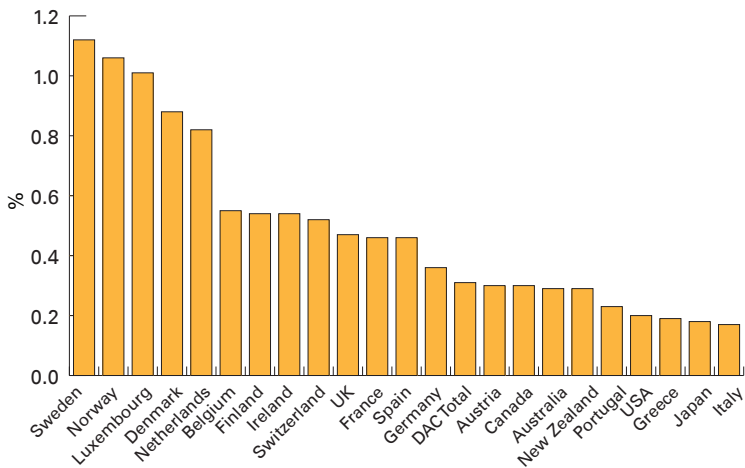
Year	ODA, £m	ODA as % of GNI	Year	ODA, £m	ODA as % of GNI
1970	186	0.36	1991	1,815	0.32
1971	231	0.40	1992	1,848	0.31
1972	243	0.38	1993	1,945	0.31
1973	246	0.34	1994	2,089	0.31
1974	307	0.40	1995	2,029	0.29
1975	388	0.39	1996	2,050	0.27
1976	487	0.39	1997	2,096	0.26
1977	638	0.44	1998	2,332	0.27
1978	763	0.46	1999	2,118	0.24
1979	1,016	0.51	2000	2,974	0.32
1980	797	0.35	2001	3,179	0.32
1981	1,081	0.43	2002	3,281	0.31
1982	1,028	0.37	2003	3,847	0.34
1983	1,061	0.35	2004	4,302	0.36
1984	1,070	0.33	2005	5,926	0.47
1985	1,180	0.33	2006	6,770	0.51
1986	1,185	0.31	2007	4,921	0.36
1987	1,142	0.28	2008	6,356	0.43
1988	1,485	0.32	2009	7,223	0.51
1989	1,578	0.31	2010	8,354	0.56
1990	1,485	0.27			

Source: www.dfid.gov.uk/Documents/publications1/2010-Provisional-Statistical-Release.pdf

The all-party acceptance within the UK of the UN's 0.7 per cent target, especially in such straitened times, can be regarded as a personal triumph for development economist Jeffrey Sachs. Sachs¹ believes that it is financial aid from rich countries that will end extreme poverty and allow the Millennium Development Goals (MDGs) to be met. It is only with a 'big push' from a substantial increase in Official Development Assistance (ODA) that sub-Saharan Africa will be able to escape the poverty trap². Sachs has been campaigning for a long time to persuade developed nations to commit 0.7 per cent of GNP to development assistance. And Britain is now joining 5 other countries (primarily Scandinavian) in committing to the target.

Most countries (including the USA) continue to lag well below the target (see Figure 1). In monetary terms, however, the USA is the largest donor with regard to total expenditure (just over £18 billion) followed by France and Germany (just under £8 billion) with the UK ranked fourth.

Figure 1 – Comparison of provisional net ODA/GNI ratios for DAC donors 2009



Source: www.dfid.gov.uk/Documents/publications1/sid2010/SID-2010.pdf p. 18.

- 1 J Sachs 'The end of poverty: economic possibilities for our time', Penguin, 2005.
- 2 B Snowdon, 'A global compact to end poverty: Jeffrey Sachs on stabilisation, transition and weapons of mass salvation', *World Economics* 6(4), 2005.

Giving aid is a relatively new phenomenon spurred on partly by the success of the Marshall Plan in 1948. Instigated post World War II owing to the breakdown of international capital markets and the threat of communism³, political and humanitarian justifications have typically supported the economic arguments for aid. Lord Keynes stimulated, with his General Theory, a new development economics and along with Gunnar Myrdal, Walt Rostow, Roy Harrod and Eysenck Domar, inspired a new model of how aid spurs investment in developing countries. The main reasoning was that poor countries have low income and therefore low savings. This in turn leads to a 'low-level equilibrium trap'. Higher income, it was argued, only perpetuates population growth, not savings. So the theory was that investment financed by international aid would spur savings, allowing poor countries to break out of a cycle of poverty and allow for greater productivity and growth.⁴ The humanitarian case is built upon an analogy of the welfare state - that is, favouring welfare as a means of transferring wealth from rich countries to poor ones. Humanitarian justification for aid flows from UK taxpayers to poor people seems morally sound based on Rawls' theory of justice.

Just as there is a humanitarian justification for transfers to the poor within the UK, so too there is a justification for transfers to other countries that have not benefited to the extent we have from globalisation and whose people remain trapped in poverty. In particular, advantageous trade relationships –for example where we continue to subsidise our farmers whilst demanding that other countries end similar protectionist measures – could be said to generate a moral debt to compensate poorer countries from what we gain at their expense.

Taken together, then, there are powerful economic arguments, underpinned by political and humanitarian justifications, for why we should sustain significant aid flows to poorer countries. What is more, these are arguments not just for

3 P Bauer, '*Dissent on development*', Weidenfeld and Nicholson, 1972.

4 F Erixon, 'Poverty and recovery: the history of aid and development in East Africa', *Economic Affairs* 23(4), 2003; B Snowdon, 'The Solow model, poverty traps, and the foreign aid debate', *History of Political Economy*, 41(1), 2009.

aid, but for *effective* aid; giving money alone is not enough, they also demand that we ensure that it works in supporting economic growth and aiding the poorest.

However, criticism of the amounts of money being allocated to aid in the UK have been mounting, particularly given the overall constraints on public spending and the cuts being imposed in most other areas. Critics argue that the evidence surrounding the effects of international aid money doesn't bode well. They point to the trillion dollars in aid transferred from developed nations over the last 50 years and ask 'What has sub-Saharan Africa got to show for it?' Many African countries are still as poor as they were forty years ago. Life expectancy in sub-Saharan Africa is 52; GDP growth (annual per cent) is only 1.7; 51 per cent of the population are living on less than \$1.25 per day.⁵ Aid sceptics argue that much aid, in its current form, just doesn't work to alleviate poverty or instigate sustainable economic growth. In fact, they suggest, it can do more harm than good.

"Inefficient institutions, created and perpetuated by elites, are a major barrier to progress in many developing countries... we should not be surprised when aid flowing into an environment dominated by mismanaged or corrupt institutions and inadequate governance fails to deliver a virtuous circle of enlightened reforms and the Holy Grail of sustained economic growth" Snowden, 2009.

With the current 'austerity' measures, many at home are feeling the pinch. To fail to ensure that aid is effective risks eroding public support. So it is particularly important that now, more than ever, the British government ensures that aid money improves the lives of those it is intended to benefit. It is time to be more rigorous about the different channels for delivering aid, and to ensure in particular that aid will always find its way to those genuinely in need.

⁵ World Bank, '2008 World development indicators: poverty data, a supplement to world development indicators 2008', 2008. data.worldbank.org/indicator

2. Different models of aid

2.1 The trouble with systematic aid

Arguments in support of 'systematic' aid (the giving of aid to governments through either government to government transfers or via an institution such as the World Bank) are generally based either on capacity issues (for example that NGOs alone lack the capacity to deliver aid on the scale implied by the 0.7 per cent millennium target) or on quasi-economic arguments – namely, in order to stimulate growth and economic development, developing countries need investment in basic infrastructure and this is best delivered through the public sector. In recent public statements, the Department for International Development (DfID) has also argued for the strategic benefits of aid to countries like India, Afghanistan and Pakistan (all among the top ten recipients of UK bilateral aid – see Table 2) in terms of indirect national security benefits to the UK.

Table 2 – Top 10 recipients of UK Bilateral Aid (£m) 2009/10

1. India	295
2. Ethiopia	214
3. Bangladesh	149
4. Sudan	146
5. Tanzania	144
6. Pakistan	140
7. Afghanistan	133
8. Nigeria	114
9. Congo (Dem Rep)	109
10. Ghana	90

Source: DfID

Table 3 below sets out the amount and proportion of aid given as government to government/systematic aid by DfID from 2005-2010. The first row includes sector wide programmes which are receiver government led, but not necessarily with the funds entirely under their control, and also debt relief as well as Budget Support. The second row only sets out direct Budget Support which goes directly into the receiving government's treasury with *minimal* further donor involvement (£0.63 billion and 16 per cent of Bilateral Aid in 2010 showing a pretty constant percentage since 2005). The last row shows that around 26 per cent of total DfID aid in 2010, that's £1.64 billion, was given as bilateral and multilateral aid (via the European Commission, World Bank etc.) direct to governments in developing countries. As a percentage the proportion has been dropping in recent years (from 30.2 per cent in 2005) although the total monetary amount has risen by £0.53 billion from £1.11 billion. This contrasts with a figure of £0.59 billion in bilateral aid distributed through NGOs in 2009/10.

Table 3 – The proportion and total amount of UK bilateral and multilateral aid 2005-2010

	2010	2009	2008	2007	2006	2005
1. Bilateral only These figures include: Direct Budget Support, Other Financial Aid (mainly Sector Wide Programmes) and Debt Relief	£1.21bn	£1.19bn	£1.17bn	£1.07bn	£1.01bn	£0.83bn
As a percentage of DfID Bilateral Aid	30.0%	36.1%	39.4%	38.3%	38.2%	37.7%
2. Bilateral only Including: Just Direct Budget Support	£0.63bn	£0.65bn	£0.64bn	£0.46bn	£0.48bn	£0.35bn
As a percentage of DfID Bilateral Aid	16.0%	19.7%	15.4%	16.7%	17.9%	15.8%
3. Bilateral plus multilateral mainly through European Commission and World Bank. Low estimate:	£1.64bn	£1.62bn	£1.54bn	£1.43bn	£1.34bn	£1.11bn
As a percentage of total DfID Aid	25.6%	29.1%	31.0%	29.9%	31.1%	30.2%

NB: Figures exclude bilateral aid distributed via multilateral organisations

Source: DfID (2010) and www.dfid.gov.uk/Documents/publications1/sid2010/SID-2010.pdf

Bauer, Moyo, Easterly and Ayittey have long argued that government to government aid suffers from corruption, theft and waste.⁶ They argue that providing aid can risk encouraging a dependency culture which is more damaging than providing no aid at all: "aid is not benign - it's malignant. No longer part of the potential solution, it's part of the problem".⁷ Government to government aid has done little to promote growth;⁸ what has grown is the size of government bureaucracy as 'aid flows primarily benefit a wealthy political elite'.⁹

Their criticisms should not be ignored by those who are supportive of international development aid. In many developing countries, corruption is part of daily living. However, there is a real fear that the more aid money, the more corruption, since "foreign aid props up corrupt government - providing them with freely usable cash".¹⁰ Moyo argues that these governments inflict more poverty on their citizens, filtering away aid money into their own Swiss bank accounts, which actually attracts more aid because of the lack of investment, which encourages more corruption, more aid, more corruption, ad infinitum.

In a report entitled 'Africa development indicators: silent and lethal, how quiet corruption undermines Africa's development efforts' the World Bank acknowledges the extent of both 'big time' and 'silent' corruption in Africa which "significantly undermines the impact of investments".¹¹ Just as worryingly, the World Bank believes that "the iceberg of corruption is sinking considerable efforts to improve the well-being of Africa's citizens; particularly the poor". Corrupt government officials,

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- 6 P Bauer, *'Dissent on development'*, Weidenfeld and Nicholson, 1972; D Moyo, *'Dead aid, why aid is not working and how there is another way for Africa'*, Penguin, 2009; W Easterly 'Can foreign aid buy growth?', *Journal of Economic Perspectives* 17, 2003; W Easterly, *'The white man's burden: why the west's efforts to aid the rest have done so much ill and so little good'*, Penguin, 2006; W Easterly, 'Can the west save Africa?', *Journal of Economic Literature* 47, 2009; G B N Ayittey, *'Africa unchained: the blueprint for Africa's future'*, 2005.
 - 7 D Moyo, *'Dead aid, why aid is not working and how there is another way for Africa'*, Penguin, 2009
 - 8 G B N Ayittey, *'Africa unchained: the blueprint for Africa's future'*, 2005.
 - 9 P Boone *'Politics and the effectiveness of foreign aid'* NBER Working Paper 5308, October 1995.
 - 10 D Moyo, *'Dead aid, why aid is not working and how there is another way for Africa'*, Penguin, 2009.
 - 11 World Bank, *'Africa development indicators: silent and lethal, how quiet corruption undermines Africa's development efforts'*, World Bank, 2010.

public servants, leaders and dictators have all been shown to line their pockets with monies destined for the poor.

Recent examples of alleged aid money theft have been reported from Sierra Leone, Uganda and Kenya. Around £1.2 million given for peace keeping purposes to Sierra Leone by DfID was allegedly stolen by government officials in 2009 who bought luxury consumer items with the money, including 36 plasma televisions. £16.5 million has allegedly been stolen by ministers in Uganda given to fund a 'Commonwealth Heads of Government' meeting in 2010. In Kenya, ministers in the education department have been accused of misappropriating \$1.3 million of World Bank and DfID funding provided for education projects. Again in Kenya, over the last four years some \$17.3 million worth of textbooks have also been 'lost', allegedly through fraud, theft and destruction¹².

But these are just recent examples. Over the years large scale embezzlement, insider dealings, corruption, the financing of 'grandiose projects', a lack of transparency, and poor monitoring have all added to the abuse of aid. According to a report from the National Audit Office, fraud and corruption present a risk to the reputation of DfID who are unable to provide 'a clear picture of the extent, nature and impact of the leakage'. With more aid being given to countries where there is known to be corrupt and weak governance 'the risk of leakage will potentially increase'.¹³ Countries that are to receive an increase in their aid at a rate greater than 50 per cent include the Democratic Republic of Congo, Nigeria, and Kenya. On the 2010 Corruption Perceptions Index where 178 countries were provided a score between 10 'highly clean' to 0 'highly corrupt' these countries' scores and league positions were 2 (164/178), 2.4 (134/178), and 2.1 (154/178) respectively (see Table 4 overleaf). More aid is also to be given to some of the most volatile states - Afghanistan and Somalia - which prop up the table at position 176 and 178 with two of the

12 Daily Telegraph, Feb 5th 2011 <http://www.telegraph.co.uk/news/worldnews/wikileaks/8304640/WikiLeaks-cables-millions-in-overseas-aid-to-Africa-was-embezzled.html>

13 National Audit Office, '*Department for International Development: financial management report*', 2011.

Table 4 – Corruption Perceptions Index (2010)

1	Denmark	9.3	46	Lithuania	5	91	Bos & Hertz.	3.2	134	Honduras	2.4
1	New Zealand	9.3	46	Macau	5	91	Djibouti	3.2	134	Nigeria	2.4
1	Singapore	9.3	48	Bahrain	4.9	91	Gambia	3.2	134	Philippines	2.4
4	Finland	9.2	49	Seychelles	4.8	91	Guatemala	3.2	134	S. Leone	2.4
4	Sweden	9.2	50	Hungary	4.7	91	Kiribati	3.2	134	Togo	2.4
6	Canada	8.9	50	Jordan	4.7	91	Sri Lanka	3.2	134	Ukraine	2.4
7	Netherlands	8.8	50	Saudi Arabia	4.7	91	Swaziland	3.2	134	Zimbabwe	2.4
8	Australia	8.7	53	Czech Rep.	4.6	98	Burk. Faso	3.1	143	Maldives	2.3
8	Switzerland	8.7	54	Kuwait	4.5	98	Egypt	3.1	143	Mauritania	2.3
10	Norway	8.6	54	South Africa	4.5	98	Mexico	3.1	143	Pakistan	2.3
11	Iceland	8.5	56	Malaysia	4.4	101	Dom. Rep.	3	146	Cameroon	2.2
11	Luxembourg	8.5	56	Namibia	4.4	101	S. Tome & P.	3	146	C. d'Ivoire	2.2
13	Hong Kong	8.4	56	Turkey	4.4	101	Tonga	3	146	Haiti	2.2
14	Ireland	8	59	Latvia	4.3	101	Zambia	3	146	Iran	2.2
15	Austria	7.9	59	Slovakia	4.3	105	Algeria	2.9	146	Libya	2.2
15	Germany	7.9	59	Tunisia	4.3	105	Argentina	2.9	146	Nepal	2.2
17	Barbados	7.8	62	Croatia	4.1	105	Kazakhstan	2.9	146	Paraguay	2.2
17	Japan	7.8	62	FYR Macedonia	4.1	105	Moldova	2.9	146	Yemen	2.2
19	Qatar	7.7	62	Ghana	4.1	105	Senegal	2.9	154	Cambodia	2.1
20	UK	7.6	62	Samoa	4.1	110	Benin	2.8	154	C. Af. Rep.	2.1
21	Chile	7.2	66	Rwanda	4	110	Bolivia	2.8	154	Comoros	2.1
22	Belgium	7.1	67	Italy	3.9	110	Gabon	2.8	154	Congo-BrazV.	2.1
22	USA	7.1	68	Georgia	3.8	110	Indonesia	2.8	154	Guinea-Bissau	2.1
24	Uruguay	6.9	69	Brazil	3.7	110	Kosovo	2.8	154	Kenya	2.1
25	France	6.8	69	Cuba	3.7	110	Solomon Is.	2.8	154	Laos	2.1
26	Estonia	6.5	69	Montenegro	3.7	116	Ethiopia	2.7	154	P. N. Guinea	2.1
27	Slovenia	6.4	69	Romania	3.7	116	Guyana	2.7	154	Russia	2.1
28	Cyprus	6.3	73	Bulgaria	3.6	116	Mali	2.7	154	Tajikistan	2.1
28	UAE	6.3	73	El Salvador	3.6	116	Mongolia	2.7	164	D R Congo	2
30	Israel	6.1	73	Panama	3.6	116	Mozambique	2.7	164	Guinea	2
30	Spain	6.1	73	Trin & Tob	3.6	116	Tanzania	2.7	164	Kyrgyzstan	2
32	Portugal	6	73	Vanuatu	3.6	116	Vietnam	2.7	164	Venezuela	2
33	Botswana	5.8	78	China	3.5	123	Armenia	2.6	168	Angola	1.9
33	Puerto Rico	5.8	78	Colombia	3.5	123	Eritrea	2.6	168	Eq. Guinea	1.9
33	Taiwan	5.8	78	Greece	3.5	123	Madagasc.	2.6	170	Burundi	1.8
36	Bhutan	5.7	78	Lesotho	3.5	123	Niger	2.6	171	Chad	1.7
37	Malta	5.6	85	Peru	3.5	127	Belarus	2.5	172	Sudan	1.6
38	Brunei	5.5	87	Serbia	3.5	127	Ecuador	2.5	172	Turkmen.	1.6
39	Korea (South)	5.4	87	Thailand	3.5	127	Lebanon	2.5	172	Uzbekistan	1.6

39	Mauritius	5.4	85	Malawi	3.4	127	Nicaragua	2.5	175	Iraq	1.5
41	Costa Rica	5.3	87	Morocco	3.4	127	Syria	2.5	176	Afghanistan	1.4
41	Oman	5.3	87	Albania	3.3	127	Timor-Leste	2.5	176	Myanmar	1.4
41	Poland	5.3	87	India	3.3	127	Uganda	2.5	178	Somalia	1.1
44	Dominica	5.2	87	Jamaica	3.3	134	Azerbaijan	2.4			
45	Cape Verde	5.1	87	Liberia	3.3	134	Bangladesh	2.4			

Source: www.transparency.org/policy_research/surveys_indices/cpi/2010/results

lowest scores - 1.4 and 1.1.¹⁴ As put by Ayittey:

“A bucket full of holes can only hold a certain amount of water for a certain amount of time. Pouring in more water makes little sense as it will all drain away. To the extent that there are internal leaks in Africa - corruption, senseless civil wars, wasteful military expenditure, capital flight, and government waste - pouring in more foreign aid makes little sense.”¹⁵

And still it goes on. Why? Some believe it is because systematic aid is big business; a well oiled industry upon which many are dependent including the aid agencies themselves (Moyo, 2009; Easterly, 2006; Ayittey, 2005).

These aren't the only problems. The damaging unintended consequences of systematic aid can include negative effects on local entrepreneurs. This could be the case where aid goes to buy materials (mosquito nets, text books, etc) which are then given to a community free of cost. The materials that would have been produced and sold locally by businesses and entrepreneurs cannot compete with these 'free' materials, and so business incentives are stifled. Thus, the giving of free nets in Tanzania resulted in them being diverted and sold on the black market; clinics ran out owing to inadequate stocks due to the inability to 'plan' provision to meet need, whilst nets were diverted for use as fishing nets and wedding veils.¹⁶

There is also strong evidence that public sector delivery of education and healthcare for the poor in developing countries suffers from high levels of waste and low productivity

¹⁴ www.transparency.org/policy_research/surveys_indices/cpi/2010/results

¹⁵ G B N Ayittey, *Africa unchained: the blueprint for Africa's future*, 2005.

¹⁶ W Easterly, 'Can the west save Africa?', *Journal of Economic Literature* 47, 2009.

– with little effort and absenteeism endemic in many public sectors.¹⁷ This issue is discussed in greater detail in relation to education below.

2.2 Searchers and Planners – Cheetahs and Hippos

Ayittey argues that there are two types of elite in Africa - ‘Hippos’ and ‘Cheetahs’. The Hippos are those from the 1950s and 1960s generation:

“stodgy, pudgy, and wedded to the old colonialism/imperialism paradigm with an abiding faith in the potency of the state. They sit tight in their air-conditioned government offices, comfortable in their belief that the state can solve all problems. All the state needs is more power. And they ferociously defend their territory since that is what provides them with their wealth. The whole country may collapse around them, but they are content as long as their pond is secure.”¹⁸

Hippos are a big part of the aid problem. Cheetahs are the young generation of African graduates, the entrepreneurs, the searchers, the dynamic, those fed up with the mismanagement of the nation’s resources who are looking for change. The cheetahs are what aid should focus on. Similarly, Bauer and Easterly question the ability of ‘Planners’ to allocate aid funds.¹⁹ Allocation is often provided for strategic reasons rather than by ‘Searchers’, the term Easterly uses for entrepreneurs of all kinds:

“A Planner thinks he already knows the answers; he thinks of poverty as a technical engineering problem that his answers will solve. A Searcher admits he doesn’t know the answers in advance; he believes that poverty is a complicated tangle of political, social, historical, institutional and technological factors. A Searcher hopes to find answers to individual problems only by trial and error experimentation. A Planner believes outsiders

17 N Chaudhury et al, ‘Missing in action: teacher and health worker absence in developing countries’, *Journal of Economic Perspectives* 20(1), 2006; World Bank, ‘Africa development indicators: silent and lethal, how quiet corruption undermines Africa’s development efforts’, World Bank, 2010.

18 G B N Ayittey, ‘Africa unchained: the blueprint for Africa’s future’, 2005.

19 P Bauer, ‘Dissent on development’, Weidenfeld and Nicholson, 1972; W Easterly, ‘Can the west save Africa?’, *Journal of Economic Literature* 47, 2009.

know enough to impose solutions. A Searcher believes only insiders have enough knowledge to find solutions, and that most solutions must be home grown"²⁰

The ability for Planners to target transfers to the truly needy requires local knowledge. Once again the unintended consequences include the crowding out of private transfers.²¹ When spending your own money on yourself, you care very much about how much and how you spend it - "you clearly have a strong incentive both to economise and to get as much value as you can for each dollar you spend."²² Typically, when spending someone else's money on someone else, one cares little about how much and how it is spent. This puts someone in a position to decide what is good for other people: "the effect is to instil in the one group a feeling of almost God-like power; in the other, a feeling of childlike dependence".²³ This, according to Friedman, results in a waste of money, and a failure to achieve the intended objectives.

The Searchers and Cheetahs could be the answer for Africa and other developing nations. Hippos and Planners are from another era, proven to make costly mistakes, and in some cases through fraud, corruption and outright theft are perpetuating and instigating impoverishment.

There has been insufficient recognition by the British government that market based approaches, as a catalyst for the reduction of poverty, can have a role to play. One example is the market in education; burgeoning in developing countries, an example of market success, the choice of millions of poor parents voting with their feet away from public provision to what they regard as schools of first resort. We examine this in more depth below but the approach has potentially much wider applicability as a way of ensuring that aid is targeted most effectively at those in need.

20 W Easterly, *The white man's burden: why the west's efforts to aid the rest have done so much ill and so little good*, Penguin, 2006.

21 D Lal and H Myint, *The political economy of poverty, equity and growth—A Comparative Study*. Oxford: Clarendon Press, 1996.

22 M Friedman, 'Capitalism and freedom', University of Chicago Press, 1962.

23 Ibid.

: 3. Schooling in developing countries

3.1. The poor not being patient and making choices

It was stated in a World Bank report that poor parents have to be 'patient' because public education needs to be reformed first to rid it of corruption and horrendous inefficiencies before the needs of the poor can be met.²⁴ The poor don't have time. The poor don't read World Bank reports. Again, according to the World Bank the poor 'rely predominantly on publicly provided services'; this accepted wisdom is misguided. Research on affordable private unaided schools in the poorest places shows that many no longer 'rely' on the 'low level of effort' or 'high absenteeism'²⁵ from government school teachers. They have already abandoned public education and are using private schools instead.

Survey and census data have been gathered from schools of different management types operating in slum areas in cities around India and Africa. Research teams have combed the poorest areas of India, Ghana, Kenya and Nigeria. Walking down every alleyway, looking in every street and asking local market traders where the poor go to school have provided results that are quite astounding. Private schools often exist below the radar of governments. Two types exist – recognised/registered or unrecognised/unregistered: the latter operating in the extra legal sector, but still making a difference and chosen above public provision.

In India and in the poorest zones in the old city of Hyderabad the majority of poor children – at least 65% – are attending

24 World Bank, *'Making services work for poor people: World Development Report 2004'*, World Bank/Oxford University Press, 2003.

25 World Bank, 2010, p.xii

private unaided schools. In Shahdara, a slum in East Delhi 66 per cent of schools are private (see Table 5). These schools for the poor are not just an urban or peri-urban phenomenon, either. On average 24 per cent of children in the 6-14 age group in rural areas are enrolled in private schools. In some states including the Punjab, Haryana, Manipur Meghalaya and Kerala the percentage is now around 50 per cent and in Uttar Pradesh it is estimated that 43 per cent of boys and 35 per cent of girls are enrolled in private unaided schools.²⁶ In Africa, in the poor urban and periurban areas of Lagos State, Nigeria, 75 per cent of school children were found to be in private unaided schools. In the district of Ga, Ghana the figure was 64 per cent.²⁷ In Pakistan it is estimated that one out of every three children in primary education is enrolled in one of the 47,000 private schools.²⁸ These private unaided schools are typically established by entrepreneurs from the communities themselves. They also employ teachers from those communities and charge very low fees, around £3-£4 per month, about 5-10 per cent of minimum wage paying market rate teacher salaries.

Table 5 – Number and proportion of schools

	Shahdara slum Delhi India			3 poorest zones of Hyderabad, India			Lagos State, Nigeria		
	Schools	Schools	Pupils	Schools	Schools	Pupils	Schools	Schools	Pupils
Type	N	%	%	N	%	%	n	%	%
Public	71	26.8	60.4	320	34.9	24.0	185	34.3	26.0
PrivateA	19	7.2	3.7	49	5.3	11.4	0	0	0
PrivateU	73	27.5	8.8	335	36.5	23.1	233	43.1	33.0
PrivateR	102	38.5	27.2	214	23.3	41.5	122	22.6	42.0
Total	265	100	100	918	100	100	540	100	100

PrivateU - Private unrecognised or unregistered; PrivateR - Private recognised or registered; PrivateA (Aided) run by private management teacher salaries funded by the state) See Tooley et al, 2011.

26 Pratham, 'Annual status of education report', Pratham Resource Centre, 2010 – available from www.asercentre.org

27 J Tooley et al, 'Private and public schooling in low income areas of Lagos State, Nigeria: a census and comparative survey' *International Journal of Educational Research* 43(3), 2005; J Tooley et al, 'Private and public Schooling in Ga, Ghana: a census and comparative survey' *International Review of Education* 53(3-4), 2007.

28 T Andrabi et al, 'A dime a day: the possibilities and limits of private schooling in Pakistan', *Comparative Education Review*, vol. 52, no.3, 2008.

But numbers are not the end of the story. Unannounced visits show much lower rates of teacher absenteeism in private schools, where teaching activity is described as “feverish”.²⁹ In three country studies in India, Ghana and Nigeria during unannounced visits to schools, private primary school teachers were more often teaching than their government counterparts and teacher absenteeism was lower in both types of private than government schools (see Table 6). In government schools in India, Kremer et al found teacher absenteeism ranged from 15 to 42 per cent, depending on the state, with only half of the teachers present teaching (see Table 7).³⁰

Table 6 Teacher activity and absenteeism in primary schools - India, Nigeria, Ghana

	Activity of the Teacher	Hyderabad, India	Ga, Ghana	Lagos, Nigeria	Mabhubnagar, India
Private recognised/ recognised	Teaching	97.5	75.0	87.9	82.7
	Non-teaching	2.0	19.8	11.1	12.7
	Absent	0.5	5.2	1.0	4.5
Private unrecognised/ unregistered	Teaching	90.5	66.4	87.0	80.0
	Non-teaching	5.5	24.4	12.0	13.3
	Absent	4.0	9.2	1.1	6.7
Government	Teaching	74.6	56.7	67.3	63.6
	Non-teaching	19.7	28.3	24.5	28.9
	Absent	5.7	15.0	8.2	7.5

Source: Tooley and Dixon (2006)

In Hyderabad 97.5 and 91 per cent of teachers in private recognised and unrecognised schools were teaching compared to only 75 per cent in government schools. In private recognised schools only 0.5 per cent of teachers were absent compared to almost 6 per cent in government schools. Even in rural India, teachers are more active and less likely to be absent in private schools. Similar figures were found in Lagos, Nigeria where in private schools only

29 PROBE Report, *'Public report on basic education in India'*, Oxford University Press, 1999.

30 M Kremer et al, 'Teacher absence in India: a snapshot', *Journal of the European Economic Association*, 3(2-3), 2005.

one per cent of teachers were absent compared to 8 per cent in government schools. In Ga, Ghana only 57 per cent of teachers in government schools were teaching compared to 75 and 66 percent in private schools; 15 per cent were absent.

Table 7 Teacher absence in public schools by state (India)

State	Absence (%)	State	Absence (%)
Maharashtra	14.6	West Bengal	24.7
Gujarat	17.0	Andhra Pradesh	25.3
Madhya Pradesh	17.6	Uttar Pradesh	26.3
Kerala	21.2	Chhattisgarh	30.6
Himachal Pradesh	21.2	Uttaranchal	32.8
Tamil Nadu	21.3	Assam	33.8
Haryana	21.7	Punjab	34.4
Karnataka	21.7	Bihar	37.8
Orissa	23.4	Jharkhand	41.9
Rajasthan	23.7	Weighted Average	24.8

Source Kremer et al (2005)

Typically, government school teachers in developing countries are well qualified, have experience and are trained via a government teacher training scheme. However, these criteria have been found to have little effect on student outcomes. For example in low income areas of Pakistan:

“most of the standard teacher resume characteristics (such as certification and training) often used to guide education policy have no bearing on a student’s standardised mark’, what seems to have more effect is that ‘good private schools are... able to retain better teachers by renewing their contracts and firing the less effective ones.”³¹

Firing a government school teacher for poor performance or lack of attendance is almost impossible. Teacher absenteeism in the sector is high, morale low, and a government job is seen

31 M Aslam and G Kingdon, ‘What can teachers do to raise pupil achievement?’ CSAE WPS, 2007-14.

as a 'job for life'. Accountability to anyone, from the school head to parents generally, is nonexistent. Poor parents often believe they have no redress over a government teacher's behaviour. In India, for example, government school teachers are generally allocated a location and a school in which they are to teach. That is, a government school teacher has little influence on where and to whom they impart knowledge. This lack of teacher choice implies that teachers may have little in common with the children they end up teaching, lacking any understanding or compassion for those in their charge and care, or any understanding of the parents for that matter. Some are sent to slums or low income areas; not being from the community themselves can prove difficult.

Facilities are better in the private sector – from the provision of water, toilets, teaching aids and electricity to the use of text books and teaching materials. Pupil teacher ratios are typically lower than in the government schools. With regard to children's attendance in government schools in Uttar Pradesh (UP), India, in only 17 per cent of schools are there more than 75 percent of children attending; in Bihar the figure is 13 percent. Only 44 percent of children in Grade 5 in UP can read a Grade 2 text and in Bihar the figure is 58 per cent.³² The majority of private schools in India teach in English - known as English medium - parents preferring this owing to the opportunities which being able to communicate in English bring to their children in an increasingly globalised economy. This is not the case in government schools, which typically teach English as a subject and not until the higher years.

Comparisons of private and government school children's achievement through test scores have been carried out in India, Pakistan and Africa. Children have been tested in key curriculum subjects as well as IQ (used as a controlling variable). Questionnaires have also been distributed to children, their parents, teachers and school managers to elicit data to control for a wide range of background variables, including peer-group variables. Different analytical methods

32 Pratham, 'Annual status of education report', Pratham Resource Centre, 2010 – available from www.asercentre.org

from multi level modelling to the Heckman-Lee procedure show that children in private schools in India and Africa outperform children in government schools at a fraction of the teacher cost.³³ French and Kingdon also find a significant private school advantage in rural India when looking at pupil achievement even after controlling for ‘everything within the home’.³⁴ This analysis used ASER (Annual Status of Education Report) data and numerous statistical techniques to control for school choice bias. Accordingly:

“there is consistent evidence of a private schooling advantage throughout the methodologies... and after controlling for age and gender, private school attendees have cognitive achievement between 0.20 and 0.25 standard deviations (SD) higher than government school attendees. This is about seven times the effect of gender, and almost equal to the effect of an extra year of education, on average over the age range 6-14”.

Similar findings from Pakistan show that children in low cost private schools are performing at 0.8-1 standard deviation higher than their public school counterparts. Moreover, ‘children in private schools are better informed about Pakistan, are more ‘pro-democratic’, and ‘exhibit lower gender biases’.³⁵ The findings suggest that the better results in low cost private schools stem from greater accountability and flexibility. Again looking at private and government schools in Pakistan the LEAPS³⁶ study found a large gap in the size of public-private test scores, with public school children taking

33 J Tooley et al, ‘The relative quality and cost-effectiveness of private and public schools for low-income families: a case study in a developing countries’, *School Effectiveness and School Improvement* 21(2), 2010; J Tooley et al, ‘Treatment effect of schooling on academic performance: evidence from developing countries’, *Journal of School Choice* 5(1), 2011; P Dixon et al, ‘The relative quality of private and public schools for low income families living in slums of Nairobi, Kenya’ In P Srivastava ‘*Low-fee private schooling: aggravating equity or mediating disadvantage?*’ Oxford Studies in Comparative Education of the University of Oxford, Symposium Books, forthcoming.

34 R French and G Kingdon ‘*The relative effectiveness of private and government schools in rural India: evidence from ASER data*’, DoQSS Working Paper No. 10-03, June 2010.

35 T Andrabi et al, ‘Are bad public schools public bads? Test-scores and civic values in public and private schools’, 2010, Working Paper cited by permission from J Das.

36 Learning and Educational Achievements in Punjab Schools (LEAPS) Andrabi et al (2007)

1.5-2.5 years to catch up with children in private schools.³⁷ And all this is done at a fraction of the cost in private schools. Educating a child in a government school in Pakistan costs between 2-5 times more than in a low cost private school.

But this burgeoning and vibrant private sector is often dismissed by the development experts as 'schools of last resort' which offer 'little cause for optimism'. These affordable private schools are 'not a solution to the problem':

"transferring responsibility to communities, parents and private providers is not a substitute for fixing public-sector education systems....'And 'For the poorest groups, public investment and provision constitute the only viable route to an education that meets basic quality standards."³⁸

However, another report which looks at market based solutions to poverty highlights a chain of private schools in Ghana. Omega Schools offer low cost education using a payment system of \$0.70 (1 Ghanaian cedi) per day, which includes schooling, textbooks, uniform, transport and a meal. The outcomes are described as 'promising'. Not only are these schools offering parents what they want but they are seen as market based solutions which can improve the lives of the poor not only as customers, but as business associates, suppliers, agents and distributors:

"During the past fifteen years, interest in private sector approaches to poverty alleviation has been growing... The continuance of poverty on such a massive scale and its stubborn resistance to the traditional solutions — government expenditure, official development assistance, and private philanthropy — indicate need for alternative ways to move masses of people up the income scale".³⁹

37 T Andrabi et al, '*Pakistan: learning and educational achievements in Punjab schools: insights to inform the education policy debate*', 2007, available from:www.leapsproject.org/assets/publications/LEAPS_Report_ExecSummary.pdf

38 Unesco EFA Global Monitoring Report, '*Overcoming inequality: why governance matters*', Unesco Publishing and Oxford University Press, 2009.

39 M Kubzansky et al, '*Promise and progress: market based solutions to poverty in Africa*', Monitor group, 2011 - available from: www.monitor.com/Expertise/Geographies/Africa/tabid/87/ctl/ArticleDetail/mid/675/CID/2011230515191415/CTID/1/L/en-US/Default.aspx

So is there anything aid can do to help the private school cheetah generation? If there is already success, what is the best way to nurture, support and develop this flourishing market?

3.2 No one ever asked us and no one is listening

On a trip to Kenya in 2003 after the introduction of Free Primary Education (FPE) partly funded by a \$50 million grant from the World Bank and \$20 million from the UK government, those working in (teachers and heads) and recipients of (children and parents) schooling were asked how they felt about FPE. What soon became apparent was that no one had asked the people at the frontline what they wanted or what they felt would work. No one had ever listened to their views, thoughts or advice.⁴⁰ But this should be no surprise:

“...the intended customers of the aid industry are the poor people in developing countries. Unfortunately they have little or no voice! They have no voice in their own government, never mind having any kind of voice with the aid donors.”⁴¹

As a result FPE was introduced with no consultation with those most affected. Research at the time showed that FPE could have resulted in fewer children attending school in Kenya, with private schools for the poor closing down owing to a crowding out effect caused by the introduction of ‘free’ tuition fees. The net impact of FPE could at best have been a simple transferral of children from the private sector to the government sector rather than a net increase in enrolment; private schools closing down with the loss of jobs and businesses. As of 2008, research showed many children were back in their original and new private schools in Kenya. Government schools hadn’t suited the poor’s needs; public school teachers had been disparaging to the poor partly due to having no or little extra inputs to cope with the extra demand, but also because they had no desire to have their

40 J Tooley, ‘The impact of free education in Kenya: a case study in private schools in Kibera’, *Educational Management, Administration and Leadership*, 36(4), 2008.

41 B Snowdon ‘In search of the holy grail: William Easterly on the Elusive Quest for Growth and Development – an Interview’, *World Economics* 4(3), 2003.

schools “infiltrated” by children from slums.

They had little in common with these children, their parents or their way of life.⁴² There are also hidden costs to ‘free’ primary schooling - uniforms, textbooks, parent association and exam fees, etc. So what in the first instance appeared ‘free’ actually was more expensive for the poor than sending their children to private schools operating in their neighbourhood.⁴³ Had anyone bothered to consult the poor, along with the private proprietors and government head teachers it is likely that FPE may have never been introduced at all. Poor parents choose their child’s schooling as any other parent, weighing up the options, looking at cost, travel time, advantages and disadvantages, pedagogy and curriculum etc. Therefore if illiterate parents from the slums of India and shanty towns of Africa are already making informed choices, and paying for them, is there something additional funding can do to support what is already a market success?

Funding continues to education ministries in developing countries which are sometimes corrupt, wasteful or outright incompetent. In 2009/10 the bilateral figure for education funding by DfID was £187million by the narrow measure (including just Direct Budget Support) and £300 million by the broader measure (including ‘Other financial aid’). Adding in aid via multilateral organisations the best estimate from the figures as set out by DfID for education is around £350 million.⁴⁴ UNESCO states that aid to ‘basic’ education currently runs at around US\$4.7 billion, a doubling since 2002. To put things back on track to meet the EFA target and Millennium Development Goal number 2 they are suggesting an increase to US\$16 billion per year. This, according to UNESCO, is partly to fund an extra 1.9 million teachers in Africa which they estimate are needed for universal primary education to become a reality (see UNESCO Global Monitoring Report 2011).

42 J Tooley, *The beautiful tree: a personal journey into how the world’s poorest people are educating themselves*, CATO, 2009.

43 P Dixon and J Tooley ‘A case study of private schools in Kibera: an update’. *Educational Management, Administration and Leadership*, forthcoming.

44 DfID, ‘*Statistics on international development - 2005/6-2009/10*’, available from: www.dfid.gov.uk/Documents/publications1/sid2010/SID-2010.pdf

■ 4 Education vouchers and charitable facilitators – a possible way forward

A brief summary of our discussion thus far shows that there is a danger that aid can do more harm than good. Corruption, theft, waste and the misdirection of aid money would seem to suggest that there has to be a more productive way of channelling aid, to ensure that it has a positive effect on poverty alleviation, growth, and to assist the poorest. The poor aren't being listened too, market based solutions to poverty are generally being dismissed and in a world where central planning has long been shown to be inadequate most aid is still allocated by Planners. These Planners do not have the knowledge to allocate resources to the needy in the required quantities or to the appropriate projects.

Banerjee accuses aid agencies of “lazy thinking,” a “resistance to knowledge,” and notes that their recommendations for poverty reduction and empowerment show a striking “lack of distinction made between strategies founded on the hard evidence provided by randomised trials or natural experiments.”⁴⁵ Banerjee and He also suggest that subsidies given directly to families to be spent on children's education and health as well as education vouchers could be highly effective forms of aid.⁴⁶ So, there we have it; a possible way forward for assisting education in developing countries. To use research, including RCTs (Randomised Control Trials) to ascertain which projects are worthwhile, identifying cheetahs

45 A Banerjee, 'Making aid work', MIT Press, 2007. See also Duflo, Esther and Abhijit V. Banerjee (2009)

46 A Banerjee and R He, 'Making aid work', in W Easterly, '*Reinventing foreign aid*', MIT Press, 2008; Also see Narayan and Mooij (2010); Tooley and Dixon (2006); Johnson and Bowles (2010).

and searchers and then using RCTs to focus on those individuals who can be most helped by the intervention.

Education aid has typically been provided through government schools. The justification has generally been that the government school sector needs to be fixed rather than provide assistance to the burgeoning and more vibrant private sector. Government provision ‘works’⁴⁷ in the west, so according to some ‘experts’ this implies it is the best solution for developing countries. However research has shown the private sector to be the provider of ‘first resort’ for parents. The poor often choose to send their children to schools where they pay fees, and this provides them with the accountability they desire, where competition provides them with choices within their own communities.

School vouchers provided directly to the poorest, who currently would like to exercise choice but cannot access private schooling, could be an effective way to target aid money. This would allow parents to make choices whilst supporting local businesses and entrepreneurs. As already noted in this paper, the majority of parents in some parts of the developing world can already choose to do this, and can afford it; hence the need for targeted rather than universal vouchers. Vouchers are an arrangement whereby funds are made available to qualifying parents to cover some or all of the cost of the expenses of enrolling a child into a participating private school of the parents’ choosing. School voucher programmes have been running in the US since 1869. Currently, highly disadvantaged populations of students are served by vouchers in the US – i.e. low income, African American, Latino, and single parent families. Regarding the impact of school vouchers on students, Wolf analysed data from ten gold standard evaluations of voucher programs. He found that:

“Educational achievement gains from vouchers appear to be largest and most consistent from African American students, the ethnic category of students long recognised as being most disadvantaged by

47 The authors do not subscribe to this view but it is the conventional wisdom

residential assignment to poorly performing public schools.”⁴⁸

Howell et al also agree.⁴⁹ Nine of the ten analyses reported positive and statistically significant achievement impacts for all or some subgroup of voucher recipients in the USA. Wolf also concurs. Policy makers should increase their support of randomised control trials to evaluate education interventions in order to ascertain who benefits most and therefore who should be targeted with education vouchers.

One targeted education voucher scheme that has been rigorously researched is the Programa de Ampliación de Cobertura de la Educación Secundaria (PACES) in Colombia.⁵⁰ Established in 1991, it targeted children from low income families and provided more than 125,000 vouchers worth initially a sum of US\$190 and continued until the child completed high school. As the programme was oversubscribed a random lottery allocated children into those who were awarded vouchers and those who were not. Over the years the research has shown positive results. Lottery winners were 15 percentage points more likely to attend private schools than government ones, more likely to finish 8th grade, less likely to take paid work during school time, and scored 0.2 standard deviations higher on achievement tests.⁵¹ Following up from this study Angrist et al found that the programme had also increased the high school graduation rates of voucher students in Bogota by 5-7 percentage points.⁵² Lottery winners were also more likely to take a university entrance exam. The results show

48 P Wolf, ‘School voucher programs: what the research says about parental school choice’, 2008.

49 W G Howell et al, ‘School vouchers and academic performance: results of three randomised field trials’, *Journal of Policy Analysis and Management* 21(2), 2002.

50 J D Angrist et al, ‘Vouchers for private schooling in Colombia: evidence from a randomized natural experiment’ *American Economic Review* 92(5), 2002; J D Angrist et al, ‘Long-term educational consequences of secondary school vouchers: evidence from administrative records in Colombia’, *American Economic Review* 96 (3), 2006; E M King, E.M and J R Behrman, ‘Timing and duration of exposure in evaluations of social programs’, *The World Bank Research Observer* 24(1), February 2009.

51 J D Angrist et al, ‘Vouchers for private schooling in Colombia: evidence from a randomized natural experiment’ *American Economic Review* 92(5), 2002.

52 J D Angrist et al, ‘Long-term educational consequences of secondary school vouchers: evidence from administrative records in Colombia’, *American Economic Review* 96 (3), 2006.

a substantial gain in 'both high school graduation rates and achievement as a result of the voucher program'.⁵³

Poor parents desire education for their children. As already discussed private schools are often the choice of the poor. The poorest may not be able to afford education, even though generally private schools often provide concessionary places and scholarship for these children. Parents want choices. They want to send their children to a school of their choosing. This is exactly what Absolute Return for Kids (ARK), a London based charity, is facilitating with their education voucher scheme in Shadhara a slum in Delhi, India. 1,618 children applied for a voucher and these children were divided into two groups: 'treatment' – those receiving vouchers; and 'control' – those not receiving them. This was in order to allow a randomised control trail to be executed to evaluate the programme. The groups were decided via a family lottery, the number of vouchers allocated being around 835. The applicants needed to prove that they were from economically weaker sections, parents earning no more than 8,000 Rs⁵⁴ (£106 per month), that is, around one Lakh rupees⁵⁵ annually as per the BPL (Below Poverty Line criteria). The tuition voucher amounts to Rs.4,800 (£64) per year, uniform Rs. 600 (summer and winter - £8); books Rs 900 (£12) and lunch Rs 1,000 (£13). Total amount per year per child is Rs. 7,300 (approximately £97-£100). Children are to be funded for a total of 5 years. What is very exciting is that ARK has set out a framework for others to follow. The process of providing vouchers to the poorest includes:

- community engagement,
- child identification,
- service implementation,
- private school identification and recruitment,
- voucher and parent handbook design,
- voucher reimbursement process,

53 Ibid.

54 At an exchange rate of 75 Rs = £1

55 1 Lakh is Rs. 100,000 which is about £1,333

- the evaluation and assessment of the effect the voucher has on the individual participants - the randomised control trial.

Some of the poorest children in the slums of Delhi have now started school in 2011 using their ARK vouchers. They are attending schools of their choice. They applied for the voucher because it meant attaining an education their parents could previously not afford. Because individual vouchers are given directly to parents and each voucher contains, through a bar code, biometric information on each child, there is little room for corrupt activity. Money does not transfer to government officials or bureaucrats. There is total transparency for monetary transfers between ARK, the parent, the voucher provided (Edenred) and the individual private schools. Aid is being given at the very grassroots level. The money is also supporting the cheetah generation, supporting businesses and entrepreneurs who are already making a difference for the poor.

One concern is that because private schools are now highlighted on the radar of aid agencies they could disrupt all that is good in this sector. Private schools succeed partly because of parental fees. Fees bring about accountability, competition brings innovation, the right of voice, loyalty and exit for parents implies teachers and school owners working hard to provide an education for the children of the poor. That is the beauty of vouchers. Targeted vouchers do not take away this accountability. They do not allow school owners to become complacent. Parents still can exit their original choice and use the voucher to transfer their child to another school. The process continues to initiate all of the benefits associated with the education market.

■ 5 Conclusion

This paper has set out empirical evidence that suggests alternative strategies to be implemented by the coalition government that could radically improve the targeting and outcomes of international aid. With the onset of an increase in the aid budget this paper suggests that the British government and DfID look to the possibility of directing aid at the grassroots level; not only for education, but for other services, such as health. Minimising waste, corruption and theft, and increasing the effectiveness of aid for the poorest is crucial. What's really important is the need to ask the poor what they want, use gold standard research to inform decisions, and think radically about changing the way aid money is directed and transferred to the poorest. If the government does not ensure that the effectiveness of aid is increased there is a serious risk that public support for international development aid will diminish and that those who oppose increases in the aid budget will increasingly be listened to.