

Outsourcing Service Delivery in a Fragile State: Experimental Evidence from Liberia

Mauricio Romero¹
(Job Market Paper)

Justin Sandefur²

Wayne Aaron Sandholtz³

February 6, 2018⁴
(Click here for latest version)

Abstract

Can outsourcing improve government services in fragile states? To answer this question, we present results from a field experiment to study the Partnership Schools for Liberia program. This program delegated management of 93 public schools — staffed by government teachers and run free of charge to students — to private providers. We randomly assigned treatment at the school level and sampled students from pre-treatment enrollment records to identify the effectiveness of the treatment without confounding the effect of endogenous sorting of pupils into schools. After one academic year, students in outsourced schools scored .18σ higher in English and mathematics than students in control schools. Private providers improved significantly reduced teacher absenteeism (“better management”), but also spent more per student and employed more teachers than control schools (“extra resources”). Non-experimental mediation analysis suggests better management and extra resources played roughly equal roles in improving student performance. Our design allows us to study heterogeneity across providers: While the highest-performing providers generated increases in learning of 0.26σ, the lowest-performing had no impact on learning. In line with program rules, there is no evidence that providers engaged in selective admissions, which was explicitly prohibited. However, one provider shifted pupils from oversubscribed schools and underperforming teachers to other government schools. This provider was the only one whose funding was not linked to the number of students enrolled, and whose contract did not forbid direct dismissal of teachers. These results suggest that using the private sector to improve government services in fragile states is promising, but also highlight the importance of procurement rules and contracting details in aligning public and private interests.

Keywords: Public-Private Partnership; Randomized Controlled Trial; School Management

JEL Codes: I25, I28, C93, L32, L33

¹University of California, San Diego

²Center for Global Development

³Corresponding author: Mauricio Romero (mromero@ucsd.edu). We are grateful to the Ministry of Education, George K. Wornet, Deputy Minister Roselle Horton, Boris Manuquon, Niche Mahan, and the Partnership Schools for Liberia (PSL) team, as well as Susannah Hanes, Robin Hain, and Joe Collins from Ark KPG for their commitment throughout this project to ensuring a rigorous and transparent evaluation of the PSL program. Thanks to Arjo Duijst, Ockertsen Dibi, and their team at Innovations for Poverty Action who led the data collection. Ari Abagi, Der Faki, and Benjamin Yan provided excellent research assistance. We're grateful to Michael Kremer, Karthik Muralidharan, and Pauline Rose who provided detailed comments on the government report of the independent evaluation of the PSL program. The design and analysis benefited from comments and suggestions from Hana Amour, Pauline Boudreau, Jeffrey Clements, Joe Collins, Sarah Dwyer, Susannah Hanes, Robin Hain, Sam Khan, Gordon McCord, Craig McIntosh, Karthik Muralidharan, Owen Oates, Olga Romero, Santiago Sarmiento, Diego Vera-Cruz, and seminar participants at the Center for Global Development and UC San Diego. A randomized controlled trials registry entry is available at: <https://www.asialia.oxon.org/try/1500> as well as the pre-analysis plan. IRB approval was received from IRB protocol #14227 and the University of Liberia (protocol #17-08-30) prior to any data collection. UCSD IRB approval (protocol #16088) was received after the first round of data collection but before any other activities were undertaken. The evaluation was supported by the US-Olympus Foundation and Aetna Trust. Romero and Sandefur acknowledge financial support from the Central Bank of Colombia through the Lucilla Caron scholarship and the Research on Improving Systems of Education (RISE) program, respectively. The views expressed here are ours, and not those of the Ministry of Education of Liberia or our funders. All errors are our own.

Outsourcing Service Delivery in a Fragile State: Experimental Evidence from Liberia

Can outsourcing improve government services in fragile states? To answer this question, we present results from a field experiment to study the Partnership Schools for Liberia program. This program delegated management of 93 public schools — staffed by government teachers and run free of charge to students — to private providers. We randomly assigned treatment at the school level and sampled students from pre-treatment enrollment records to identify the effectiveness of the treatment without confounding the effect of endogenous sorting of pupils into schools. After one academic year, students in outsourced schools scored .18σ higher in English and mathematics than students in control schools. Private providers improved significantly reduced teacher absenteeism (“better management”), but also spent more per student and employed more teachers than control schools (“extra resources”). Non-experimental mediation analysis suggests better management and extra resources played

roughly equal roles in improving student performance. Our design allows us to study heterogeneity across providers: While the highest-performing providers generated increases in learning of 0.26σ , the lowest-performing had no impact on learning. In line with program rules, there is no evidence that providers engaged in selective admissions, which was explicitly prohibited. However, one provider shifted pupils from oversubscribed schools and underperforming teachers to other government schools. This provider was the only one whose funding was not linked to the number of students enrolled, and whose contract did not forbid direct dismissal of teachers. These results suggest that using the private sector to improve government services in fragile states is promising, but also highlight the importance of procurement rules and contracting details in aligning public and private interests.

February 06, 2018