

## Are Private Schools More Efficient Than Public Schools? Evidence from Tanzania

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### Abstract:

Beginning in the mid-1980s, there has been an explosive growth of private secondary schools in Tanzania. By easing constraints on private operators, the government has clearly found an effective way in the context of tight public budget constraints to cope with the excess demand for this level of schooling. But has the policy also led to efficient operations in terms of student learning? In this paper, we attempt to shed light on this issue by comparing the efficiency of four types of schools that make up the majority of schools in the country: Government and Community schools in the public sector, and Christian and Wazazi schools in the private sector. Using longitudinal data from a 1994 retrospective survey of students in some 150 schools, we estimated separate achievement models for these four school types, with corrections for possible selection bias in school choice, and then used the results to simulate performance gaps across them. The simulations indicate that both types of private schools are less efficient than both types of public schools in the sense that, on average, a student with a given set of personal and family characteristics would do better in either type of public school than in either type of private school, after netting out differences in the endowment of school resources across school types. In the public sector, we found that Community schools are more efficient than Government schools. The finding that private schools are less efficient differs from those reported elsewhere for Tanzania based on data from an earlier period when private schools were relatively rare. It is consistent, however, with the fact that our analysis documents outcomes in a growing market in disequilibrium: many of the weaker performers may indeed exit eventually if they persist in failing to overcome the disadvantages generally associated with being latecomers to the market, including instability in clientele and funding, lack of brand-name recognition and inexperience in school management. To foster the growth of a strong and productive private sector, government interventions to relieve some of these constraints may be appropriate, including for example, the creation of networking opportunities for private school managers to exchange experiences with their public-school counterparts, and the creation of mechanisms for private schools to compete for public funding to support their operations.