



# PUBLIC - PRIVATE PARTNERSHIPS IN SCHOOL EDUCATION

Learning and Insights for India

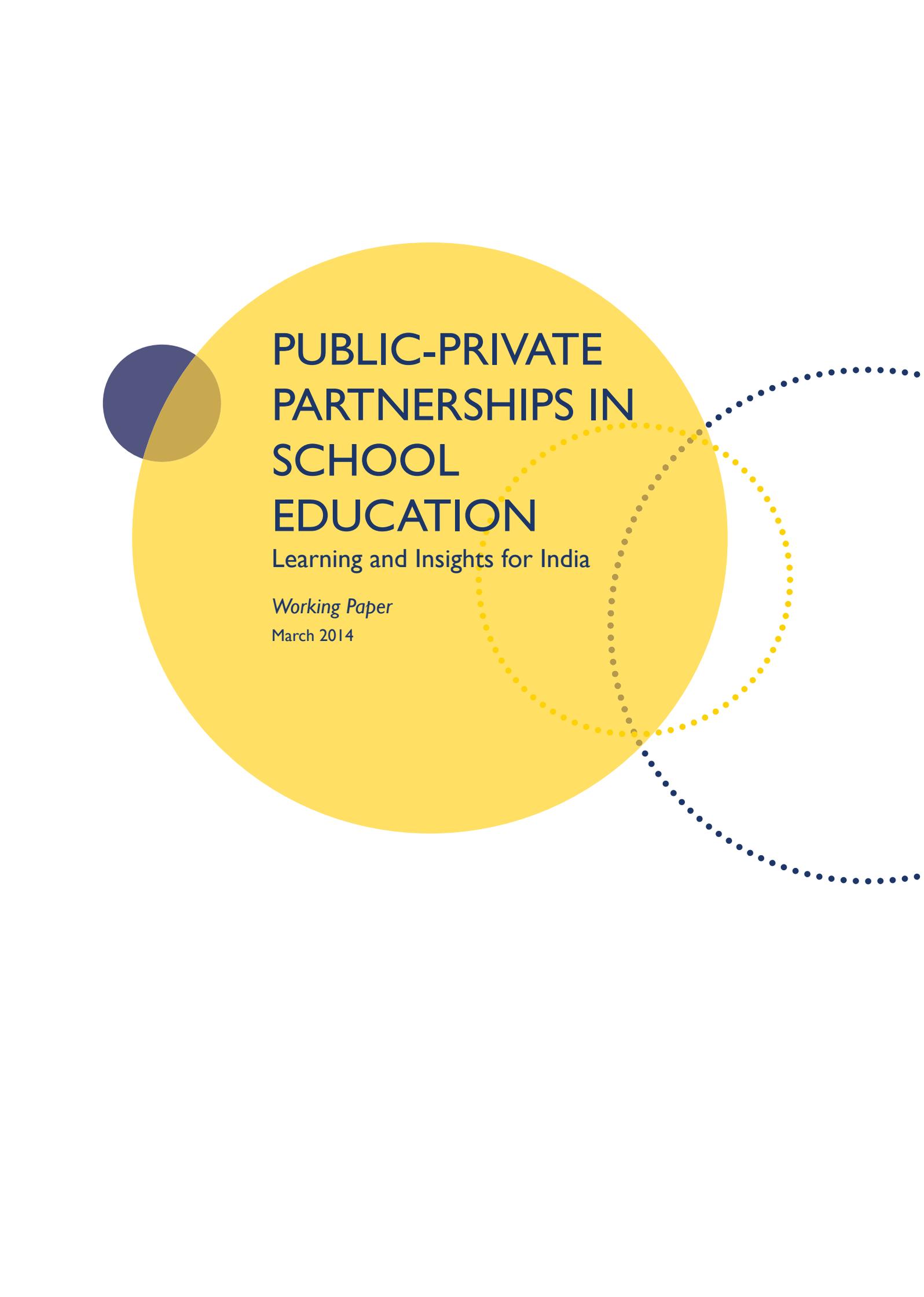
*Working Paper*

March 2014



CENTRAL SQUARE  
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Learning and Insights for India

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# ACKNOWLEDGEMENTS

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This paper disseminates the work in progress findings in order to stimulate early discussion on the opportunity for whole school models. Being a work in progress, there are parts in this paper that will be revised or modified. Complete citations for the data in the appendices will be provided in the final report.

# ABBREVIATIONS AND ACRONYMS

<b>AAS</b>	Adopt-A-School Programme
<b>ACR</b>	Annual Confidential Report
<b>AMC</b>	Ahmedabad Municipal Corporation
<b>ASER</b>	Annual Status of Education Report
<b>BBMP</b>	Bruhat Bengaluru Mahangara Palike
<b>CBSE</b>	Central Board for Secondary Education
<b>CCE</b>	Continuous and Comprehensive Evaluation
<b>CMC</b>	Chennai Municipal Corporation
<b>CSGF</b>	Charter Schools Growth Fund
<b>CSR</b>	Corporate Social Responsibility
<b>DBFOT</b>	Design Build Finance Operate and Transfer
<b>DCB</b>	Delhi Cantonment Board
<b>DISE</b>	District Information System for Education
<b>DOE</b>	Department of Education
<b>EBB</b>	Educationally Backward Blocks
<b>ELL</b>	English Language Learner
<b>EWS</b>	Economically Weaker Sections
<b>FAS</b>	Foundation Assisted School
<b>FSMMT</b>	Full School Management with MCGM teachers
<b>FSMPT</b>	Full School Management with Private Teachers
<b>GER</b>	Gross Enrolment Ratio
<b>ICT</b>	Information and Communication Technology
<b>ITA</b>	Idara-e-Taleem-o-Aagahi
<b>JNV</b>	Jawahar Navodaya Vidyalas
<b>KMC</b>	Kolkata Municipal Corporation
<b>KMCP Schools</b>	Kolkata Municipal Corporation Public Schools
<b>MCD</b>	Municipal Corporation of Delhi
<b>MCGM</b>	Municipal Corporation of Greater Mumbai
<b>NCF</b>	National Curriculum Framework
<b>NDMC</b>	New Delhi Municipal Council
<b>NSNO</b>	New Schools for New Orleans

<b>NSVF</b>	NewSchools Venture Fund
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFSTED</b>	Office for Standards in Education, Children's Services and Skills
<b>PEDB</b>	Punjab Education Development Board
<b>PEF</b>	Punjab Education Foundation
<b>PISA</b>	Programme for International Student Assessment
<b>PLE</b>	Primary School Leaving Examination
<b>PMC</b>	Pune Municipal Corporation
<b>PPP</b>	Public-Private Partnership
<b>PSA</b>	Problem Solving Assessment
<b>PTA</b>	Parent Teacher Association
<b>PTR</b>	Pupil Teacher Ratio
<b>RAV</b>	Rajya Adarsh Vidyalaya
<b>REI</b>	Rajasthan Education Initiative
<b>RFQ</b>	Request for Qualifications
<b>RMSA</b>	Rashtriya Madhyamik Shiksha Abhiyan
<b>RTE</b>	Right to Education
<b>SEF</b>	Sindh Education Foundation
<b>SMC</b>	School Management Committee
<b>SSA</b>	Sarva Shiksha Abhiyan
<b>SSP</b>	Specific Services Partnership
<b>TIMSS</b>	Trends in International Mathematics and Science Study
<b>USE</b>	Universal Secondary System
<b>VGF</b>	Viability Gap Funding

# FOREWORD

Government schools in India are the largest providers of education. However, data indicates that parents are increasingly opting out of the government system due to its poor quality and enrolling their children in private schools. Therefore, the government must take steps to improve the quality of education in schools. Public-Private Partnership (PPP) is a mechanism that can introduce innovation and create models of quality within the government system.

Global evidence suggests that whole school adoption PPPs are particularly effective at demonstrating innovation. In this model, the government authorises and reimburses a private operator to manage school operations, with varying degrees of autonomy to innovate. Countries such as the United States, England, Colombia, Uganda and Pakistan have adopted variants of this model.

Whole school PPPs give flexibility to the operator to innovate, increase competition, give choice to low-income families and hold operators accountable for the quality of outcomes. Since these schools operate at around the government cost per child, the innovations developed here are highly relevant to the government school system.

Within India, governments at the central, state and municipal level are experimenting with PPPs in education. The city of Mumbai, the states of Gujarat, Rajasthan and Punjab and the central government all have PPP models in different stages of implementation. Yet, they are introducing these PPPs in isolation, and face a myriad of challenges in realizing their full potential.

This report studies existing and planned whole school PPP models in India. It synthesizes insights and learning from international experience and draws lessons from both sets of experiences to make suggestions for the effective implementation of whole school PPPs.

The future of millions of Indian children is at stake. PPPs present a tested method to improve education and this report lays out a vision for them.



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# EXECUTIVE SUMMARY

Public-Private Partnerships can introduce innovation and investment into India's government school system, which urgently needs to improve the quality of education. Lessons from existing models in India and international efforts at collaboration between the private and public sector show that PPPs have an important role in improving the system.

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This landscape report on Public-Private Partnership (PPP) in School Education examines the opportunity for the private sector to partner with the government to improve the quality of school education service delivery in India.

This report traces the evolution of PPPs in education in India and defines the need and opportunity for the whole school model of PPP implementation. It draws learning from domestic and international experience of PPPs to outline elements and characteristics of effective PPPs.

## Opportunity for PPP in School Education

Well-designed PPPs can create models of innovation for the school system in India. Various governments at the central, state and local level are exploring and implementing PPPs in education. Three primary reasons that governments are exploring these partnerships include:

- **Increasing access to school:** India has a high dropout rate from primary to secondary school, with the national Gross Enrolment Ratio (GER) falling from 118 in primary school<sup>1</sup> to 34 in senior secondary school.<sup>2</sup> As access at the elementary level has become nearly universal, the focus in the education system is now shifting towards increasing the quality of outcomes. PPPs can extend the reach of the government system to provide children access to schools.
- **Using underutilized school infrastructure:** Across India, major metropolitan areas such as Mumbai, Chennai, Pune and Ahmedabad have experienced up to 25% decline in enrolment in government schools over the past 10 years and simultaneously their education budgets have almost doubled. These trends have resulted in a hollowing out of government schools. By getting private operators to manage high quality schools in these empty buildings, governments can effectively utilize existing infrastructure.

- **Improving the quality of education:** The government school system urgently needs improvement. Through PPPs, private operators can introduce innovative pedagogical and school management techniques to create models of excellence within the government system. Experience in other countries shows that introducing new standards of excellence creates a higher level of discussion around education quality.

## **Understanding the School Management and School Adoption PPP Models**

Beginning with government aided schools, the state in India has experimented with various forms of PPPs to improve access and quality in education. These include the Punjab Adarsh Model School Scheme, the Rajasthan Education Initiative, the Municipal Corporation of Greater Mumbai's PPP policy, the Gujarat PPP policy and the central government's Model School scheme.

Given the current interest in PPPs in India, the report examines the whole school management and adoption models of PPP, which are the two models with the most potential to create impact. In the school management model, private operators take on the management of the school including the hiring of teachers. In contrast, in the school adoption model, private operators work with existing government teachers to improve the quality of the school.

Despite the vast potential for PPPs in India, governments have not yet had success with their implementation. There are limited numbers of private operators that have the ability to operate schools on scale. Governments have not been willing to give full reimbursement of expenses, which has led to private operators having to raise philanthropic funds to cover the gap.

## **Recommendations for PPP Implementation**

India can draw valuable insights from countries that have used PPPs as a policy response to address quality and access issues in school education. Countries such as the US, England, Colombia, Uganda, and Pakistan have experience with PPPs. Drawing on global best practices, this report suggests structural principles that need to be addressed in the design of a PPP. These include:

- Private operators should have autonomy to introduce innovation
- Government should reimburse private operators the full amount of per child costs in a timely manner to ensure financial viability
- Full transparency in selection process of operators
- High accountability standards with well-defined evaluation and assessment methods
- Clarity of intervention policies and termination procedure for non-performing operators

Finally, the report discusses the need to create a robust PPP ecosystem for operators, government and philanthropies to share learning and innovation pathways. This ecosystem is vital to ensure that PPPs are financially viable, operationally effective and fulfil their promise of introducing critical quality into the Indian education system.



## Section One

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### PPP in School Education

The Indian government school system is seeing declining enrolment as parents respond to the low quality of education by moving their children to private schools. PPPs can serve to increase access, provide choice in under-served communities and improve quality of education.

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# LANDSCAPE OF SCHOOL EDUCATION IN INDIA

As India's education system reaches close to universal access at the elementary school level, the focus now turns to improving quality. Various quality measures indicate that children in Indian schools have low learning levels. Due to the declining quality, parents are moving children out of the government school system into private schools.

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India's education policy since independence has been largely input-driven, with a focus on improving access and ensuring equity. The creation of the central government's flagship programme for elementary education, Sarva Shiksha Abhiyan (SSA), in 2003 and the enactment of the Right of Children to Free and Compulsory Education Act, 2009 (RTE) gave a big boost to enrolment rates for children aged 6 through 14. Due to this focus, India today has nearly achieved its goal of universal access to elementary education.

The gross enrolment ratio (GER) in primary education rose from 90 in 2003-04<sup>3</sup> to 106 in 2012-13.<sup>4</sup> The 2013 Annual Status of Education Report (ASER) findings show that enrolment among children aged 6 to 14 is very high, with more than 96% of rural children enrolled in school.<sup>5</sup>

Access to secondary education is a cause for concern as enrolment is low and increasing at a very slow rate. The GER in secondary and senior secondary education respectively was at 66 and 39 in 2012-13.<sup>6</sup> It is up from 53 and 29, respectively in 2006-07.<sup>7</sup>

Despite increasing enrolment rates, retention of students in elementary and secondary school remains a problem as the GER falls from 106 in primary school<sup>8</sup> to 39 in senior secondary school.<sup>9</sup> The District Information System for Education (DISE) 2012-13 statistics show that the retention rate at primary level is 80.<sup>10</sup>

Educational outcomes in India are dismally low both in absolute terms as well as relative to other countries. The 2013 ASER results show that nationally, 53% of students enrolled in Class 5 are unable to read a Class 2 text. In numeracy, 74% of students enrolled in Class 5 could not complete a Class 3 division problem.<sup>11</sup>

The relatively well-performing states of Himachal Pradesh and Tamil Nadu ranked at the bottom globally in the 2009 Programme for International Student Assessment (PISA) test conducted by the Organisation for Economic Co-operation and Development (OECD). This assessment measures the quantitative and critical reasoning competencies of 15-year-old students across the world.<sup>12</sup> The two Indian states were placed ahead of only Kyrgyzstan among the 74 participating regions, both in the reading and the Maths assessment.

In light of these quality indicators, the focus of education policy is shifting towards improving learning. The Twelfth Five-Year Plan states, “Improving learning outcomes is crucial for inclusive growth and, therefore, a major focus of the Twelfth Plan will be on measuring and improving learning outcomes for all children, with a clear recognition that increasing inputs (number of schools, classrooms, teachers and so on) will by themselves not be enough to ensure quality education for all children.”<sup>13</sup>

**Table 1:**

Schooling Options for Low-income Families

School Type	Details
Government Schools	Serve around 60% of children at the elementary level <sup>14</sup>
	Low quality in terms of learning outcomes
Government Aided Schools	Run by private educational trusts but provided significant funding by government
	Variable quality
Affordable Private Schools	Fee in the range of ₹300 to 700 per month in urban areas
	Many not RTE compliant
Donor-funded Schools	Very few schools because of high donor dependence
25% Reservation in Elite Schools as per RTE	Variation in implementation across several states
	Significant implementation challenges

With the increasing presence of affordable private schools, parents in low-income communities have growing choices in the education of their children. According to ASER reports, the enrolment in private schools in rural India has increased from about 19% in 2006 to approximately 29% in 2013.<sup>15</sup> On a national level, in a five year period from 2007 to 2012, the enrolment in private elementary schools has increased from around 28%<sup>16</sup> to nearly 35%.<sup>17</sup>

However, the state remains the primary provider of education in the country. Therefore, the government school system must find a path to ensure access, increase equity and improve quality.

# INTRODUCTION TO PPP

PPPs are collaborations between public and private sectors with a focus on system efficiency, innovation and accountability. In education, they bring together the scale of the government system with the innovation of the private sector to improve the quality of the system as a whole.

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OECD defines PPPs as “arrangements whereby the private sector provides infrastructure, assets and services that traditionally have been provided by government.”

Unlike pure privatization, PPPs are a partnership between public and private sectors with a focus on system efficiency, innovation and accountability to improve the quality of service delivery. They are contractual agreements that help in achieving a greater level of risk sharing between the two sectors.

In contrast, privatization is “the permanent transfer of control, whether as a consequence of a transfer of ownership right from a public agency to one or more private parties or for example, of a capital increase to which the public sector shareholder has waived its right to subscribe.”<sup>18</sup>

## Why PPPs in Education

PPPs in the education space serve to improve the quality of education service delivery. They bring together the reach of the government system with the innovation of the private sector to improve the quality of the system as a whole.

There are differences between PPPs in education and other sectors like infrastructure development.<sup>19</sup> Some of the unique characteristics of education PPPs include:

- Focus on providing services to the poor without the opportunity to cross-subsidize
- No potential to earn revenues or return on investment as schools can charge fees only in certain circumstances
- Complex monitoring structures with results that may take time to appear, e.g. improved learning outcomes
- High operating and maintenance costs in relation to capital expenditure as a large part of education costs are teacher salaries

The involvement of private players in education service delivery does not imply the withdrawal of government from providing education. Rather, it signals an evolution in the role of the government from an administrator to a facilitator and regulator.

Well-executed PPPs in education can introduce positive disruption in the government system that could lead to the following results:

- Creating models of excellence
- Addressing residual gaps in access, especially in secondary education
- Triggering competition between different public and private providers

# NEED FOR PPP IN SCHOOL EDUCATION

PPPs increase parents' access to quality schools in underserved communities. They serve as innovation centres for improving the quality of education. As they are run in government infrastructure at per child costs similar to the government, they serve as replicable models for the system.

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The key value proposition of PPPs in education is the creation of easily replicable models of innovation to improve the quality of education outcomes on a systemic level. In addition, they can bridge gaps in access and equity of the government school education system.

**Table 2:**

**Current Domestic Scenario: Challenges in School Education that Need to be Addressed**

Challenges/Need	Potential Solutions
Widen Access and Utilize Existing Assets Better	Rejuvenate municipal school systems
	Optimize the use of existing land resources that are under-utilized
Lift the Quality of Education	Introduce better management and pedagogical techniques
Increase Choice for Low-income Parents	Provide better quality and affordable options

As India addresses its education needs, we can learn from other countries such as the US, England and Pakistan that have used PPPs to increase access, provide choice in underserved communities and improve quality of education provision.

Similar to these countries, India can use PPPs to address challenges it faces in its education system. These challenges are examined below.

- **Widen access to education and improve utilization of existing assets**  
In rural areas, India still has to address huge infrastructure needs to increase

access to education, particularly in the secondary space. PPPs can help increase access to schools by extending the government's capacity to launch schools.

In urban areas, the existing government school infrastructure is under-utilized as parents increasingly send their children to private schools. PPPs could optimize existing infrastructure resources in urban areas and rejuvenate the urban government school education system.

- **Lift the quality of education**

PPPs can introduce skills and innovations within the government system. PPP projects in education would have a high level of relevance to the larger system as they would operate under similar conditions and level of funding as government schools.

Private providers have the flexibility to innovate and introduce better management and pedagogical techniques. For instance, they can experiment with technology to improve teacher training and administration. Teachers can use innovative techniques such as multi-level differentiated instruction and activity-based learning in the classroom. This improvement in the quality of education provision should be measured through indicators like student learning outcomes and student retention.

- **Increase choice for low-income parents**

Parents are increasingly leaving the government school system. One of the main reasons for parents opting out of the government system is their desire for their children to learn English as most government-run schools are vernacular medium. On a national level, recent evidence indicates that the enrolment in English medium schools increased by over 250% over an eight-year period.<sup>20</sup>

Interestingly, municipal school systems in Mumbai, Chennai, Pune and Bangalore that have introduced English medium schools have seen rising enrolment in these schools in sharp contrast to the overall trend of declining enrolments in the government education system.

PPP schools, particularly those that introduce high quality English instruction, would allow governments to provide parents the option to receive an education of their choice while remaining in the government education system.

- **Strengthen accountability in the government system**

As PPP schools operate under strict performance standards, they introduce greater accountability into the government school system. Parents begin to expect clearer measurement of education standards and the private and government school systems have to respond to the demand for greater accountability.

# WHOLE SCHOOL PPP MODELS IN INDIA

PPPs have a long history in India beginning with the government aided school model in which the government subsidized private schools to extend access to education. Subsequently, various governments at the central, state and municipal levels have experimented with PPPs to increase access and improve quality in education.

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Over the past few decades, governments across India have experimented with various forms of PPP in education.

At the time of independence, government aided schools helped increase access to school education when the government had limited capacity to build and operate schools at scale. Today, government aided schools continue to account for 8% of elementary school enrolment.<sup>21</sup>

States such as Punjab and Rajasthan have partnered with private operators to provide education in remote areas. The operators have to provide development of infrastructure to turnaround poorly-performing government schools.

Most recently, governments have introduced PPPs with the objectives of increasing quality in education and maximizing the use of existing infrastructure. The Mumbai PPP policy allows private operators to manage existing low enrolment schools and the Gujarat PPP model aims to consolidate small schools in rural areas to raise the quality of education.

Finally, the central government is involving the private sector to provide quality solutions at scale, particularly at the rural secondary school level. The existing Model School Scheme and the planned Rajya Adarsh Vidyalaya scheme are the two prominent PPP schemes of the central government.

This report examines each of these models in greater detail in the section titled 'Existing or Planned PPP Models in School Education.'

# COMMON FORMS OF PPP MODELS

PPPs in school education vary based on school ownership, infrastructure provider, type of teachers, extent of government funding, fee model and operating model. The common element to these models is the government's role as regulator and funder and the private sector's role as service provider.

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In this section, we briefly describe the most prominent forms of PPP models in school education in India and across the world. These models of whole school PPP implementation vary on parameters such as school ownership, infrastructure provider, type of teachers, extent of government funding, fee model and operating model.

**Table 3:**

Common Forms of PPP Models in School Education

PPP Model	Description
School Management	Private management of public schools, but publicly owned and funded
Capacity Building	Government pays for provision of specific support Support may be teacher training, textbook provision etc.
School Infrastructure Initiative	Private partner builds, owns and operates school infrastructure and government pays a fee for its use
Purchase of Educational Services from Private Schools	Government sponsors students to attend private schools
Vouchers and Voucher-like Programmes	Government gives vouchers to parents to pay for education of their children in a school of their choice

## School Management Initiatives

The private management of public schools characterizes this PPP model. The government contracts directly with private providers to operate public schools. While these schools are privately managed, they remain publicly owned and publicly funded.

This model presents an opportunity to innovate with respect to developing curriculum,

hiring high quality teachers and demonstrating increases in student learning outcomes at government cost per child.

In India, the Akanksha Foundation schools in Mumbai and Pune and Bharti Foundation schools in Punjab and Rajasthan operate schools in this model of PPP.

Some international examples include charter schools in the US, concession schools in Columbia and Quality Education for All Schools in Pakistan.

### **Capacity Building Initiatives**

In this model, the government pays for provision of specific support such as curriculum support, pedagogical support, management initiatives and teacher training. It presents an opportunity to provide high quality services at scale. The government retains full control over the schools and the private operator provides educational inputs.

In India, the Naandi Foundation in Mumbai has adopted schools to promote quality learning. Further, various states have created PPPs for implementation of technology in education. International examples include cluster-based training of teachers and quality assurance resource centres in Pakistan.

### **School Infrastructure Initiatives**

In this form of PPP, the private partner builds, owns and operates the infrastructure facilities and the government uses these facilities for running the school in exchange for which the private partner is paid a fee over the contract period.

The contract period is generally between 20 to 30 years and schools have to meet strict performance criteria for maintenance, based on which they receive payment. The ownership and asset at the end of the contract period may be transferred to the government or be retained by the private sector depending on the terms in the contract.

In India, the central government's Model School programme falls in this category. Some international examples are the Private Finance Initiative in England, the leasing of public school buildings to private operators in Pakistan and PPP for New Schools in Egypt.

### **Purchase of Educational Services from Private Schools**

In this model, the government sponsors students to attend private institutions. It pays a subsidy for each student enrolled in eligible private secondary schools.

Some international examples of purchase of educational services are financial assistance on a per child enrolled basis in Punjab, Pakistan and the universal post-primary education and training in Uganda.

### **Vouchers and Voucher-like Programmes**

A school voucher is a certificate or entitlement provided by the government to parents to pay for the education of their children at a school of their choice. Vouchers are directly paid either to parents or to schools.

In India, the Right to Education Act, 2009 mandates the reservation of 25% of seats in

private schools for students from Economically Weaker Sections (EWS). This is an example of a voucher-like programme as the government is responsible for reimbursing private schools on a per student basis.

Some international examples of such programmes are the Education Voucher Scheme in Pakistan, the Milwaukee Parental Choice Programme in US, the Plan de Ampliacion de Cobertura de la Educacion Secundaria in Colombia and the school funding system in the Netherlands.





## Section Two

### School Management and School Adoption PPP Models

Whole school management models of PPP provide the greatest autonomy and hence allow operators the most flexibility in introducing innovation. These models have great relevance in urban India, where they can use existing under-utilized school infrastructure and become models of excellence that strengthen the government education system.

# SCHOOL MANAGEMENT AND SCHOOL ADOPTION PPP MODELS

The whole school PPP models of school management and school adoption present a significant opportunity in India, especially in urban areas with under-utilized government schools. In both models, private operators have autonomy to implement changes in the schools to improve their quality.

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This report focuses on the school management and school adoption capacity building models of PPP implementation in urban areas. These models present a significant opportunity in India, especially in urban areas with under-utilized government schools. Private players have clear division of responsibility with the government, autonomy to introduce innovation and accountability based on clear performance standards.

**Table 4:**

Details of School Management and School Adoption Models of PPP

Model	Details
School Management	Private operator runs schools with government infrastructure and private teachers
	Full operational autonomy, government funding and no fee to students
School Adoption	Private operator takes over government schools, retains government teachers and implements performance management initiatives
	Limited operational autonomy, no fee to students

## School Management Model

Most existing PPP laws in India are based on the school management model. The government provides the school infrastructure and partial or complete reimbursement of costs on a per student basis, while the private operator has full operational autonomy to manage the school.

This high degree of autonomy enables the operator to innovate in pedagogical design and hire quality educators. As these schools operate under similar conditions to government ones, the innovations developed have high ecosystem relevance.

Currently, providers such as Akanksha, Muktangan, Aseema and 3.2.1 Education Foundation are operating 20 schools in Mumbai following this model of PPP implementation. In addition, there are around 50 schools in Rajasthan, most of which are operated by the Bharti Foundation.

### **School Adoption**

In this model of PPP implementation, the private operator partners with the government to provide educational inputs in government-run schools that retain existing teachers. The private operator receives a fee from the government for providing services.

The educational inputs and services may be in the form of capacity building, performance management and governance support. The private operator receives varying degrees of operational autonomy with regard to teacher training and performance assessment. Under some contracts, the operators may also be allowed the flexibility to hire teachers in case of a shortfall and give a performance based monetary incentive to the teachers.

In Mumbai, the Naandi Foundation and the Municipal Corporation of Greater Mumbai (MCGM) have a contract for school adoption PPP implementation.

# EVIDENCE FROM OTHER COUNTRIES

Countries around the world have used PPPs as a means of improving educational opportunities for children in low-income communities with traditionally poor schools. In many instances, PPPs have demonstrated high quality outcomes and raised the bar for school performance. Lessons from these countries can inform India's nascent PPP movement.

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## **US Charter Schools**

Charter schools in the US operate in 42 states and the District of Columbia.<sup>22</sup> Since the first charter school law passed in the state of Minnesota in 1991, there are now around 6,000 charter schools educating approximately 6% of students in the US.<sup>23</sup> Table 5 provides a snapshot of the US charter school system.

Private operators manage charter schools independent of state or district-level control. In return for operational funding on a per student basis, the schools are directly accountable for meeting quality requirements specified in a contract or 'charter' granted by an authorising body.

The US had a charter school growth rate of 6.7% in 2013. Most US charter schools are 'start-ups' rather than 'adoptions' of existing schools. Only 10.6% of schools were existing public schools before being chartered.<sup>24</sup>

Charter schools have a varying presence across and within states. The majority of states have less than 10% of schools operating on charters, although some like Arizona have 23%<sup>25</sup> and the District of Columbia has 44%. Across the state of Louisiana, only 7% of schools are chartered but in New Orleans, its largest city, almost 80% of schools operate under charter contracts. There are also regional variations within states.

Charter operators prefer to run elementary schools as they are typically smaller and recruitment to them is easier. They have fewer discipline issues and have less variance in student achievement. As a result, 40% of charter schools are elementary schools, whereas only 18% of charters are middle schools and 24% are high schools.<sup>26</sup>

**Table 5:**

US: Charter Schools

Parameters	Details
Overview	First charter school law was passed in 1991
	Schools are operated independently of state or district-level control
Coverage	There are now 6,000 charter schools educating approximately 6% of students in the US
	Charter schools are now operating in 42 US states and the District of Columbia
Financial Model	Charter schools receive between 60% to 100% of the operational funding granted to public schools (typically on a 'per-pupil' basis)
	Some states provide buildings for charter schools
	In other states, school operators are able to fund schools through mortgaging or local government capital grants
Lessons for India	Operational funding is a must
	Expansion must be predicated on the ability to hold schools to account for their performance
	Ensure access to quality teachers
	Authorisers should have clear and stringent processes for shutting down non-performing schools

### Impact of charter schools

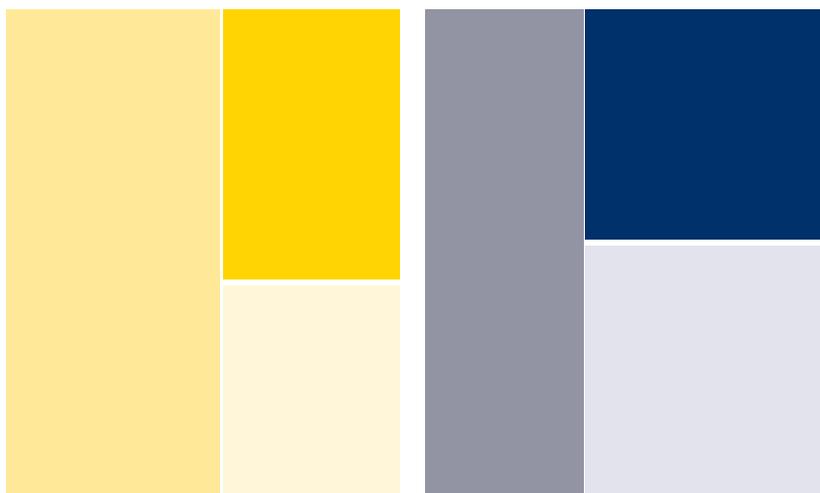
The most prominent study of charter school performance is the four-year Stanford CREDO study<sup>27</sup> which used a large-scale dataset that 'matched' similar students in public and charter schools across 27 states. The study shows that charter schools advance the learning gains of their students' more than traditional public schools in reading and result in comparable learning gains in Maths.

When comparing school performance, the majority of charter schools perform at a similar level to the public schools. Between 25% and 29% of schools did significantly better, and between 19% and 31% did worse, depending on the subject used to assess performance (Exhibit 1 and Table 6).<sup>28</sup> Charters follow a normal distribution of quality, much like traditional public schools.

However, states that close schools for underperformance are seeing a greater increase in learning gains and more rapid increases in average scores of schools. Therefore, while the existence of charter schools alone does not necessarily increase the quality of education in an area, when coupled with strict accountability for schools and closing those that are underperforming, it is likely that improvements in school quality will occur.

**Exhibit I:**

Academic Performance of Charter Schools Compared to their Local Markets



**Table 6:**

Summary of Charter School Impact by Student Group

Student Group	Reading	Maths
White	Negative	Negative
Black	Positive	Positive
Black poverty	Positive	Positive
Black non-poverty	Similar	Similar
Hispanic	Similar	Similar
Hispanic poverty	Positive	Positive
Hispanic non-poverty	Negative	Negative
Hispanic English Language Learners (ELL)	Positive	Positive
Hispanic non-ELL	Positive	Similar
Asian	Similar	Negative
Students in poverty	Positive	Positive
ELL	Positive	Positive
Special education	Similar	Positive

Source for Exhibit I and Table 6: Reproduced from CREDO National Charter School Study, 2013

**Structure of charters**

Charters are governed by state law and sanctioned by authorising bodies, which may be

are allowed to manage schools. Some states, however, such as Michigan and Arizona allow

Buckley & Schneider(2009)<sup>29</sup> state that guiding principles for charter schools can be condensed to those listed in the table on the next page.

**Table 7:**  
 Guiding Principles: Charter Schools

Parameter	Details
Competition	Charters demonstrating innovation at an equal amount per child motivates other schools to improve
Choice	More schools being innovative means more choice for parents
Community	Charters must respond to the needs of local communities
Accountability	Clear performance requirements for keeping a charter ensures accountability
Achievement	Charter performance indicators must include measurable improvement in student achievement

Different states focus on each of these objectives to different degrees. For example, some states have very specific achievement goals in charter contracts and move to quickly close schools where those targets are not met. Other states focus more heavily on choice and open as many schools as possible and only close schools if low enrolment makes them financially unviable.

The National Alliance for Public Charter Schools (NAPCS) lists the ideal set of terms that should be agreed to in a charter law (Table 8).<sup>30</sup>

Charter schools cannot charge student fees. They receive between 60% to 100% of the operational funding granted to public schools, typically calculated on a 'per-pupil' basis. The average funding gap in 2013 was approximately 15% to 19% of the cost. Schools fill the funding gap through philanthropy or by finding ways to lower costs.

Some states provide buildings for charter schools. For example, New York City provides charter schools with lease-free portions of schools that have falling enrolment. This is known as 'co-location'. In these instances, a school with spare rooms will be divided, and the new charter school takes over some space. In this instance the building remains with the local government, but the school operator is able to use the resource free of charge.

In other states, school operators are able to fund schools through mortgages or local government capital grants. For example, the Charter School Development Center provides school start-up funding, grants and sources of finance, often with preferential interest rates backed through philanthropy.

The contracts granted to schools are typically for between three and five years, although some states experimented with contracts of up to 15 years. If a school does not meet its obligation to meet certain performance standards, the school management team loses the right to continue receiving state funding and the school is 'deauthorised' until another school management company is found to take over the school.

**Table 8:**

Ideal Set of Terms for Formulating Charter Law

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### **Charter Law: Ideal Set of Terms**

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No cap on number of charters

A variety of public charter schools allowed

Multiple authorisers available

Authoriser and overall programme accountability system required

Adequate authoriser funding

Transparent charter application, review and decision-making processes

Performance-based charter contracts required

Comprehensive charter school monitoring and data collection processes

Clear processes for renewal, non-renewal, and revocation decisions

Educational service providers allowed

Fiscally and legally autonomous school, with independent public charter school boards

Clear student recruitment, enrolment, and lottery procedures

Automatic exemptions from many state and district laws and regulations

Automatic collective bargaining exemption

Multi-school charter contracts and/or multi-charter contract boards allowed

Extra-curricular and inter-scholastic activities eligibility and access

Clear identification of special education responsibilities

Equitable operational funding and equal access to all state and federal categorical funding

Equitable access to capital funding and facilities

Access to relevant employee retirement system

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**Source:** National Alliance for Public Charter Schools

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# LEARNING FOR INDIA FROM US CHARTER SCHOOLS

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- ✓ **Operational funding from government must be adequate:** Many states give charter schools lower funding than traditional public schools, with charters required to make up the difference through philanthropy. As a result, many schools face unnecessary pressures due to financial uncertainty. The National Alliance for Public Charter Schools increasingly advocates for 100% per-pupil funding across schools. This means that all pupils are funded at the same level regardless of the school that they attend. Doing so provides greater parity across schools and also brings financial stability to charter schools.
- ✓ **Expansion must be predicated on the ability to hold schools to account for their performance:** Governments should only authorise the number of schools they are able to monitor and should do so when they have agreement on which data will be used to monitor school quality. If school numbers expand too rapidly, mismanaged schools go unnoticed and the quality of education for children can be unacceptably low.
- ✓ **Ensure access to quality teachers:** States with successful charter schools typically have access to high quality university graduates and the school operators have developed impressive teacher recruitment and training models. For example, schools in Boston run a year-long residency programme for graduates where they first work as teaching assistants and gradually train to become a teacher under the supervision of a 'master' teacher. Similarly, the KIPP network has an intensive school leader development programme, and investing in strong school leaders is one of the key pillars of their strategy.
- ✓ **Authorisers should have clear and stringent processes for shutting down non-performing schools:** Schools must be held to high standards of academic and overall achievement. Those that do not meet these standards should be given clear guidance on how to improve their performance. Should they continue to under-perform they should be shut down at the earliest, once a plan for their students' education is put in place.

## England: Academies

Beginning in 2002, England instituted ‘academies’, schools independent from local government and freed of constraints such as teacher pay regulation and national curriculum. The objective of the programme was to raise the educational achievement of all pupils, provide inclusive, mixed-ability schools and contribute to raising aspirations and standards in the local community.<sup>31</sup>

**Table 9:**  
 England: Academies

Parameter	Details
Overview	Schools are independent of local government control and freed of constraints such as teacher pay or nationally agreed curriculum
	They are paid operational funding and have to be accountable for learning standards in return
	Three types: convertor academies, sponsor academies and free schools
	Convertor academies: Schools rated ‘good’ or ‘outstanding’ that chose to start their own charitable company to run a PPP
	Sponsor academies: Schools that chose to or were compelled to convert to academies
	Free schools: Newly opened schools as PPPs, started in 2002
Coverage	Over 3,500 academies exist and they are approximately 21% of all schools
	Secondary schools have been particularly keen to convert with more than 50% now operating as academies
Financial Model	Academies are financed by the central government on a per-pupil basis at the exact same rate as state schools
	Some funds are available at the start-up phase to cover the cost of moving into being an independent provider
	Top-up funding given to students in need
	Academies can also raise philanthropic funding

In 2002, academies were created only in areas with high levels of deprivation and a long history of student under-achievement. Until 2010, only newly built schools could be granted academy status. Since 2010, any school rated as ‘good’ or ‘outstanding’ by England’s independent inspectorate was able to ‘convert’ to academy status. In doing so, a convertor school was provided the freedom of an academy and also given funds that previously went to local government to provide central services.

Since 2010, the aim of the programme has been to, “Create an autonomous self-improving, self-supporting system of schools mostly consisting of academies.”<sup>32</sup>

**Table 10:**  
 Types of Academies

Type	Description
Free Schools	Specifically opened as a PPP
Convertor Academies	Schools rated 'good' or 'outstanding' that were previously operated by local government but have chosen to run schools as independent PPP
Sponsor Academies	Schools that were previously operated by local government but have chosen, or were compelled, to be managed by a private charitable 'trust'

Between 2002 and 2010, 203 academies were opened (approximately 1% of schools). Once the conversion and the free Schools programme began, the numbers increased greatly. By January 2014, the 3,500 academies made up approximately 21% of all schools. Secondary schools have especially high conversion rates with more than 50% operating as academies.<sup>33</sup>

### Impact of academies

Apart from the rate of growth of academies that indicates demand for them, there is slight evidence that they are raising the standard of quality in schools. Some indications of this are listed below:

- The Academies Annual Report 2011-12 notes that sponsor academies (those which replaced a previously failing school) are improving faster than similar schools that remain under local government supervision.<sup>34</sup>
- Convertor academies perform above the national average for all state-funded schools, though it should be remembered that only 'good' or 'outstanding' schools were allowed to convert so this is not a like-with-like comparison.
- Research by the National College for Teaching and Leadership found that schools in trusts with three or more schools were improving faster than standalone academies, though the difference is only a few percentage points.<sup>35</sup>

In addition, academies are driving up the minimal acceptable quality in schools because of the closure or takeover of existing government-run schools that are not performing at acceptable levels. In 2013, sponsors took over 400 primary schools.<sup>36</sup> The threat of swift closure for underperforming schools is a substantial change from previous policies where turnaround efforts often took several years and puts pressure on existing schools to implement measures to improve quality.

### Structure of academies

Operators wishing to apply to open a new academy school have to do so through an annual competitive process for funds run by England's Department for Education. Accepted applicants receive support and funds to find a suitable school building and open within 18 months.

In order to convert an existing school to academy status, school leaders must form a company to operate the school. One company can also manage several schools as a 'multi-academy trust'. School companies can also work together in a coalition known as 'umbrella trust' where services are shared but each school continues their own day-to-day decision-making. In total, there are now more than 600 trusts operating multiple schools across England.

All academies are granted a seven-year rolling contract known as a Funding Agreement, which is subject to the school meeting performance standards. They are subject to inspection by OFSTED and to scrutiny of student achievement via annual tests for students aged 7, 11, 16 and 18.

If an academy is found to be performing below expectation, the school is given a pre-warning notice followed by a warning notice. If performance still does not adequately improve, the funding agreement is terminated. At this stage either the school is required to close, or another provider is sought to take over the running of the school.

Academies are financed by the central government on a per-pupil basis at the exact same rate as state schools. Some funds are available at start-up to cover the cost of moving into being an independent provider. As non-profit charitable organisations, the schools can also accept philanthropic funds.

To support academies and ensure a transparent and fair system of funding, the government created a national funding formula that provides a set amount of per pupil funding regardless of school type. In addition, it provides 'top-up' payments given to students most in need – such as those on school meals, living with a foster parent or with a disability.

Multi-academy trusts can use a percentage of the funds to cover central administration costs. On the other hand, single academies use most of their funding for the purpose of operating their school. However, if they decide to open more academies, they are allowed to use some of this budget to develop marketing/bids to run other schools.

The transfer of buildings, lands and teachers is different for schools depending on when they opened or converted into being an academy. There are also different rules depending on whether or not the school was previously in a building owned by the local government, or whether it was still being paid for under a Private Finance Initiative.

In most cases, the state owns the land and leases it to the operator. The operator returns the land to the state in case the school is closed or passed onto another operator. However, academies are in different stages of evolution and thus there are different norms around land ownership. In case the operator owns a part of the land, it is required to sell it to the government.

# LEARNING FOR INDIA FROM ENGLAND'S ACADEMIES

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- ✓ **Have a realistic understanding of the funding requirements for PPP schools:** When the conversion programme was introduced in 2010, the government did not know how many academies would apply to convert. Schools were encouraged to switch to academies through a promise of up-front conversion costs. This cost the government more than it planned.

Further, there were substantial additional costs for the first two years of the programme when schools were being funded to start-up the academy and local governments were still receiving extra funds to maintain services shared among schools. This support is being phased away gradually from the local governments, who must plan for shared services to be 'bought' by academies or to stop the provision if it is no longer viable.

- ✓ **Be clear about 'take-over' processes and quality expectations:** Schools converting to academies need to be absolutely clear on the quality that is expected of them and the process for notifying them when there is a problem. An important part of the academy system is poorly performing school operators being removed in favour of another operator.

Initially, there was no clear mechanism for appointing a school operator, nor was the guidance clear on the performance quality or other standards a school must meet in order to remain open with its current sponsor. This lack of clarity caused problems particularly when the first wave of academies opened. Several cases that were put on notice of closure appealed the notices arguing that the processes were unclear and that adequate warning had not been given. Subsequently the Department of Education introduced the system of issuing a pre-warning notice, a warning and then a termination of funding, and this system now appears to be working well.

- ✓ **Schools do better when they operate in groups of three or more:** England has over 600 trusts operating schools and those with three or more schools are achieving better results with their students. Operating a group of schools means that innovations can be scaled rapidly and more effective support can be provided to individual schools.

For instance, the Cabot Learning Foundation, which operates five primary and six secondary schools, centrally hires all teachers and then uses the workforce across the school, improving chances for training and ensuring a rotation of the staff best placed to support others. Cabot also organises central services and has a 'school improvement team' who can consult with struggling teachers.

Given the benefits of multiple school operators, the government provides grants and administrative support for people wishing to create a trust – either by grouping schools together and creating a new parent company, or by creating a trust group first and then negotiating to take over existing schools looking for a trust to join.

- ✓ **Monitor the growth of individual providers:** The rapid growth of academies has seen many providers expanding beyond their capacity to be effective. In total, 25 chains have been restricted from opening any more schools and are being re-inspected to ensure that the quality of service in those schools is improving.<sup>37</sup>

## Uganda

In 2008, Uganda's secondary education gross enrolment ratio (GER) was 33. There were few secondary schools in the country and access to them was limited largely to upper income children in urban areas.

In February 2007, the Government of Uganda introduced a Universal Secondary Education (USE) policy to boost enrolment at the secondary level by contracting with private schools to provide education for a fixed per student subsidy.

**Table 11:**  
Uganda: PPP Model

Type	Description
Overview	Part of Uganda's Universal Secondary Education (USE) policy that started in 2007
	Government has limited capacity to cater to the secondary education needs of the population
	Government pays subsidy for each student enrolled in an eligible private secondary school
	Only low-fee private schools that are in areas with limited access to government and/or government aided schools
Objective	To boost enrolment at secondary level of education
Financial Model	Private secondary schools are paid a subsidy of US\$ 47,000 (₹1,200) per student per term under the policy
	Parents have to provide students' uniform, stationery and meals
Lessons for India	Need to make reimbursements through systematic, robust and transparent processes
	Focus on the quality of student learning outcomes while achieving scale
	Financial management and auditing arrangements should be robust

Through the policy, students obtaining a minimum score in the primary school leaving examination (PLE) would have access to secondary education regardless of their ability to pay. Parents have to provide the students' uniform, stationery and meals.

The implementation of USE began with S1 (equivalent to Class 7 in India) in 2007. One standard was added with each subsequent year. All four standards of secondary school were covered under USE by 2010. By 2010, almost a third of the secondary school enrolment was in private schools running the USE programme and at 1,785 schools, the number of private secondary schools in Uganda is almost double that of the 1,008 government secondary schools.<sup>38</sup>

Private schools apply to participate in the USE programme. The Ministry of Education and Sports is responsible for reviewing these applications against the eligibility criteria.<sup>39</sup>

**Table 12:**

Conditions for a Secondary School to be Eligible for the USE Programme

### Uganda: Conditions to be Eligible to Apply in the USE Programme

- There is no government school in the area that can admit eligible graduates
- There are physical obstacles, e.g. rivers, to reaching the nearest government school
- Government schools and already participating private schools cannot meet the demand
- The school meets infrastructure and educational norms established by the ministry
- Provide instruction in all three streams of secondary education

The private operator is given flexibility toward the daily management of the school and has to ensure that it carries out its responsibilities efficiently. The USE guidelines do not grant full operational autonomy to the provider and there are very strict guidelines for the specific purposes for which the subsidies may be used. This subsidy does not cover the cost of teachers' salaries.<sup>40</sup>

**Table 13:**

Possible USE Capitation Grant Expenditures

Grant Type	Description
Instruction/Scholastic Materials	Lesson plan books, teacher preparation books
Co-curricular Activities	Games, sports, clubs and societies, Science and art exhibitions
Other Expenses	Students' certificates, record sheets, health, sanitation utilities, furniture and equipment repairs

The grant disbursement is conditional upon the submission of the annual work plan and budget by the school's board of governors. Further, the operator is also required to submit progress report cards and work plans for the next term.

The operator must follow very strict norms of financial management to ensure accountability.

**Table 14:**

Principles of Financial Management and Accountability

### Uganda USE: Financial Management and Accountability

- Schools must have a bank account opened and administered by the chairperson of the board of governors
- USE cash book must be kept to support transactions on the school bank account
- Government accounting procedures must be followed for all USE funding, including quarterly financial reporting
- Schools must publicly display the amount of USE grants received, staff lists and a financial summary with USE grant received against school enrolment and copies of the school quarterly report must be available for public inspection

## **Impact**

The programme has shown a clear impact on its primary goal of increasing access. The number of schools under USE has almost tripled since its introduction in 2007. The programme started with 363 schools and 42,000 students and by 2013, 879 schools were implementing the USE programme with 8,06,992 students.<sup>41</sup> One of the most significant benefits of USE has been the increase in enrolment in secondary schools of girls from economically weak families, who previously would have dropped out due to prevailing gender bias and poverty.

# LEARNING FOR INDIA FROM UGANDA

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Like Uganda, India needs to address issues of access, equity and quality in secondary education as the current GER in India is 69. Uganda's experience with PPPs holds three lessons for India.

- ✓ **Need to make reimbursements through systematic, robust and transparent processes:** Untimely and delayed financial incentives lead to a working capital crunch. This affects the school operations in the short-term and the sustainability of the programme in the long-term. There should be clear, robust and transparent systems and processes to make reimbursements. In addition, the government should strive to cover all the core activities that the provider undertakes during the course of school operations.
- ✓ **Focusing on the quality of student learning outcomes while achieving scale:** Uganda's experience suggests that while infrastructure is important, there is a constant need to innovate within the prevailing cost per child in order to achieve quality outcomes. As India strives to provide universal secondary education, it needs to shift its focus from inputs to outputs like student achievement. Thus, a PPP contract should clearly define the performance standards expected from the provider and the implementation should include adequate monitoring, support supervision and staffing levels to ensure high quality education provision.
- ✓ **Financial management and auditing arrangements should be robust:** While it is important to allow the operator the autonomy to manage the budget allocated to it, all records must be properly maintained and publicly available to ensure financial accountability. The stringent financial controls in the USE policy serve to increase transparency and trust in the system.

## Pakistan: Foundation Assisted Schools Programme

The Punjab provincial government conceived the Foundation Assisted Schools (FAS) programme in 2005 to deliver access to better quality education to underprivileged children. It aims to improve educational outcomes in terms of enrolment, retention and quality and to put in place better accountability measures than government schools. The programme provides a per student cash subsidy for existing low-cost private elementary and secondary schools that is paid to the school.

The Punjab Education Foundation (PEF), a semi-autonomous organisation, implements the FAS programme. It was initiated in November 2005 on a pilot basis in 54 schools in five districts in Punjab covering 20,000 students.<sup>42</sup> Since then, the programme has expanded and by 2012, the programme covered 200 schools and one million students.<sup>43</sup>

**Table 15:**

Pakistan: PEF's Foundation Assisted Schools Programme

Type	Description
Overview	Programme was conceived in 2005
	A per student cash subsidy for existing low-cost private elementary and secondary schools
	Schools cannot charge a fee on top of the per student subsidy paid by the PEF
Coverage	By 2012, the programme covered 200 schools and ten lakh students
Objective	To deliver access to better quality education to underprivileged children in both rural and urban areas
	To improve educational outcomes in terms of enrolment, retention and quality and to put in place better accountability measures than government schools
Financial Model	Programme pays participating private schools per student subsidy of ₹350 to elementary and ₹400 to secondary schools
Lessons for India	Governance and management structures are critical to the successful implementation of a replicable and cost-effective programme
	Maintaining capacity is critical for successful programme implementation and scale-up
	The effectiveness, affordability and social acceptability of a PPP programme weighs a demand on the political leadership to support the programme

51% and 89% of current programme schools are located in districts ranked among the bottom-quarter and bottom-half in terms of adult literacy rates respectively. FAS partner schools are presently located in several districts including Lahore, Khushab, Bahawalpur, Chakwal, Bhakkar, Bahawalnagar and Sialkot.

### **Impact**

Data from the academic years 2009-10 and 2010-11 shows growth in enrolment and increase in the number of teachers and teacher salaries indicating greater self-confidence of the school managements. There has also been greater investment in inputs like labs and libraries.

### **Structure**

Schools apply to participate in the programme through a selection process that includes an application form and a physical inspection. After the inspection, a standardized multiple choice and multiple subject test is administered to three grades chosen at random. The school must attain a minimum pass rate of 67% in this quality assessment test. Upon selection, schools enter into a partnership agreement with the PEF.

The government's subsidy per student is ₹350 in elementary schools and ₹400 in secondary schools. Subsidies are paid directly to the school. Schools cannot charge a fee on top of the per student subsidy paid by the PEF. These schools must have at least 100 students and the maximum enrolment cannot exceed 750.

The school management has full operational autonomy over budget, teachers and pedagogy and can spend the subsidy amount as per its discretion. However, PEF officials are given unrestricted access to partner schools to monitor enrolment, attendance, physical facilities and infrastructure.

The programme uses a combination of assessments and incentives to maintain quality. A third party agency conducts 'School Quality Assurance Tests' on a semi-annual basis to gauge learning outcomes and quality standards. Schools face elimination from the programme if they fail the test twice.

In addition, students at FAS partner schools must continue to meet minimum performance benchmarks in order for the school to remain part of the FAS programme and hence eligible for funding.

As an incentive, the PEF provides professional development support for partner FAS schools. Moreover, there are performance incentives for teachers and schools. There is a provision for a bonus to five outstanding teachers as well as a bonus for the best performing school in the district.

# LEARNING FOR INDIA FROM PAKISTAN EDUCATION FOUNDATION'S FAS PROGRAMMES

- ✓ **Governance and management structures are critical to the successful implementation of a replicable and cost-effective programme:** In its early days, PEF lacked a strong board and leadership, which seriously constrained the Foundation's institutional capability. Further, despite legal autonomy for the institution, in 2008 the provincial government overruled this statutory authority and took over the PEF.<sup>44</sup> This raised questions among donors on the credibility of the Foundation and the stability of the PPP programme. However, public pressure arising from the success of the programmes led to increased government funding and further scaling-up of the programme.
- ✓ **Maintaining capacity is critical for successful programme implementation and scale-up:** Like other human resource-intensive PPPs in the social sector, PEF's FAS programme faces challenges in staff retention. The hiring, continuous professional development and retention of principals, teachers and education functionaries is critical for the success of a PPP programme.
- ✓ **Building a broad base of support for PPP programmes puts political pressure on the system:** Having impacted over one million children, the FAS programme has gained wide acceptance from the parents, communities and the media. The use of third-party assessments through the Quality Assurance Test and other monitoring tools emphasize the programme's credibility. As a result of public support, even in the face of a withdrawal of donor interest, the government continued operating the programme.

## Pakistan: Adopt-A-School Programme

A second model of PPP in Pakistan is the Adopt-A School (AAS) programme implemented in the mid-1990s. The model seeks to engage philanthropies in the operation of government schools.

Different partnerships have varying degrees of engagement with government schools under this programme. In some partnerships, NGOs take over the school operations including the hiring and management of teachers. In others, NGOs strive to improve the quality of education service delivery through more indirect methods like teacher training. On the other hand, some partnerships focus on infrastructure improvement in the school.

**Table 16:**

Pakistan: Adopt-A-School Programme

Parameter	Detail
Overview	Programme was conceived in mid-1990s
	Different NGOs have varying degrees of engagement with the adopted school
	Some NGOs have a more direct intervention approach with the ability to place a certain number of teachers in government schools
	Other NGOs have a more indirect approach that involves weekly visits to the adopted school
	Sindh Education Foundation (SEF), the pioneer of the programme, treats the activation of School Management Committees (SMCs) as a non-negotiable element
Lessons for India	CSR can play a central role in the implementation of whole school PPPs
	Community ownership over adopted schools can help make the programme sustainable

The number of schools adopted by an NGO also varies significantly. The scale of operation ranges from organisations that adopt only one school to the Sindh Education Foundation (SEF) that runs 200 schools. Under this programme, school adoptions are approved at the district level.

The Lahore-based NGO CARE, which manages over 350 government schools, has a comprehensive support programme. CARE places a teacher called an Internal Coordinator (IC) in each of the adopted schools. The government pays salaries of around two-thirds of the school teachers while CARE employs and pays a further third of the teachers. The IC works with the school principal to support the government school's functioning by giving educational inputs.<sup>45</sup> CARE also hires an Academic Coordinator (AC) and an External Coordinator (EC). Both the AC and the EC monitor the performance and attendance of the CARE and government school teachers and ensure that student work is checked regularly. In this 'Adopt-a-School' partnership, CARE does not receive any funding from the government beyond the payment of government teacher salaries.

SEF, the pioneer of this programme encourages NGOs, individual and corporate philanthropists to adopt schools. SEF supports the operator during the adoption process. The partnerships focus on engaging with the School Management Committees (SMCs) and the local community for the purpose of school monitoring and management.

**Table 17:**  
 Funding Plan under SEF's AAS Programme

Parameter	Description
Corporate Plan	For local and multi-national companies
	The company can support the Adopt-A-School programme by contributing certain amount of funds through mutually agreed terms and conditions for revitalization of government schools
	Where SEF provides direct services in school improvement, it deducts a 15% coordination and management fee
	SEF will be liable to provide the company with financial and monitoring reports
School to School Plan	For private schools and educational institutions
	Reciprocal visits between public and private schools provide an opportunity to staff and school to share practices.
	Students of private schools are also encouraged to work as volunteers for the revival of government schools.
Individual and Volunteer Plan	For individuals with a keen interest in government school revitalization
	They provide support for teacher training, teaching aids, infrastructure support, technical and financial support to schools

# LEARNING FOR INDIA FROM PAKISTAN'S AAS PROGRAMME

- ✓ **CSR through multi-nationals and local business houses can play a pivotal role in PPP implementation:** Pakistan's experience indicates that these entities can play a role in funding the programme and in engaging with the community. The recently mandated 2% CSR spend under the Companies Act, 2013 presents a significant opportunity in this regard.
- ✓ **Community ownership over local schools can help make the programme sustainable:** The experience of NGOs under the AAS programme suggests that community ownership through an institution like School Management Committees can add to the continuity of the programme. Since SMCs are mandated under the RTE, 2009 in India, this learning could be directly applied in the Indian context.

## Colombia

Beginning in 1999, the Colombian government attempted to improve access to high quality education through the creation of 25 ‘concession schools’ managed by nine private operators in Bogota. They are paid on a per-pupil basis at the same rate as public schools on an annual basis.

**Table 18:**

Colombia: Concession Schools

Parameter	Detail
Overview	Started in 1999 in Bogota
	Operator had complete operational autonomy including teacher hiring, firing and salaries
	Operator had to meet predetermined standards of student achievement, dropout and attendance
Objective	To improve enrolment in areas that were not previously well served by schools
	Target populations were rural poor without school access and migrating populations fleeing from areas of violence
Coverage	48 concession schools benefitting 70,000 students, which is approximately 10% of Colombia’s children
Financial Model	Operators are paid on a per-pupil basis at the same rate as public schools on an annual basis
	Where schools already existed that agreed to be part of the concession model, the school infrastructure was handed to the private company
	Where current buildings were dilapidated or non-existent contracts were also granted to build new infrastructure as part of the private contract
Lessons for India	Invest in infrastructure where necessary
	Focus on attendance
	Consider contract lengths carefully

### Impact

There are now 48 concession schools benefitting 70,000 students, which is approximately 10% of Colombia’s children.

The 2011 World Bank report on PPPs in secondary education states that the dropout rate fell in concession schools from 7% to 5%.<sup>46</sup> Over the first nine years, concession schools showed stable improvement through standardized assessments such as TIMSS and PISA and surpassed the average test scores of public schools. When comparing with students from similar socioeconomic backgrounds, concession students typically do at least as well as those in other types of public schools.<sup>47</sup>

## **Structure**

Contractors of the school (“concessionaires”) were private schools or universities who displayed strong academic achievement among their current student bodies. Concessionaires bid competitively in an open process to operate schools and got the school infrastructure on 12 to 15 year contracts. Infrastructure grants were given to operators in cases where buildings were dilapidated or new buildings were required.

School operators function under a contract that required them to meet specific requirements, for example lower drop-out rates, higher attendance rates than public schools and a higher average score on standardized tests. Schools are annually evaluated and can be placed on notice for contract cancelation if they do not meet targets.

Schools have the freedom to recruit and release teachers and have complete pay flexibility. This was particularly important for operators to counter the strong teacher unions in Colombia that had assured national experience-based pay scales.

Private operators can use school infrastructure to generate revenue through means such as renting the building to the community. Schools receive per student funding that is equivalent to the funds spent on a student in a public school. This money goes directly from the government to private school operators who use the money at their discretion.

# LEARNING FOR INDIA FROM COLOMBIA'S CONCESSION SCHOOLS

- ✓ **Invest in infrastructure where necessary:** The success of concession schools can be attributed partly to the superior quality buildings and resources provided. These resources resulted in various positive externalities. Teachers were willing to be paid less and yet worked hard. Better resources also helped overcome barriers to education, such as parental anxiety about school and malnutrition.
- ✓ **Focus on attendance:** Colombia focused first on attendance rather than on student outcomes. Attendance correlates highly with achievement, and is a precursor to it. Building attendance measures into the performance metrics of the contract resulted in a strong base for later learning-related innovations.
- ✓ **Consider contract lengths carefully:** In Colombia, contracts were given for 12 to 15 years. It took nine years before there was stable improvement in achievement at the school that reflected in standardized assessment data. These stable long-term contracts meant that operators could focus on improving the service in a sustainable way. However, good monitoring systems are essential so that schools could have contracts terminated if they slip below acceptable minimum levels.

# OPPORTUNITY FOR PPP IN SCHOOL EDUCATION IN INDIA

Enrolment in municipal schools declined between 25% to 50% in the last decade in several major cities such as Mumbai, Kolkata, Ahmedabad, Pune and Chennai while education budgets increased between 50% and 150%. With a need to improve education outcomes, PPPs can introduce positive innovations into the government system.

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An analysis of enrolment, budget and expenditure trends in major Indian cities indicates that there is an opportunity for implementation of the school management and school adoption PPP models. This section describes the systemic factors that indicate a tangible opportunity for these partnerships to evolve.

Enrolment in municipal schools declined between 25% to 50% in the last decade in several major cities such as Mumbai, Kolkata, Ahmedabad, Pune, Chennai and Bangalore. Parents from low-income communities are opting to enrol their children in affordable private schools because of a growing belief that private schools impart a higher quality education than government schools.

A review of some cities shows that this enrolment decline was accompanied by an increase of between 50% and 150% in the education budget of the local governments over a five-year period. Thus a decline in enrolment along with an increase in expenditure has resulted in an increased government cost per child.

The exception to this steady trend of declining enrolments in municipal schools is in schools that offer instruction in English language, which have seen student increases over the same period. By bringing in private innovation into the government system, PPPs could be used to provide English language instruction in government schools, as well as to demonstrate increased learning outcomes and mitigate the dismal perception of government education. These results could reverse the trend in declining enrolments and therefore revitalize the government school system.

Declining enrolment has also created the problem of underutilization of school buildings. Most municipalities are not closing schools at the same rate as the decline in enrolments. Municipal governments have an opportunity to optimize the use of existing under-utilized school infrastructure through PPP school models.

In particular, there is a significant opportunity<sup>48</sup> for PPP in municipal school systems in Ahmedabad, Mumbai, Kolkata, Pune and Delhi as seen from data in the table below. Further a recent study by McKinsey & Company found that state governments in UP, Haryana and West Bengal signal that they would be open to experimenting with the PPP school adoption model.<sup>49</sup>

**Table 19:**

Trends in Municipal School Education in Major Cities

Municipal Corporation	Enrolment	Education Expenditure	Other Indicators
Ahmedabad Municipal Corporation (AMC)	Decrease of nearly 30% in enrolment in the last decade	Primary education expenditure increased more than 20% over 5 years in the last decade	AMC started operating English medium schools from the academic year 2013-14
Municipal Corporation of Greater Mumbai (MCGM)	Decrease of nearly 30% in enrolment in the last decade	Education budget increased by over 150% in a five year period in the last decade	In a three year period, the enrolment in English medium schools increased by over 35%
Kolkata Municipal Corporation (KMC)	Decrease of nearly 50% in enrolment in the last decade	Education budget allocation rose by over 25% in a three year period	KMC is exploring education PPP for both administrative and development work
Pune Municipal Corporation (PMC)	Decrease of over 30% in enrolment in the past five years	Education budget increased 100% around the same period	Enrolment in English medium schools increased
			PMC has signalled interest in PPP
Municipal Corporation of Delhi (MCD)	Enrolment is increasing but rate of increase has slowed in the past decade	Education budget increased by nearly 50% in just a two year period	A school management PPP policy was in discussion in SDMC at the time the report was being written in 2014

# EXISTING OR PLANNED PPPs: SCHOOL MANAGEMENT AND SCHOOL ADOPTION MODELS

At the central level, the Ministry of Human Resource Development has plans to create 2,500 model schools through PPP across the country. Among states, Gujarat, Punjab and Rajasthan have PPP policies in place and the city of Mumbai is the first municipality to create a school PPP policy.

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## **Aided Schools**

PPPs in school education began in India with the aided schools model, which had the primary objective of increasing access to schools. Private operators run aided schools with funding support from the government. Currently, aided schools enrol 16 million elementary level students (Table 20).<sup>50</sup>

### **Structure of aided school model**

Government aided schools are managed by private trusts but subject to the rules and regulations of government schools. They follow their respective state board curricula and norms. Aided schools have to admit all students that apply.

Broadly, the private management incurs the infrastructure costs and the state government provides the teacher costs and some infrastructure support. Recognized private schools to which the government grants aided status receive block grants. Between 90% and 95% of the grant comes in the form of the payment of all teacher salaries. 5% of the grant is non-salary expenditure such as repair and maintenance costs, purchase of educational aids and other utility payments. In addition, a third grant component is in the form of subsidized land.

The school fee is regulated at par with the fee prevailing in the government schools, which are currently free. The fee structure, PTA fund and other fees are based on rules formulated by the government for each school. As the grant does not cover non-salary recurring costs, schools usually charge a separate fee in different forms.

**Table 20:**  
 Snapshot: Aided Schools

Parameter	Detail
Overview	Run by private operators, but are substantially funded by the government
	Games, sports, club and societies, Science and art exhibitions
Objective	To increase access to schools
Coverage	More than 16 million elementary school students
Financial Model	Private management incurs the infrastructure costs and the state government provides teacher salaries and some infrastructure support based on a per student calculation
	Private management also receive non-salary grants for expenses such as repair and maintenance costs, purchase of educational aids and other utility payments. These grants usually account for about 5% of total support from government
Other Key Aspects	Follow the state board curriculum and have to admit all students that apply
	School fee is regulated and is generally at par with the fee prevailing in the government schools

Generally the grants are not linked to performance or accountability and they often continue indefinitely without reference to the number of students in the school, attendance of students and teachers or performance of students.<sup>51</sup>

### Evolution of Aided School Model

In the aided school model, schools initially received a per student subsidy from the state government. Teachers were paid from school revenues and were accountable mainly to the school manager. They could be hired or fired by the school management as well as face disciplinary action.

In the late 1960s, teachers of aided schools, claiming that school managements engaged in unfair practices such as not paying fair wages, lobbied to be paid directly by the state government. This movement led to the passage of the momentous Salary Distribution Act (1971) in Uttar Pradesh and similar Acts in other states, e.g. the Direct Payment Agreement (1972) in Kerala.<sup>52</sup>

These Acts mandated the state government to pay teachers' salaries directly and for State Education Service Commissions to make teacher appointments. These measures reduced aided school teachers' accountability to the school managers and led to almost identical institutional arrangements and teacher incentives in aided and government schools.

However, aided schools do enjoy some flexibility over government schools.

In most parts of the country, aided schools have the autonomy to short-list and interview candidates for teaching positions. They can conduct professional development training for teachers and principals as needed. Finally, they have control over the daily management of schools and create a culture of their choice.

As the education system moves toward providing quality education, aided schools need to be re-oriented. Some recommendations for changing the structure of the aided school model are presented below:

- **Tie the school's grant-in-aid status to performance requirements:** Currently, a lack of performance requirements makes it difficult to revoke a school's grant-in-aid status. Government grants should be contingent upon student and teacher attendance, the state of maintenance of infrastructure, examination results, and learning achievement outcomes. Aided schools need a well-defined process for outcome evaluation and should face penalties for underperformance against benchmarks.
- **Increase teacher accountability to local management:** While school managements can recommend teachers for appointment, the ultimate authority for appointing teachers lies with the government. Further, school managements have limited authority in disciplining or removing non-performing teachers and teacher promotion is not linked to performance. Better teacher performance management system would increase aided schools' control over their teachers while avoiding management corruption in the appointment of teachers.
- **Support innovation:** Aided schools are required to follow state board curricula and there is no incentive to innovate in curriculum delivery. Being held to clear performance standards rather than having to follow a prescribed process would enable schools to take measured risks to improve the standard of education.
- **Increase infrastructure grants:** Aided schools suffer from poor infrastructure upkeep because of limited funds from government and limitations on fees that can be charged to students. Many of these schools do not have access to philanthropic funds that could add to government funding and allow for better infrastructure. Infrastructure grants that are tied to performance incentives could be one method of improving the situation.

## Punjab PPP Scheme

The Punjab government introduced the Adarsh Model School Scheme in 2007 to address the need for secondary schools in rural areas. The aim is to provide quality education to students in rural Punjab and provide them educational opportunities at par with their counterparts in urban areas. Its goal is to establish one school in every block and provide completely free education to under-privileged children and make them employable.<sup>53</sup>

**Table 21:**

Snapshot of Punjab Adarsh Model School Scheme

Parameter	Detail
Overview	Announced in 2007, the scheme makes private operators responsible for building and operating schools
	No fee charged from the students
	25% of the seats are reserved for students from villages whose panchayats provide land
Objective	To establish one school in each block of the state
	To provide free education to under-privileged children up to Class 12
Coverage	10 Adarsh schools currently
	Goal is to establish one school in each block of the state
Financial Model	The panchayat provides 8 to 10 acres of land on a 99-year lease, at a token annual lease amount of ₹50 per acre
	For a school of up to 2,000 children, the capital expenses of up to ₹7.5 crore are shared equally between the state government and the private operator
	The operational expenses are shared in a 70:30 ratio between the government and the private player

In this model of PPP implementation, the private player is responsible for building and operating the school. The private operator has full autonomy over the daily operations of the school. The state-level Punjab Educational Development Board (PEDB) is the over-arching body governing the management of the Adarsh schools. The primary responsibilities of the PEDB are outlined in the table that follows:

**Table 22:**

Primary Responsibilities of Authoriser in Adarsh Model School Scheme

### State Level Management: Primary Responsibilities of PEDB

Policy matters with state-wide ramifications on the Adarsh schools

Release of the grant for capital outlay and operating expenses in a timely manner to the private operator

Supervising and monitoring the working of the Adarsh schools, preparing annual comprehensive reports of each Adarsh school and taking further appropriate action, wherever required

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Determining measurable standards in terms of achievement of Adarsh schools

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Taking over the Adarsh schools including land, building and other equipment etc. in case the private operator defaults persistently in pecuniary and other matters

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Any other issue which is beyond the scope of local management or which the board decides from time to time

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Though the focus of the scheme is on senior secondary schools, the schools can range from pre-primary to Class 12. The government uses various eligibility criteria for business groups and educational groups to apply for operating the Adarsh schools.

**Table 23:**

PEDB's Eligibility Norms for Different Group Types

Group type	Eligibility Criteria
Business Group	The Business Group/Individual must have a minimum net worth of ₹25 crores. This will also include the worth of charitable funds or trusts
Educational Group	The group must have a minimum of five years' of experience/ involvement in educational institutions. Second, the group must be running at least two educational institutions (colleges or schools) with proper affiliation, with not less than 2,000 students for the last three years

In 2009, 11 private players applied for schools and the PEDB selected five of these. Bharti Foundation received six sites, Ranbaxy and Chief Khalsa Dhiwan Amritsar received four and three sites respectively, and Career Launcher and Educomp received one school each.<sup>54</sup>

### Structure of the schools

The Adarsh schools are affiliated with the Central Board for Secondary Education (CBSE) and follow its norms. They provide Punjabi-medium instruction and teach English as an additional language.

The student enrolment in these schools is capped at 2,000. Students are selected through an admission test. 25% of seats are reserved for students from the villages whose panchayats provide land to the private operator.

The scheme stipulates that the school should be in a centrally situated village, so it can maximize its student catchment area and serve the population efficiently. The panchayat provides 8 to 10 acres of land to the private operator on a 99-year lease for a token annual lease amount of ₹50 per acre.

The capital expense for building a school for about 2,000 students is about ₹7.5 crores and this amount is shared in a 50:50 ratio between PEDB and the private operator. However, PEDB pays a maximum of ₹3.75 Crores or 50% of the total project cost, whichever is less.<sup>55</sup> This splitting of capital expenditure adds an element of risk sharing between the government and the private provider.

The government and the private operator share the school's operational expenses in a 70:30 ratio for up to 2,000 students. If the private operator chooses to enroll more than 2,000 students in the school, it bears their operational cost. The government provides benefits such as mid-day meals, uniforms, books, stationery and textbooks for free.

If the government fails to meet its obligations, the private operator can take over the school and charge fees from 75% of the enrolled children other than those from the villages whose panchayats provided land to the operator. If the operator defaults on its obligations, the PEDB can take over the schools.

### **Impact**

Preliminary evaluations of retention and attendance indicate positive performance by Adarsh schools. The five senior secondary schools set up by Bharti Foundation had a zero dropout rate during the 2010-11 academic year and received registrations that were more than twice their capacity. According to a World Bank report 47% of students in Bharti schools scored over 75% in Cycle III of internal assessment and 74% of students had more than 90% attendance in March 2011.<sup>56</sup>

## Rajasthan

Rajasthan has two models of PPP implementation in education – the school adoption model and the Design Build Finance Operate and Transfer (DBFOT) model. Under the school adoption model, Bharti Foundation has adopted 49 primary schools in Amer and Neemrana districts and Grameen Shiksha Kendra has adopted two schools in Sawai Madhopur district. The DBFOT model which is still to become fully active, aims to leverage the private sector to build school infrastructure and provide upper-primary and secondary education in remote areas.

### Rajasthan Education Initiative: Bharti Foundation

Under the Rajasthan Education Initiative (REI), the government of Rajasthan entered a partnership with Bharti Foundation in 2007 to improve the quality of education service delivery in existing government elementary schools in rural Rajasthan. Subsequently, in 2012, the state government entered into a similar partnership with Grameen Shiksha Kendra.

**Table 24:**

Snapshot of Rajasthan Education Initiative

Parameter	Detail
Overview	MoU signed between Government of Rajasthan and Bharti Foundation in 2007
	Bharti Foundation adopted existing government schools
	Hires teachers and operates the school
	Renovates it as per requirements
Objective	To improve the quality of existing government schools through effective school management and holistic educational interventions
	Special emphasis on girl-child, out-of-school children, children from socio-economically deprived sections
Coverage	49 schools in Amer and Neemrana districts
	Out of these, 37 are primary schools and 12 are upper-primary schools
Financial Model	Bharti Foundation bears the cost of renovation and teacher salaries
	The government provides the school building and some amount of infrastructure grant
	At present, government does not reimburse the operational funding on a per student basis

Bharti Foundation adopts an existing government school, renovates it as per requirement, hires teachers, introduces educational innovations and handles the daily operations. In addition to infrastructure, the government provides resources such as textbooks, stationery, mid-day meals, uniforms and scholarships.<sup>58</sup>

The schools are adopted for an initial period of 10 years which may be extended based on mutual consent from both parties. Bharti Foundation has full operational autonomy to manage the school on a daily basis and bears the entire operational costs of the schools.

The state's school education department is responsible for transferring all the existing staff and teachers out of the schools adopted by Bharti Foundation. The foundation then has to appoint and manage staff. Its recruitment process for teachers incorporates skill-based proficiencies and personality-based parameters.

The schools are affiliated to the Rajasthan state board. The medium of instruction is Hindi and English is taught as an additional language. The pupil-teacher-ratio of the schools is maintained at 35:1. All schools operate on a single class-single teacher basis.

Bharti Foundation introduces a number of inputs and initiatives in the adopted schools.

**Table 25:**

Bharti Foundation: Overview of Inputs or Interventions Introduced

Inputs or Interventions	Overview
Infrastructural Inputs	Extra rooms and separate toilets
	Drinking water facility
	Blackboard, furniture and educational aids
Capacity Building Inputs	Ensuring availability of adequate number of teachers
	Training of teachers and leadership training of principals
	Awareness among community
	Ensuring full attendance of teachers and students
Programme Interventions	Libraries and reading programmes
	Computer programmes
	Creation of teaching learning material (TLM)
	Teacher training for regular and para teachers
Out of School Processes under SSA	100% enrolment and retention
	Child tracking system in the catchment areas
	Community mobilization for education
	Addressing gaps in gender, SC, ST, minorities in enrolment and retention

Block Resource Coordinators monitor the schools on an ongoing basis. Bharti Foundation submits a monthly progress report to REI detailing progress on specific parameters. The government conducts annual, mid-term and end-line evaluations of the project. In addition, every alternate year the government deploys third party committees to conduct evaluations. These committees have included members from consultancy companies and multi-lateral agencies.

Either the Bharti Foundation or the Rajasthan government may terminate the partnership with a notice period of two months, with an attempt for the closure to coincide with the end of the school year.

The schools adopted through this model of PPP implementation have seen substantial improvement in quality, enrolment and infrastructure. 20 of the 24 schools in Amer district got grades A and B in the Quality Assurance Test conducted by SSA, up from 7 before the schools were adopted. As per the 2011 World Bank report on PPP in Secondary Education in India, the adopted schools saw a 50% increase in enrolment and had a high 54:46 girl-to-boy ratio. With regard to infrastructure, access to drinking water has increased from 34 to 57 schools, electricity connectivity from 3 to 49 schools, school renovation and plumbing from nil to 49 schools and allocation of computers from nil to all 49 schools.<sup>57</sup>

In spite of the positive impact, the private operator faces several challenges:

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**Table 26:**

Snapshot of Challenges Faced by Operator in REI

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**Rajasthan Education Initiative: Challenges**

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Government officials were sceptical initially about the efficacy of the project

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The community was initially apprehensive that the adopted school would subsequently charge a fee

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Infrastructural issues included badly maintained buildings, dysfunctional toilets, lack of water and electricity

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Adversarial relationship with the pre-existing teachers in the adopted government schools

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A lack of operational funding by the government means that there is no path to operational sustainability

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## Rajasthan: DBFOT PPP Project

The objective of this PPP project is to increase access to English medium upper-primary and secondary schools where there are no such schools in a 5 km radius. The project focuses on providing equitable quality education and social integration and has a special emphasis on the girl child.

**Table 27:**

Snapshot of Rajasthan DBFOT PPP Project

Parameter	Detail
Overview	DBFOT model of PPP implementation with a concession time period of 30 years
	Part voucher-funded students, part fee paying students
	Provider has operational autonomy
Objective	Operator builds upper-primary and secondary schools where there is no such school in a five km radius
	Equitable quality education with emphasis on girl child
Policy	Part of central scheme for financial support to PPPs
Coverage	Five schools in each district, 165 schools in the state
	50 schools in Phase I in Ajmer and Udaipur divisions
Financial Model	Land provided by Rajasthan Government on a nominal lease rent for 30 years
	Private provider bears capital cost upfront and government provides capital incentives
	Central government provides lower of capital subsidy and viability gap funding (VGF) up to 20% of project cost

This PPP follows the DBFOT (Design Build Finance Operate and Transfer) mode. The Government of Rajasthan will contract private operators to build and operate 5 schools in each of the state's 33 districts. As of February 2014, the government had shortlisted eligible private providers who responded to a Request for Qualification.

The state will lease land for these projects to the private partner for 30 years for nominal rent. After the lease expires, the private player will transfer the schools back to the government. The provider will have full operational autonomy for the 30 year period, including areas like teacher recruitment and daily school management.

The schools will be English medium and affiliated with the state board or CBSE. The schools will be limited to 560 students with a maximum PTR of 30:1.

The state will fund a part of the school operations by issuing vouchers for at least 50% of the students from Classes 9 to 12 and at least 25% of students from Classes 6 to 8. The rate of reimbursement for voucher students is based on the prevailing government per student expenditure in rural schools and is linked to the Consumer Price Index. Currently, it is approximately ₹8,000 per year. Non-voucher students will pay a market-based fee. The project links penalties and incentives to the performance of voucher students.

The private player must bear a bulk of the capital costs upfront. The state government provides construction subsidy of ₹500 per square feet subject to a maximum of ₹50 lakh per school. This subsidy is subject to the use of provider's own funds and to the progress of construction.

This project will also get financial assistance from the Asian Development Bank and the central government through the Ministry of Finance's 'Viability Gap Funding' scheme that aims to support infrastructure PPPs. The scheme provides total viability gap funding subject to a maximum of 20% of the total project cost.

## Mumbai PPP Framework

MCGM schools saw a 29% decline in student enrolment in a decade from 2002 to 2012. This overall decline in enrolments was accompanied by a 170% increase in the allocated MCGM education budget from 2008 to 2013.<sup>58</sup>

Proxy data on student learning shows that the quality of learning in municipal schools is low. For instance, in the Maharashtra State Council of Examination's scholarship exam, 8% of Class 7 private school students who took the test qualified for scholarships against only 0.1% of their counterparts in MCGM schools.<sup>59</sup>

The passage of the PPP framework in the MCGM (Municipal Corporation of Greater Mumbai) in early 2013 marked a shift in the focus of the municipal school system towards improving the prevailing levels of student learning outcomes. The framework aims to leverage the support of NGOs, foundations and private agencies for high quality education service delivery to children from economically deprived communities.

This report examines two kinds of partnership in the Mumbai PPP framework, the Full School Management with Private Teachers (FSMPT) partnership referred to as the school management model and the Full School Management with MCGM Teachers (FSMMT) referred to as the school adoption model.

**Table 28:**

Mumbai PPP Framework: Different Types of Partnerships<sup>60</sup>

Parameter	Detail
Full School Management with Private Teachers (School Management, FSMPT)	Private partner manages an existing or new MCGM school with its own teachers and principal
	Private operator has operational autonomy
	E.g. Akanksha, 3.2.1, Mukangan, Aseema
Full School Management with MCGM Teachers (School Adoption, FSMMT)	MCGM allows the private player to manage an existing school while retaining teachers
	The private player can provide training, materials, managerial inputs etc.
	E.g. Naandi
Specific Services Partnerships (SSP)	Private player provides specific services/inputs such as student competency assessment, teacher/principal training, remedial education etc.
	E.g. Naandi, Masoom
School Support	Private agency provides support through one-time donation of materials or services such as computers, furniture, one-time capacity building workshops for teachers etc.
	E.g. Rotary Club

## Mumbai: School Management Model

Under the school management model of PPP partnership, the MCGM contracts with selected private operators to operate schools for a period of approximately 10 years.

**Table 29:**  
 Snapshot of School Management Model in Mumbai

Parameter	Detail
Overview	Full school management
	Located in existing school infrastructure
	Private operator has full operational autonomy
	Focus on learning outcomes
Objective	To provide high quality education to children from the most economically disadvantaged communities through support from NGOs, foundations and private agencies
Coverage	20 schools in Mumbai currently operating <sup>61</sup>
Financial Model	MCGM provides municipal school infrastructure
	Schools could be reimbursed up to 60% of MCGM's prevailing operating cost, based on performance in the scoring criteria after first year of operations
	Private player incurs operational cost in the first year of operations
Private Partners	Akanksha
	3.2.1 Education Foundation
	Muktangan
	Aseema

The MCGM gives private operators space within government school buildings, a percentage of the MCGM operating cost per child and material support for children including uniforms and books.

Operators are responsible for the functioning of the school in adherence with the norms of the Right to Education Act, 2009. They are bound to use the competencies enlisted in National Curriculum Framework (NCF) 2005 as the overarching framework for teaching, teacher training, remediation and assessment.

In the 2013-14 academic year, there were 20 schools in Mumbai operating under the school management model of PPP implementation. While currently these are all English medium schools, the Mumbai PPP framework is applicable to schools of all mediums of instruction.

The school management model of PPP implementation is expected to deliver the best learning outcomes, as this model affords the private player the maximum flexibility to introduce different innovations in the school. Moreover, the framework clearly defines the predetermined performance standards that the operator is required to meet, as a

condition for renewal.

Private providers are selected on the basis of a predefined selection rubric encompassing the strength of their experience, leadership, innovative approaches and focus on measuring learning outcomes. The framework calls for the appointment of a selection committee that consists of both senior government officials as well as reputed leaders from private, NGO and education sectors. The detailed as-is selection rubric is given in the appendix.

Operators cannot charge any fees from the students. In the first year, private operators are responsible for raising their own operational expenditure. From the second year onward, they are eligible to be reimbursed up to 60% of MCGM’s prevailing cost per child, based on their performance in a scoring framework.

The framework has built in evaluation check-points. Repeated underperformance can result in a premature annulment of the MoU. The detailed framework, which is based on multiple facets of school operations, is given in the appendix.

**Table 30:**  
 School Management Model: Binding Conditions and Flexibilities

Parameter	Detail
Binding Conditions	Schools need to adhere to RTE 2009 norms
	Cannot charge any fee from students
	Need to use the NCF 2005 as the overarching framework for teaching, teacher training, remediation and assessment
Flexibilities over Government Schools	The private player has the autonomy to hire, manage and fire the school’s staff
	The private player can determine its own teacher training/development plan and schedule including the use of holidays etc.
	It can introduce innovations in pedagogy, teaching and learning materials and staff management

The school management model faces a couple of challenges in meeting its potential. First, viability gap funding is required for operators as the government is only reimbursing up to 60% of prevailing per child costs. This means that operators will be dependent on philanthropic funding and they do not have a path to sustainability. Second, reimbursement is based on improvements in learning outcomes. This may incentivize operators to provide false outcomes or game the assessments. While student learning outcomes have to be at the centre of this model, there needs to be a more holistic approach to measuring performance for reimbursement.

## Mumbai: School Adoption Model

In this PPP model, the private operator ‘adopts’ an MCGM school, but the school retains the government-appointed principal and teachers. The MCGM continues to recruit teachers and pay teacher salaries.

**Table 31:**

Snapshot of School Adoption Model in Mumbai

Parameter	Detail
Overview	School Adoption or Full School Management with MCGM Teachers (FSMMT) under the Mumbai PPP framework
	NGO places a facilitator in each school to provide whole school support
	Limited operational autonomy
Objective	To provide high quality education to children from economically disadvantaged communities
Coverage	Currently operating in 28 out of 71 English medium MCGM schools
Financial Model	Reimbursed approximately 60% to 70% of its cost per child per annum by the government
	Remainder is funded by donors
Private Partner	Naandi Foundation

The Naandi Foundation has provided whole school support to improve the quality of education in English medium MCGM schools since 2009. It provides support to 28 of the 71 English medium MCGM schools. The programme impacted 12,200 students in academic year 2013-14, up from 1,147 students in the year 2009-10. Naandi is responsible for monitoring and managing the daily activities of the schools such as student and teacher attendance. It places a facilitator in each of its schools who is responsible for providing support in curriculum, innovative pedagogy, teacher training and other critical school operations. The facilitator also provides training, feedback and mentoring to the teachers. Naandi also places Teaching Assistants (TAs) in pre-primary classes, who support the MCGM teacher with classroom management, developing teaching materials and conducting small group activities. Under the terms of the contract, Naandi Foundation is reimbursed approximately 60% of its cost per child. Private donors fund the remainder of the cost. The government also provides its standard free items to students.

While MCGM teachers in the adopted schools have not resisted the Full School Management partnership model, the facilitators’ influence in the schools has been limited as Naandi does not have the power to hire, fire or transfer MCGM teachers. The project is further hampered by teacher vacancies as the government has found it difficult to hire English medium instructors.

The key learnings from Naandi’s interventions include the importance of contextualizing the programme to the needs of the school and the community, the need for government support to encourage adoption of programme inputs in school and the support of teachers and school staff in changing the culture of the school.

## Gujarat

The Vidyateerth PPP programme is a part of the Gujarat government's effort to provide urban amenities in rural areas. The PPP will consolidate smaller schools to provide high quality education in rural areas close to urban areas. This peri-greenfield model of PPP implementation will be a tri-partite agreement between the state government, public sector utilities and private operators.

**Table 32:**

Gujarat: Snapshot of Vidyateerth PPP Programme

Parameter	Detail
Overview	Tri-partite arrangement between PSUs, state government and private operator
	Peri-greenfield model
	Smaller schools will be consolidated
	Private operator will provide curriculum and training expertise
	Government will provide teachers and PSU will monitor
Objective	To provide high quality education in rural areas – a part of the 'Rurban' initiative
	'Rurban' initiative aims to provide urban amenities to rural areas
Coverage	The project aims to cover 255 locations
	As of now, 35 partners have come on board and agreements for 20 schools have been completed
Financial Model	Government will reimburse approximately ₹11,000 on a per student basis
	PSUs will provide infrastructure costs and other expenses

The programme will eventually cover 255 locations. As of now, 35 partners have come on board and agreements for 20 locations have been completed. The government will be responsible for providing the teachers. The private operators will be responsible for providing curriculum expertise and training. The PSUs will play the role of the monitoring partner on the project. Schools will follow the state board curriculum.

The government will reimburse approximately ₹11,000 on a per student basis, while the PSUs will be responsible for providing infrastructure and other costs. The release of government funding would be triggered by schools meeting performance standards for students' learning.

## Central Government: Model Schools Scheme

The central government announced this national PPP initiative in 2011 to increase access to quality secondary education in rural India. The overall goal was to create 6,000 schools with the PPP scheme contributing to the establishment of 2,500 schools, one each in the non-educationally backward blocks. The goal of the PPPs is to create one school of excellence in every block that serves as a model for all other schools. These schools would be branded as ‘Rashtriya Adarsh Vidyalaya.’

**Table 33:**

Snapshot: Central Government’s Model Schools Scheme

Parameter	Detail
Overview	National level initiative by Government of India
	Private operator builds and operates the schools on subsidized land
	For upper-primary and secondary schools
	40 to 50% of the seats are reserved for government sponsored candidates
	PPP scheme was announced in 2011
Objective	Improve access to high quality school education at the block level
	Every block in the country will have at least one school of excellence, which can be a model for all other schools in the block
Coverage	Schools in 2,500 non-EBBs (non-educationally backward blocks) would be set up through PPPs
Financial Model	Land would be procured by the operator on its own but state government may be requested to assist in securing the land
	Central government provides recurring support for the sponsored students
	Central government provides some amount of infrastructure grant

Each model school would be able to enrol up to 2,500 students.<sup>62</sup> Model PPP schools have the potential to impact over 5 million children.

### Structure of partnership

The partnership’s initial period would be 10 years and this may be extendable by mutual consent. In this initiative, the private operator would build and operate the schools on land provided by the state government. In addition the state government would provide uniforms, textbooks and mid-day meals.

The central government would sponsor 40% to 50% of the students and provide an infrastructure grant. It would contribute towards the recurring cost on a per student basis

for all sponsored students. The government support for the state-sponsored students would be at par with the per student expenditure in Kendriya Vidyalayas.

The model school would charge no fees from the government-sponsored students up to Class 8. Students from Class 9 through 12 sponsored by the government would pay a fee of ₹25 if they are from marginalized communities (scheduled caste, scheduled tribe, female or below the poverty line) or ₹50 for all others. Private operators are free to charge fees from students who fall under the management quota.

Furthermore, the central government would provide infrastructure grant equal to 25% of the monthly recurring support for each sponsored student. This grant would not exceed an amount equal to 10% of the capital investment in the school. The government support would vary according to differential costs and likely availability of students.

### Operation of schools

The private operator would have decision-making autonomy. However, they have to adhere to some binding conditions listed below.

**Table 34:**

Binding Conditions for Operating Model Schools

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#### Model Schools: Binding Conditions

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The pupil teacher ratio will not exceed 25:1

The classroom students ratio will not exceed 40:1

Schools will be affiliated to the Central Board of Secondary Education

The schools will follow the National Curriculum Framework, 2005 and its subsequent versions as adopted by the government

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These schools will emulate the standard of Kendriya Vidyalayas. Like the Kendriya Vidyalayas, the schools will be affiliated to the Central Board of Secondary Education, except under exceptional circumstances. In addition, they would be modeled on Kendriya Vidyalayas on the following parameters:

- Pupil teacher ratio
- ICT usage
- Holistic education environment
- Appropriate curriculum
- Emphasis on output and outcome
- Performance in board examinations

While bound by the norms of the RTE, private operators would have a large degree of flexibility in managing the school as shown in Table 35 on the next page. This includes using school premises for vocational education, training and other educational purposes outside school hours.

### Student Admissions

Students who have studied in the same block up to Class 5 would be eligible for admission. Students for the central government sponsored seats would be selected through an admission test. The modalities of admission for the management quota seats would be decided by the operator.

**Table 35:**  
 Flexibilities over Government Schools

Flexibilities	Detail
Hiring of Teachers and School Principal	The selection of principals and teachers will be through an independent process that would be developed in consultation with the state governments
Charging Fee from Non-sponsored Students	The private operator is free to charge appropriate fee from students who fall under the management quota
Daily Management	The private operator would have full autonomy in the functioning of the school
Alternate Use of Premises	The operator can use the premises outside of school hours for vocational education, training and other educational purposes

The operator and central government would each be able to fill between 40% and 60% of the seats. The central government can sponsor up to 140 students in each class, or up to 980 students in the school. This ceiling may be relaxed if the private operator is unable to get an adequate number of sponsored students in a particular class.

Further, in areas where the demand for management quota seats is exceptionally high, the private operator may be allowed to raise the management quota seats to 60%, subject to the condition that the central government would continue to sponsor 140 students in each class.

In comparatively backward areas, with limited affordability of fees, the private operator may be asked to run the school with only the central government quota for the first three years and then be asked to bring it down to 60% over the subsequent five years.

### Private operator selection

The initial plan was to roll out 500 schools in 2012-13, followed by 1,000 schools each in 2013-14 and 2014-15. Due to delays in implementation, the government now plans for 500 PPP schools to start operating in the first phase from 2015-16.<sup>63</sup>

In the pilot mode of the bid phase, 65 private operators were shortlisted from the request for qualifications (RFQ) and 41 blocks were selected. In the next round of the first phase, 127 private operators and 150 blocks were selected. Providers such as Bharti Foundation, Adani Foundation and IL&FS have been shortlisted.<sup>64</sup>

The bidding process will be based on the bidder's financial standing, track record in the field of education, commitment and preparedness to provide necessary infrastructure and governance structure. The eligibility for selection of different entities has been laid down in Table 36.<sup>65</sup>

**Table 36:**

Private Operator's Eligibility Criteria

### **Model Schools Scheme: Operator Eligibility**

An entity running at least one CBSE school from where at least two consecutive batches have completed Class 10 would qualify for up to three schools

Those schools who have not come up to the Board examination level would qualify for one school

An entity would qualify for three schools if it has a track record of running educational institutes for at least five years and if it makes an interest-bearing deposit of ₹25 lakh for each school, to be released in three annual statements after commissioning

A corporate entity would be eligible for one school for every 25 crore of net worth. It would have to make an interest-bearing deposit of ₹50 lakh each for up to three schools and ₹25 lakh per school thereafter

### **Performance criteria**

The release of government funding would be triggered by independent agency on fulfilment of the performance parameters shown in the table.<sup>66</sup>

**Table 37:**

Model Schools: Performance Parameters that would Trigger Government Reimbursement

### **Model Schools Scheme: Performance Parameters**

Results in board examinations

Results of learning achievement surveys to be conducted in schools for different classes every year

Availability of infrastructure including classrooms, laboratories, computer rooms, toilets, drinking water etc. and the quality of infrastructure

Students' attendance

Teachers' attendance

Performance in co-curricular activities including sports, games, art and music

Qualification of the teachers

Status of refresher training of the teachers

ICT usage in the school

Reduction in drop-out rates

Spoken English test

## RAV (Rajya Adarsh Vidyalaya) Model

The objective of the RAV model is to equalize access to quality education in rural areas and among the urban poor. The schools created through the RAV model are expected to be models of excellence for other schools in the vicinity. They will share best practices with other schools so they can also benefit from the innovative practices and learning techniques. As of March 2014, the Planning Commission was considering feedback on the draft model concession agreement.

**Table 38:**

Overview of RAV (Rajya Adarsh Vidyalaya) Model

Parameter	Detail
Overview	National initiative by Government of India
	DBFOT model with concession period of 30 years
	Upper-primary and secondary school on government provided land
	40% of seats reserved for underprivileged students called 'select students'
	Model concession agreement in draft stage
Coverage	One school for 1,000-2,500 students
Objective	To provide equitable access to quality education in rural areas and among the urban poor
Financial Model	State government leases the land, but the operator has to upfront the capital expenditure
	Nominal fee for government sponsored 'Select Students'
	Private operator would determine the fee of the management quota students
	Central government provides reimbursement through 'tuition grant' equivalent to teacher salaries required for 'select students'
	Operator collects a monthly development charge from all students to upgrade school facilities
	Central government also provides an annual debt servicing grant

This initiative will follow the Design, Build, Finance, Operate and Transfer model, with a concession period of 30 years, extendable by 20 years after mutual agreement from both parties.<sup>67</sup> After this time, the operator would transfer the school to the government.

### Operational model

Under the RAV model, the private operator would build upper-primary and secondary schools with its own capital expenditure on land leased by the state government for 50 years. The schools would cater to 1,000 to 2,500 students from Class 6 to 12. 40% of the seats would be reserved for select students who are underprivileged students sponsored by the government.

The schools would be affiliated with CBSE and follow its norms. Schools would have the flexibility to determine the medium of instruction. They would follow the National Curriculum Framework on all aspects related to teaching and learning. The school would employ mixed ability teaching in every subject across all levels. In cases of English medium schools, the operator would provide transition support to students from vernacular medium schools.

The school would have the flexibility to hire its own teachers. At least 80% of teachers would need to be employed as full-time employees, while the rest may be part-time teachers. Moreover, at least 50% of the teachers would be regular teachers, while the rest may be employed on a contractual basis. Regular teachers would be paid monthly salaries and other allowances on par with regular teachers of state government higher secondary schools. Contractual teachers would be paid no less than the minimum basic monthly salary and dearness allowance payable to government teachers.

### **Financial model**

The operator would be selected through open and competitive bidding taking into account project parameters such as fees, government support and price indexation. Bidders would be required to state the grant they wish to seek from the government. The bidder quoting the lowest grant or the highest premium would win the grant, subject to a maximum viability gap funding of 40% of the project cost.

The government will provide a grant on a per student basis for up to 1,000 select students. This grant is computed to cover the cost of teachers for the select students, at a 25:1 pupil teacher ratio. The operator would provide access to benefits such as mid-day meals, school uniforms and books. It would be reimbursed for these by the government for the select students.

Class 9 to 12 select students would pay a nominal fee of about ₹ 25 per month, while the regular students would pay a fee determined by the operator subject to CBSE guidelines. The operator would also collect a development charge of ₹50 per month from select students beginning in Class 9 and of ₹150 per month from all other students. The development fee would go toward school infrastructure.

The scheme will include recurring tuition support to meet as much of the teacher salaries as required for the select students. It also proposes to provide a debt service grant to the operator to enable it to recover a part of its capital expenditure. The government will pay 3% interest on delay in any grant amount due to the operator.

The operator would be required to construct school infrastructure sufficient for the use of at least 500 students before it starts operating. In addition, it would need to obtain provisional affiliation from CBSE. The operator must have 30% of required funds at the commencement of construction and may raise additional funds for constructing the school. The operator would be free to raise other charitable donations or cross-subsidy from fee-paying children to cover the full costs from the outset.

Operators have various flexibilities in running the school. They could start an additional shift in the afternoon. They would also have the freedom to start a primary school, within the school premises that would be managed separately and would not be subject to the

restrictions of the RAV. Finally, they may use the school premises for other educational and cultural activities to cover some of its expenses.

### Performance monitoring

The technical parameters proposed in the scheme are based on learning outcomes. This framework provides flexibility to operators to adopt efficient and cost-effective methods and innovate in service delivery without compromising on the quality of education service delivery.

The quality of education would be measured in terms of learning outcomes and key performance indicators including attendance, dropout and repetition rates. The learning outcomes would be measured in terms of CBSE-stipulated exams for Classes 9 through 12, such as Problem Solving Assessment (PSA) for Classes 11 and 12, Board Examinations for Class 12 and Proficiency Test for Class 10.

The benchmark would be the national average declared by CBSE for the PSA and the Proficiency Test. For the Board Examinations, the benchmark would be 70% for Science stream students and 65% for other streams. The performance of students in Classes 6 through 8 would be assessed through CBSE's Continuous and Comprehensive Evaluation (CCE), which focuses on the holistic development of the students.

The overall recurring support provided to the operator would not be conditional upon performance. However, there would be penalties for underperformance in achieving the benchmarks and there would be incentives for high performance. An independent panel consisting of three experts jointly elected by the operator and the government would monitor school performance. The experts would be former school principals or similarly qualified or experienced people. They would review the functioning in terms of learning outcomes, key performance indicators and compliance with the concession agreement, at least three times a year.

**Table 39:**

RAV Scheme: Performance Indicators

Key Performance Indicator	Standard
Dropout rate	Less than 3% in any quarter or 10% in a year
Attendance	More than 85% for students and 90% for teachers in a month
Repetition rate	Less than 3% for a Class in a year

In addition to assessing student learning outcomes, a school management information system would capture staff and student attendance through biometrics, student-related information and financial records. All this information would be displayed and regularly updated on the school website.

The information system would generate a monthly status report on compliance with all administrative aspects of the PPP agreement and CBSE guidelines. Further, the following status reports and inspections will be conducted:

- Quarterly status reports on operations and maintenance
- Half-yearly reports on outcomes of student and parent surveys

- Three inspections each year by an independent selection panel
- Annual reports on co-curricular activity
- Annual inspection and report by project engineer
- Annual external audit

To monitor compliance, government officials will have rights of access to the school at any time. There will be a CCTV system in every classroom, enclosure and passage used by students and teachers, and this would be connected to government offices so that staff can observe the operations of the school.





## Section Three

### Challenges and Recommendations for Implementation

Successful PPPs depend on sound policies that define responsibilities, clear performance standards for operators to meet and viable financial models that provide adequate compensation to private players. The government should ensure high quality partnerships by selecting private operators carefully and have clear intervention policies for addressing non-performing operators.

# CHALLENGES RELATED TO PPP IN SCHOOL EDUCATION

PPPs face significant implementation challenges such as insufficient or delayed financial reimbursements and capacity bottlenecks of the provider to train or hire high quality teachers and school principals. They also face ecosystem challenges such as a shortage of qualified operators and ineffective policies to guide implementation.

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The success of a whole school model of PPP depends on

- The creation of a sound PPP framework
- Autonomy and financial incentives for private operators to demonstrate proof-of-concept models with a potential to scale
- Ecosystem conditions that can aid the successful implementation of whole school PPPs

This section describes the challenges associated with the design and execution of whole school PPP models. Broadly, there are implementation and ecosystem challenges associated with PPP in school education.

**Table 40:**  
 Challenges Related to Whole School PPP Models

Type of Challenge	Details
Implementation Challenges	Insufficient and delayed reimbursements by the government
	Capacity bottlenecks in hiring and training principals and teachers
Ecosystem Challenges	Shortage of quality operators
	Limited and inconducive PPP policies
	Perception management of different stakeholders
	Absence of ecosystem enabler to facilitate implementation

## **Implementation Challenges**

PPP policies will be ineffective if they face significant implementation challenges such as insufficient and delayed financial reimbursements and capacity bottlenecks of the provider to train or hire high quality teachers and school principals.

The school management model of PPP implementation specifically faces the risk of opposition from teacher unions when it takes over a government school. In addition, the school adoption model faces the challenge of limited autonomy in introducing innovations in the school.

### **Insufficient and delayed reimbursements by the government**

Government reimbursement on a per student basis is a significant source of financial funding for providers. Therefore, it is vital that this reimbursement is disbursed regularly without delays and is sufficient to cover the expenditure incurred by school providers to turnaround the school.

For instance, under the Mumbai PPP framework, NGOs selected to run MCGM schools under the school management model are eligible for reimbursement of up to 60% of the government per child cost. This creates a continuous funding gap in the operations of the provider.

A perpetual requirement of gap funding impacts the sustainability of school operations as the operator is forced to shift its organisational energy to raising funds and away from managing daily operations. Also operators do not find the option of taking over schools to be very economically attractive and do not have an incentive to enter whole school PPP contracts.

### **Capacity bottlenecks in hiring and training quality principals and teachers**

In whole school PPPs, high quality principals and teachers are vital agents who introduce innovations and facilitate the school turnaround. However, private operators face the challenge of hiring and training an adequate number of high quality principals and teachers. This limits their ability to achieve scale.

In Mumbai, whole school model PPP operators have developed extensive staff training programmes to create high quality instructional and managerial staff. For instance, Mukangan has a year-long teacher training programme for aspiring teachers that prepares them to enter the classroom with pedagogical, instructional and assessment tools.

Internationally, KIPP, a US-based network of public charter schools, invests heavily in school leaders. KIPP only starts operating a charter school in an area once it has found a quality school leader, who is committed to serving the community.

### **Risk of opposition from teacher unions**

This challenge applies specifically to the school management model of PPP implementation. The providers face the risk of opposition from teacher unions when they introduce pedagogical, management and governance changes.

In Mumbai, teacher unions have opposed PPPs because they see them as a form of privatization. In addition to the philosophical opposition to privatization, they are also

wary that PPP policies may result in job losses even though the policies do not include such measures.

### **Limited autonomy**

This challenge is specific to the implementation of the school adoption model, wherein the private operator has limited autonomy over the hiring, firing and daily management of teachers. As a result of this, the private operator has limited levers with which to hold teachers accountable for student learning.

## **Ecosystem Challenges**

Whole school PPP models face several system-level challenges that hamper successful implementation.

### **Shortage of quality operators**

Quality private operators who can facilitate outcomes at scale find it difficult to participate in PPPs because of the viability gap funding, which impacts their sustainability and scalability.

Organisations willing to enter into PPPs must have the fundraising ability to cover full operational expenses, including the per student cost that the government does not reimburse. This limits the number of NGOs that would be able to enter PPPs.

Further, institutional donors are reluctant to enter into funding arrangements in which they do not have visibility of an eventual exit. As most PPP contracts do not have a pathway to full reimbursement by government, these partnerships are not attractive to donors.

Professional private school chains and low-cost private schools are apprehensive about entering into PPP contracts due to concerns of timely and adequate government funding and other administrative aspects.

Finally, there is a general inadequacy in the number of private operators who have excess management and staff capacity and are willing to operate in vernacular languages, as most private operators provide instruction in English language. Given the relatively small number of English medium schools that governments are willing to operate, this would be a limiting factor in scaling PPP schools.

### **Limited and inconducive PPP policies**

It is important to create policies with a clear value-proposition for both the government and private operators. A well-defined PPP policy would clearly outline processes of selection and evaluation of private operators with an aim to ensure that only high quality providers enter a PPP contract. Further, these policies would have accountability measures to assess progress toward predetermined performance standards.

Most PPP policies enacted in India do not define clear objective performance standards that the provider must meet in order to avail reimbursements. Policies should have specific parameters on operator selection, funding mechanism, performance metrics, ranking schools, outcomes assessment, monitoring and overall governance. With the recently formulated Mumbai PPP framework, there is a renewed focus on measuring learning outcomes and linking them to operational funding from the government.

Further, the process of creating specific partnerships has lacked a formal bidding or tendering process. For instance in Mumbai, prior to the PPP policy, contracts were given to NGOs on an annual basis without a formal transparent process for selection.

In the absence of clear selection, outcomes and revenue clauses, the provider is exposed to the risk of sudden suspension of funding. This results in operators having to live with uncertain funding and donors being left with no clear exit.

### **Perception management of different stakeholders**

Operators seeking to implement PPP schools face multiple challenges in managing expectations with government, parents and the broader education ecosystem.

With the government, they have to allay concerns that they have a profit motive in running these schools. With parents and families, they have to overcome the perception of low quality in government schools and persuade them to re-enter the system. Finally, they have to manage ecosystem expectations that PPPs are a silver bullet to solving education problems.

PPPs in school education also face the challenge of inadequate political backing. In the absence of an organised lobby for PPPs, the implementation of these policies has been dependent on ad-hoc interest in PPPs by elected officials or bureaucrats. Further, traditional distrust between private education operators and governments limit the possibility of constructive dialogue on PPPs.

### **Absence of ecosystem enabler to facilitate implementation**

Given the nascency of education PPPs, there is the need for a catalytic agent that can help shape policies and bring together governments, private players and donors. For instance, the US-based NewSchools Venture Fund (NSVF) is a catalyst that helps seed new operators and brings different stakeholders on a common platform.

# DESIGNING A PPP: FACTORS CRITICAL FOR SUCCESS

A well-designed PPP presents a compelling value proposition for the government, providers and donors. Policies should have clarity of responsibility with a high degree of autonomy for the operator, strict standards of accountability enforceable by the government, transparent financial mechanisms and minimal viability gap funding.

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Indian states considering PPP policies in education must avoid poorly designed policies that can result in significant policy and financial costs. The following section describes a model PPP policy with respect to the process and criteria for selecting private operators, the principles of quality implementation, monitoring and evaluation criteria, reimbursement mechanism, intervention policies and exit framework.

A well-designed PPP presents a compelling value proposition for the government, providers and donors. Its implementation gives the providers an opportunity to demonstrate outcomes at scale. It also helps the government rejuvenate the public school system by raising the quality of education service delivery.

**Table 41:**

Principles of Model PPP Design

Design Element	Details
Selection of Private Operators	Transparent application and selection process
	Robust and holistic selection framework
Principles of PPP Contract	Well-defined responsibilities
	Clear terms of financial partnership
Monitoring and Evaluation	Holistic framework with academic, financial and organisational parameters
	Outcome evaluation should be conducted by credible third party

Design Element	Details
Reimbursement Mechanism	Well-defined reimbursement criteria
	Significant portion of operating cost per child to be reimbursed by the government to allow for eventual tapering off of viability gap funding
Governance	Clear intervention policy in case of non-compliance or underperformance
	Transparency on all information pertaining to the school
Exit Framework	Robust framework that allows for cascaded consequences

### Selection of Private Operators

The biggest determinant of the quality of a whole school model PPP is the quality of the private operator selected to operate the school. Evidence from the US shows that states with strict selection criteria for operators have much higher quality charter schools. For instance, charter schools in the state of New York have set a new quality benchmark as the charter school authoriser maintained high standards in the selection of operators.

Further, there are substantial costs involved in forcing low-performing operators to exit PPP contracts. Therefore, it is critical to only select high quality providers and filter out low quality and unscrupulous operators.

#### Selection process

A robust selection process ensures the entry of high quality providers who have the integrity and the capability to build replicable and scalable models. PPP selection processes should be marked by transparent application, review and decision-making.

In order to attract the largest number of qualified bids, the government should pre-identify schools it intends to put up for adoption and have an effective outreach policy to potential operators.

The government should form an empowered selection committee as per the governance laws of the PPP policy. The selection committee should consist of high integrity educationists like leaders from universities, private industry, civil society and philanthropy in addition to ex-officio government representatives. The government should build the capacity of the selection committee so that it has the resources, information and skills needed to design, develop and manage the complex contracting processes.

The authorising agency that runs the multi-stage process should clarify requirements and specify the expected services and outcomes in the request for proposals. The selection committee should evaluate proposals based on pre-qualification checks that lead to the selection of a shortlist of eligible providers. They should then interview eligible providers and grade them on the basis of a comprehensive selection rubric. Finally, they should release the results of the selection process to the public as speedily as possible.

## Selection criteria

The process should include robust and objective selection criteria that assess the applicants' quality of experience, proposal of school design plan and leadership and management teams. Some basic criteria would include:

- A clear and compelling vision and mission
- Achievable student achievement goals
- Interest in driving ecosystem change
- Solid business plan
- Effective structures and systems of governance and management

A quality school design plan should detail a phase-wise approach to student learning goals. It would propose an instructional plan based on differentiated student needs, goals, curriculum, staff hiring, school culture, professional development and community engagement. It would also describe how the provider will use data management systems to track progress and provide transparent reporting. Finally, it would have a detailed and realistic budget. Spending priorities should be aligned with the school's vision and goals and its instructional and infrastructure plan.

The selection rubric used to evaluate criteria should be objective with a rating scale with points for each parameter. A sample rubric that includes the key principles of a robust and comprehensive framework is presented below.

**Table 42:**

Sample Selection Rubric

Criterion	Weightage	Scoring Guideline
Strength of Leadership and Managerial Team	40	Quality of management/leadership team of organisation (out of 15 points)
		Quality of team members with education background/expertise (out of 15 points)
		Strength of current team vis-à-vis number of schools the private non-profit operator would like to manage (out of 10 points)
Vision for the School and Education Model	40	Proposed vision and school development plan with focus on learning outcomes (out of 30 points)
		Proposed approach in pedagogy, teaching-learning, teacher training, leadership training, community outreach and inclusive education with detailed evidence towards achieving student achievement (out of 10 points)
Number of Years and Breadth of Experience in Education	20	Number of years of relevant education experience (out of 10 points)
		Range of relevant themes worked on - e.g. teacher training, remedial, running schools etc. (out of 10 points)
	100	

## Principles of PPP Contracts

The implementation of the PPP should be guided by a well-defined contract that is in compliance with RTE norms, encourages innovation and autonomy and ensures strict oversight.

### Clear and enforceable contracts

The PPP contract should clearly lay out the parameters that inform the relationship between the government and the operator. In addition, it should lay out the legal framework that governs the operation of the school, have clear terms of financial partnership, define levels of operator autonomy and allow for strict oversight.

For example, the National Association of Charter School authorisers defines the key principles of a PPP contract.

**Table 43:**

Characteristics of a Model PPP Contract

### Key Principles of a PPP Contract

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Rights and responsibilities of the school and the authoriser

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Autonomies to which schools are entitled, including educational programming, staffing, budgeting and scheduling

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Performance standards, criteria, conditions for renewal, intervention, revocation and non-renewal while establishing the consequences for meeting or not meeting standards or conditions

---

Statutory, regulatory and procedural terms for the school's operation

---

Reasonable pre-opening requirements or conditions for new schools to ensure that they meet all health, safety and other legal requirements prior to opening

---

Responsibility and commitment of the school to adhere to essential public education obligations

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Responsibilities of school and authoriser in the event of school closures

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Contracts should have requirements for ongoing performance evaluations and the reauthorisation of contracts at intermediate points during the contract.<sup>68</sup>

The operator's contractual obligations should not take away from its flexibility to deliver the services effectively. An operator's ability to turnaround the school is correlated with the flexibility it is afforded to alter staff management including hiring, firing, training and performance management of teachers; curriculum and pedagogy design; scheduling of timetable; rewards and incentives for teachers; as well as the budget allocation.

For example, New Orleans charter schools in the US have complete autonomy over all aspects of school management including pedagogy, teachers, budget and administration. This allows them to demonstrate increased learning outcomes.

### Transparent financial terms

Successful PPPs depend on clear terms of financial partnership so that operators can plan their resource requirements. There should be a clear formula for arriving at the government's cost per child that accounts for all core activities of operating a school.

Ideally, agreements should include a pathway to full government reimbursement for operating costs of the schools.

International evidence suggests that over time governments have endeavored to reimburse the operator for all core activities of the school. For instance, in England, the academies first started with a \$2 million (₹12.3 crore) viability gap funding. As they demonstrated their success over two years, the government's reimbursements increased. Currently, the academies are self-sustainable as they reimburse the exact cost per child and an additional 4.5% of central expenses to cover administrative costs.

In the initial phases of the policy, when full government reimbursement may not be feasible, operators should have to demonstrate funds or an adequate bank guarantee that will allow them to operate for at least three years.

The government should also commit to PPP schools benefits at par with government schools of all state and centrally sponsored schemes like Mid-day Meal, ICT school, National Means and Merit Scholarship and incentives for girls' secondary education.

It is critical for the government to ensure timely reimbursement of operational expenses to the operator so they can operate seamlessly. To ensure this timeliness, an escrow account may be set up for all funds transferred by the government. The escrow account should have strict operational checks to avoid financial irregularities.

At the same time, it is important to have complete transparency and accountability of the operator's financials and contracts should include measures that promote these. This is especially as public funds are being used and there should be no abuse of this trust.

### **Monitoring and Evaluation**

The PPP contract should clearly define academic, financial, operational and organisational performance standards that are clear, measurable and attainable. Performance measures help align the interest of the school with the interest of the government.<sup>69</sup>

Schools must meet these performance targets as a condition for renewal. The contract would also state the penalties for the failure to achieve these outcomes, along with the incentives for exceeding expectations. These performance standards would be clear, measurable and attainable.

Third party outcomes assessment is critical to effectively monitor and evaluate the implementation of a PPP model and to ensure credibility of outcomes. For instance, in England, the school review body OFSTED grades schools within four brackets – Outstanding, Good, Requires Improvement and Inadequate. This rating is based on the achievement of pupils, the quality of teaching, the behaviour and safety of pupils, the quality of leadership and management of the school.

PPPs in India require a well-defined process of school inspection encompassing inputs, process and outcome indicators, to measure the performance standards stipulated in the contract. Third party agencies should conduct monitoring and evaluation of the schools based on academic, financial and organisational parameters. The data gathered by these third party agencies can be used for grievance redressal of the operators regarding quality issues and for intervening in case of non-compliance or underperformance.

In terms of the evaluation of academic parameters, quantitative indicators such as standardized test scores, attendance rates, and dropout rates should be a part of the performance standard rubric. It should rely on student learning outcomes, both absolute and improvement growth, as the central measure of school performance. A student learning assessment of all students in alternate classes in all major subjects (Language, Maths, Science and Social Sciences) should be conducted on an annual basis by a qualified third party agency that is appointed by the steering committee.

Financial parameters should be assessed so that the authoriser can monitor and evaluate the school's financial stability and viability. The contract should clearly define the sources of financial data that would form the evidence base of the evaluation.

Finally, the authoriser should carry out assessments of the school's organisational health based on clear and objective measurement standards. Such assessments could include qualitative measures through surveys of parents and teacher and site visits by third parties to assess progress in areas such as leadership development and quality of principals and teachers. Teacher assessment, particularly could be based on expert in-classroom observations and student surveys.

Further, the focus of these assessment should shift based upon the length of the PPP. In the near-term, foundational indicators such as student enrolment and parent engagement should be emphasized and this should shift in the longer term to measures such as dropout rates and student learning outcomes.

A sample evaluation rubric is shown below. This framework accords weightage to different performance indicators as per their relevance in the life-cycle of a PPP contract.

**Table 44:**

Model Evaluation Rubric

Parameter	Key Indicators	Weightages in Year 1, Year 2	Weightages Year 3 onwards
Near-term	Improved student enrolment	80%	30%
	Teacher attendance		
	Student attendance		
	Parent engagement evaluated based on attendance in SMC meetings		
	Regular training of principals/teachers		
	Maintaining a safe and hygienic environment for children		
Medium-term	Lower dropout rates than other government schools	20%	70%
	Assessment of student learning outcomes		
		100%	100%

Information on school performance should be freely available. For instance, OFSTED in England provides public information on school performance. In the US, private agencies such as Standard & Poor's analyse academic, financial and demographic trends for school districts to arrive at benchmarks for school performance. In addition, efforts like [www.SchoolResults.org](http://www.SchoolResults.org) have tools that allow parents to compare the performance of various schools within school districts.

### **Reimbursement Mechanism**

The operational funding reimbursed by the government should be on a per student basis and be a mix of a fixed up front component and a small variable component that is based on outcomes. The reimbursement mechanism must be transparent and efficient so that there is predictability for the operator in managing their schools.

Linking performance to reimbursements is crucial, as it aligns the interests of the government and the operator and limits the entry of unscrupulous players. However, performance-linked reimbursements need to be carefully balanced. A significant portion of reimbursements should be independent of performance so that an underperforming school is not cut off from its source of operational funding and can take requisite measures to turnaround. Only a small variable component of the reimbursements should be linked to performance standards.

Operational funding and the reimbursement of the small variable component should be conditional upon the satisfactory performance of the standards stipulated in the contract. This would lead to 'low-stakes' evaluations that encourage sharing across schools and operators and insure against the risk of gaming of results by the operators.

### **Governance**

PPPs should have clarity and transparency around how the government and the operator engage with each other. PPP policies should include the following components:

- Incentives and penalties that the provider must receive or pay as per performance standards
- Grievance redressal mechanism for provider
- Transparency of information on the provider's performance
- Clear intervention policies to address non-performance or non-compliance.

The contract should outline the conditions that may trigger intervention and the types of actions that may ensue. It should also outline the process for clear, adequate, evidence-based and timely notice of contract violations or performance deficiencies. There should be a provision for allowance of reasonable time and opportunity for school to remediate and operators should have the option to receive technical assistance to meet the designated standard

### **Exit Framework**

The contract should clearly specify the conditions of financial penalty, renewal, reduction in duration and termination. There should be strong authorisation laws and policies including clear termination procedures for operators that do not comply with the conditions set in the contract or do not perform as per expectations.

The contract should also define a cascaded set of consequences in the event of non-compliance or underperformance, such as written feedback, reduction in contract

duration and termination. The PPP contract may be terminated in case of continued underperformance in the annual evaluation. However, the provider should be given at least a year's notice before their contract is terminated.

For instance, in England, the Bolingbroke Supplemental Funding Agreement between the Secretary of State for Education and ARK Schools takes a cascaded approach to outcomes management. As per the Bolingbroke agreement, the Secretary of State for Education issues written warning of provisional termination that states the grounds of the warning and specifies the measures needed to remedy the situation. It specifies a reasonable date by which these measures would need to be implemented. If the Secretary of State for Education is satisfied with the measures taken by the provider it allows the provider to continue operations. Otherwise, the provider receives twelve months notice for termination of the agreement.

Finally, in the event that a private player is removed, the government should have a strategy for ensuring that students from the school can continue their education uninterrupted by allowing high-performing private operators to take over the underperforming PPP schools or transferring them to other schools.

# SUPPLY-SIDE PRESSURES: CREATING AN ECOSYSTEM

Effective PPPs require a thriving ecosystem of private sector entities interested in innovating within the public system and governments willing to cede operational control while enforcing strict accountability standards. A vibrant ecosystem produces a collaborative mindset between the private operators and the government that can lead to the transformation of the entire school system.

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For PPPs to fulfill their potential to improve quality in the education system, they need a thriving ecosystem of private providers willing to operate schools. Also there needs to be a collaborative mindset between the private operators and the government to create pathways for the sharing of innovations developed in the PPP schools.

Governments interested in implementing school PPPs face a large challenge in finding quality operators with the ability to scale.

Private operators who can enter PPPs would either be existing private school chains or education-focused NGOs. Both types of players find a number of challenges in participating in PPPs including:

- No clear pathway to sustainable funding
- Insufficient autonomy
- Trust deficit around timely reimbursement and permanence of contracts
- Anticipation of unnecessary regulation

Even in existing PPPs, there have been few instances of innovations spreading to the government ecosystem. These innovations should be replicable across the government system as these operators run the school in similar operating conditions and level of cost per child as government schools. Yet, the government system has typically seen these PPPs as boutique interventions and the private providers have not had the mandate or funding to spread their innovations.

A well-designed PPP would be able to sustain itself on government funds and be donor independent after a period of three to four years both due to increased confidence

from government leading to full operational funding and due to improved efficiency in operations.

Addressing these issues requires the development of a PPP ecosystem that encourages and enables private players to participate in these partnerships and also creates pathways for innovation and best practices to penetrate the government education system.

Different countries have responded to the challenge of limited number of high quality operators with the ability to scale, by providing technical and financial assistance to high quality private school networks to enable them to enter PPP contracts and by setting up endowment funds to seed high quality private operators.

For example, New Schools for New Orleans (NSNO), an organisation formed in the aftermath of Hurricane Katrina in the US, supports reform efforts to enhance school quality in the city of New Orleans. In 2013, NSNO partnered with Charter Schools Growth Fund (CSGF) to incubate new charter schools, as well as identify high-performing local and charter networks who want to work in New Orleans. While NSNO performs the first function, CSGF provides assistance to charter networks in their effort to expand.

While the goal of PPP policies should be for the government to provide 100% operating expenses reimbursement, there is an immediate need to create a robust intermediate ecosystem for philanthropic and CSR funds that can be used to bridge this gap.

Internationally, communities have responded to the challenge of continuous requirement of philanthropic capital by setting up endowment funds. They provide funds for gap funding as well as working capital given the likely delay in government reimbursements.

For instance, to solve this challenge in the Pakistan school system, PEF (Punjab Education Foundation) set up an endowment fund for PPPs by pooling capital from government and donors, through which it helps bring interested players on board. Similarly, in the US, NewSchools Venture Fund (NSVF) gathers funds from individual and institutional investors for venture philanthropy. It supports a number of private operators and charter management organisations.

Governments would also need to be active players in this ecosystem. New PPPs need not reinvent the wheel in terms of setting up contracts and establishing reimbursement and assessment mechanisms. Those governments that are setting up PPPs should share their information with others in order to develop a robust body of knowledge around PPPs.

# FURTHER RESEARCH QUESTIONS

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This report articulates the opportunity for whole school PPPs in India by drawing from domestic as well as international experience. It broadly maps the current whole school PPP landscape by discussing the most prominent models and outlining fundamental design principles in the Indian context.

The secondary research for this report raises further model-specific questions that need to be addressed through further primary research. Some of these issues are:

- The voices of operators as they navigate different implementation and supply-side challenges with a final goal to improve student achievement at scale
- Deeper-dive into the existing and planned models in India that are included in this version of the report
- State-wise analysis of existing whole school PPP models
- Strengths, challenges, operational and financial models of the different whole school PPP models in India
- A financial modeling of the four different whole school models of PPP implementation, including individual components of fixed and recurring expenditures.
- An estimation of viability gap funding, break-even analysis and dependence on philanthropic capital, based on enrolment targets for schools



## Section Four

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### Appendices

This paper disseminates the work in progress findings on the opportunity for whole school PPP models in order to stimulate early discussion. Being work in progress, there are parts in this paper that will be revised or modified. Complete citations for the data in the appendices will be provided in the final report. The authors would also like to clarify that figures in the appendices have been rounded off to the nearest decimal.

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# APPENDICES

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## Opportunity Snapshot in Municipal Cities

Municipal Corporation	Student Enrolment Trends	Budget Trends	Findings
Kolkata Municipal Corporation (KMC)	Decrease of nearly 50% from 2000-01 to 2012-13	Expenditure on primary education has been approx. around 2-3 % of the total actual expenditure by KMC from 1998-99 to 2004-05	Number of KMC schools has declined about 11% between 2000-01 and 2012-13. During the same period, number of privately run primary schools has grown by nearly 5x
		Allocation on expenditure on education has gone up by nearly 26% from 2009-10 to 2012-13	KMCP has little over 100 kids per school
			Number of teachers decreased by nearly 53% in a span of 5 years between 1999-2000 to 2004-05. During the same period, number of teachers in private primary schools has increased by nearly 20%
			KMC is exploring Public-Private Partnership in the field of education in KMC Schools for both administrative and developmental works

Municipal Corporation	Student Enrolment Trends	Budget Trends	Findings
Ahmedabad Municipal Corporation (AMC)	Decrease of nearly 29% during the last decade	Expenditure on primary education has increased by nearly 21% from 2001-02 up to 2006-07	Number of AMC schools has decreased by nearly 19% from 2001-02 up to 2012-13
		Approximately 20% of the total expenditure by AMC	AMC has decided to start English medium municipal schools from the academic session starting 2013
			Number of teachers during the same period declined by nearly 31%
			Budget utilization has been poor. For FY 13, against a budget of ₹464 crores, only ₹209 crores had been spent by February 2013
Municipal Corporation of Greater Mumbai (MCGM)	Decrease of nearly 29% from 2002 to 2012.	Education budget has become 2.7x from 2008-09 to 2013-14	Number of BMC schools have declined by nearly 2% from 2002-2007
		Expenditure on education is approximately 9% of the total budget	Number of teachers has declined by 4.5% from 2007 to 2008
			Enrolment rose only in English schools where the demand was increasing. Between 2007-08 and 2010-11 admissions to Marathi medium & Hindi medium schools saw a 20% and 2.8% drop respectively in the number of students, English medium schools a 36% increase

Municipal Corporation	Student Enrolment Trends	Budget Trends	Findings
Pune Municipal Corporation (PMC)	Decrease of nearly 31% from 2006-07 to 2012-13	<p>Education budget has increased 2x from 2009-10 to 2013-14</p> <p>Expenditure on education is approximately 7% of the total budget</p>	<p>Number of students in English medium civic schools has gone up while the strength in Marathi and other language medium school has seen a dip</p>
Municipal Corporation of Delhi (MCD)	Enrolment in MCD schools has been rising, though the rate of increase has slowed down since 2001-02	Expenditure on school education increased by 46% from 2005-06 to 2007-08	<p>There is a decline in the number of private aided schools</p> <p>Overall number of schools has gone up by only 4.5 % over a period of more than 6 years</p> <p>Government owned and aided schools have gone down by 4% over the last decade whereas the unaided private schools have gone up by approximately 12%</p>
Bruhat Bengaluru Mahangara Palike (BBMP)		<p>Decrease in education budget by nearly 8% from 2010-11 to 2011-12</p> <p>Revised estimates of 2011-12 is lower by almost 70% compared to Budget estimates</p>	<p>Number of private schools in urban and semi-urban areas in Karnataka has been rising fast. 79% of children from Bengaluru attend private primary schools</p> <p>As per 2009 household survey, 18% parents favour English medium for their children but only 0.01% attend the only English medium primary school in Bengaluru</p>

Municipal Corporation	Student Enrolment Trends	Budget Trends	Findings
Chennai Municipal Corporation (CMC)	Decrease of nearly 8% over the period 2009-10 to 2012-13		<p>Though the number of students has declined by almost 8%, the number of schools remained constant over the same period</p> <p>As per 2012-2013 corporation budget, 30 new English medium primary and middle schools have been started</p>

## KMCP: Key Trends

### Total Enrolment in KMCP Schools

Year	Enrolments (in '000)	% Change
2000-01	57	50% Drop
2001-02	53	
2002-03	35	
2003-04	32	
2004-05	26	
2005-06	22	
2010-11	35	
2011-12	29	
2012-13	29	

### Total Number of KMCP Schools

Year	Schools	% Change
2000-01	296	11% Drop
2001-02	296	
2002-03	239	
2003-04	242	
2004-05	242	
2005-06	242	
2010-11	252	
2011-12	260	
2012-13	264	

#### Key Takeaways

- Over the past decade, enrolment in KMC schools decreased by nearly 50%
- Number of KMCP schools has declined about 11% between 2000-01 and 2012-13. During the same period, number of privately run primary schools has grown nearly five times
- Number of teachers decreased by nearly 53% in a span of 5 years between 1999-2000 to 2004-05. During the same period, number of teachers in private primary schools increased by nearly 20%

## Total Expenditure in KMCP Schools

Year	Allocations (in ₹ '000)	RE (in ₹ '000)	Actual Expenditure (in ₹ '000)
2000-01	1,60,664	1,57,527	1,47,283
2001-02	1,79,745	1,38,750	1,31,910
2002-03	1,72,442	1,30,785	1,22,183
2003-04	1,61,588	1,15,647	1,15,647
2004-05	1,62,976	1,34,650	1,20,365
2005-06	1,63,635	1,13,713	NA
2006-07	1,56,340	NA	NA
2008-09			1,34,700
2009-10	2,32,700		
2010-11	2,28,000		
2011-12	2,61,400		
2012-13	2,93,200		

## Financial Analysis: Share of Expenditure on Primary Education by KMC

Year	Actual Expenditure on Primary Education by KMC (in ₹ '000)	% of Primary Education Expenditure to Actual Expenditure
1998-1999	116	3%
1999-2000	101	2%
2000-2001	147	2%
2001-2002	132	2%
2002-2003	122	2%
2003-2004	116	2%
2004-2005	120	2%

### Key Takeaways

- Allocation on expenditure on education has gone up by nearly 26% over the past 4 years from 2009-10 to 2012-13
- Expenditure on primary education has been approximately 2% of the total actual expenditure by KMC over the years 1998-99 to 2004-05. KMC is exploring Public-Private Partnership in the field of education for both administrative and developmental projects

## AMC: Key Trends

### Number of Schools and Expenditure on Municipal primary Schools (in ₹ lakhs)

Years/ Parameters	2000- 01	2001- 02	2002- 03	2003- 04	2004- 05	2005- 06	2006- 07	2012- 13	2013- 14 (BE)
No of Schools	563	561	561	563	534	539	443	464	456
Expenditure (In ₹ Lakh)	10,741	10,535	11,172	11,308	11,416	15,067	12,999	47,200	65,100
% share of Govt Grant	78%	76%	72%	73%	73%	64%	75%		
% Share of Corporation	22%	24%	28%	27%	27%	36%	25%		

### Expenditure on Education (in ₹ lakhs)

Parameters/Years	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Education	11,344	11,006	11,152	11,479	11,958	14,996
Total Expenditure	55,954	58,190	56,265	60,558	62,860	77,917
% Expenditure	20%	19%	20%	19%	19%	19%

#### Key Takeaways

- Expenditure on primary education has increased by nearly 21%
- It has been approximately 20% of the total expenditure by AMC
- Budget utilization has been poor. For FY 13, against a budget of ₹464 crore, only ₹209 crore had been spent by February 2013

## Number of Schools, Teachers and Students: Pre-primary, Primary and Secondary

Pre-Primary/ Primary and Secondary Schools	Years/ Parameters	2000- 01	2001- 02	2002- 03	2003- 04	2004- 05	2005- 06	2006- 07	2011- 12	2012- 13
Number of Municipal Primary Schools	In owned premises	485	484	484	486	461	466	377		
	In rented premises	78	77	77	77	73	73	66		
Private Primary Schools	Number of private primary schools	715	724	730	741	745	906			
Total Schools (Municipal +Private)		1,278	1,285	1,291	1,304	1,279	1,445			
Municipal Primary Schools	Total number of municipal primary schools	563	561	561	563	534	539	443	464	456
	Teachers	5,474	5,226	5,123	5,000	4,830	4,785	4,559	4,005	3,589
	Students (In '000)	207	225	223	194	189	187	164	161	161
	Students- teacher ratio	38	43	44	39	39	39	36	40	45
Secondary Schools	Number of schools	5	5	5	5	5	5	5		
	Teachers	54	54	51	52	52	45	45		
	Students	2,005	1,926	1,830	1,610	1,706	1,543	1,461		
	Ratio	37	36	36	31	33	34	33		

### Key Takeaways

- Student Enrolment declined by nearly 29% over the years 2001-02 to 2012-13
- Number of AMC schools decreased by nearly 19% over the years 2001-02 up to 2012-13. During the same period, private primary schools almost doubled
- Number of teachers during the same period declined by nearly 31%

## PMC: Key Trends

### Student Enrolment Trend

Students/Years (in '000)	2006-07			2012-13		
	Boys	Girls	Total	Boys	Girls	Total
Students in Primary Schools	61	62	124	41	43	84
Students in High School	8	7	15	6	6	11
Total Students	69	70	139	47	48	96

### Number of PMC Schools

Grades/Years	2006-07	2012-13	% Change in Schools
Primary Schools	315	275	-13%
High Schools	13	11	-15%
Higher Secondary Schools	5	5	0
Total	333	291	-13%

### Budget Trend

Budget/Years	2009-10	2010-11	2011-12	2012-13	2013-14
Education Budget (in ₹ crore)	150	200	240	252	292
Total Budget (in ₹ crore)	3,000	3,200	3,247	3,633	
Education (% of Total)	5%	6%	7%	7%	

#### Key Takeaways

- Decrease of nearly 31% over the years 2006-07 to 2012-13
- Education budget has grown 2x over the years 2009-10 to 2013-14
- Expenditure on education is approximately 7% of the total budget
- Number of students in English medium civic schools has gone up while the strength in Marathi and other language medium schools has seen a dip

## CMC: Key Trends

### Number of Students

Parameters/Years (in '000)	2009-10	2012-13
	Students	Students
Total	107	99

### Trend in Number of Schools

Stage	2009 - 10	2012 - 2013	% Change
Primary	119	122	3%
Middle	95	92	-3%
High	37	36	-3%
Higher Secondary	30	32	7%
Kindergarten (Attached with Primary and Middle Schools)	30	30	0%
Total	281	282	3%

#### Key Takeaways

- Though the number of students declined by almost 8%, the number of schools remains constant over the same period
- Number of schools is almost constant for the last three years
- As per the 2012-2013 corporation budget, 30 new English medium primary and middle schools have started

## Delhi Schools: Key Trends

### Market Share of Types of Schools (as on January 2012)

Type of Schools	Number of Schools	% Share of Schools
Govt.	2,855	55%
Private Aided	262	5%
Private Unaided	2,060	40%
Total	5,177	100%

### Types/Numbers of Schools and Enrolments (as on January 2012)

Type of Schools	Number of Schools	Number of Children (in '000)
Government	2,855	1,500
Aided	262	172
Unaided	2,060	2,249
Total	5,177	3,920
Unrecognized Schools	1,593	164
Total	6,770	4,084

### Total Aided Schools by Jurisdiction (as on January 2012)

Administered By	Number of Schools	% Share of Aided Schools
Delhi Govt	215	82%
MCD	44	17%
NDMC	3	1%
Total	262	

#### Key Takeaways

- Share of unaided private schools is getting closer to that of the government schools
- Share of private aided Schools is only 5% of the total number of recognized schools
- Bulk of the aided Schools (82%) fall under the Delhi Government jurisdiction
- 17% under MCD and only 1% under NDMC. Enrolment in private schools is 61%

### Number of Schools: By Jurisdiction and by Ownership (as on January 2012)

Jurisdiction	Owned By	Number of Schools	% Share of Total Recognized Schools
Delhi Government	DoE	950	18%
	Aided Private Schools	215	4%
	Unaided Private Schools	1,266	24%
Total		2,431	47%
MCD	MCD	1,780	34%
	Aided Private Schools	44	1%
	Unaided Private Schools	790	15%
Total		2,614	1%
NDMC	NDMC	76	1%
	Aided Private Schools	3	0%
	Unaided Private Schools	4	0%
Total		83	2%
KVS (Kendriya Vidyalaya Sangathan)		41	1%
DCB (Dehi Cantonment Board )		6	0%
JNV (Jawahar Navodaya Vidyalas.)		2	0%
Total Schools		5,177	100%
Unrecognized Schools		1,593	24%
Grand Total		6,770	

## Delhi: Details of Type of Schools

Number of Schools	As on January 2012	As on July 2005	% Change
DOE	950	938	1%
Aided Private Schools	215	228	-6%
Unaided Private Schools	1,266	1,104	15%
MCD	1,780	1,827	-3%
Aided Private Schools	44	47	-6%
Unaided Private Schools	790	661	20%
NDMC	76	61	25%
Aided Private Schools	3	0	
Unaided Private Schools	4	0	
DCB	6	8	-25%
KVS	41	75	-45%
JNB	2	2	0%
Total	5,177	4,951	5%

## Delhi: Trends in Types of Schools

Type of Schools	Jurisdiction	Number of Schools						
		1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	Jan-12	% Change
Govt+ Aided Schools	Dept of Education	1,227	1,219	1,220	1,215	1,189	1,165	-5%
	MCD	1,850	1,890	1,890	1,910	1,910	1,824	-1%
	NDMC	114	80	80	80	80	79	-31%
	Delhi Cantonment Board	6	6	6	6	6	6	0%
	Total	3,197	3,195	3,196	3,211	3,185	3,074	-4%
Unaided Schools	Dept.of Education	950	995	994	1049	1071	1266	33%
	MCD	452	452	452	652	652	790	75%
	Total	1,402	1,447	1,446	1,701	1,723	2,056	47%
Total Number of Schools		4,599	4,642	4,642	4,912	4,908	5,130	12%

## Enrolment in MCD Schools (as on June 2005)

Year	Enrolment Boys (in '000)	Enrolment Girls (in '000)	Total (in '000)
1998-1999	404	404	807
1999-2000	412	418	829
2000-2001	427	420	847
2001-2002	443	444	887
2002-2003	450	437	887
2003-2004	450	439	889
2004-2005	451	447	898

## Delhi: Trends in Expenditure on Schools

Class	Years/Expenditure (in ₹ lakhs)			
	2005-06	2006-07	2007-08	% Change
Pre-Primary/Primary	630	673	812	29%
Secondary/Higher Secondary	1,727	2,089	2,620	52%
Total	2,358	2,763	3,432	46%

## Delhi: Trends in Number of Schools, Students and Teachers

Year	Schools	Enrolment (in '000)	Teachers (in '000)
2000-01	4,677	2,756	86
2001-02	4,739	2,810	88
2002-03	4,443	2,895	91
2003-04	4,537	2,957	93
2004-05	4,862	3,020	93
2006-07	5,036	3,395	
2007-08	5,022	3,492	100
2009-10	5,043	3,739	110
2012	5,177	3,920	

### Key Takeaways

- There is a decline in the number of private aided schools
- Overall number of schools has gone up by only 4.5% over a period of more than six years
- Government owned and aided schools have gone down by approximately 4% over the last decade whereas the unaided private schools has gone up by approximately 12%
- The enrolment in MCD schools has been rising, though the rate of increase has slowed down since 2001-02

## Mumbai PPP Framework: Selection and Evaluation Rubrics

### Selection Rubric

Criterion	Weightage	Scoring Guideline
Number of years and breadth of experience in education	20	Number of years of education experience (out of 5 points): <ul style="list-style-type: none"> <li>• <math>\geq 15</math> years (5 points)</li> <li>• <math>\geq 8</math> years and <math>&lt; 15</math> years (3 points)</li> <li>• <math>&lt; 8</math> years (2 points)</li> </ul>
		Range of themes worked in (e.g. running schools, teacher training, remedial, etc.) (4 points)
		Number of locations of work (3 points)
Past experience of working with public school systems in India, at reasonable scale		Number of students covered per year across programmes with public systems (4 points) <ul style="list-style-type: none"> <li>• <math>&gt; 1,000</math> (4 points)</li> <li>• 500-1,000 (3 points)</li> <li>• <math>&lt; 500</math> (0 points)</li> </ul>
		Number of years of experience in working with public systems (4 points) <ul style="list-style-type: none"> <li>• <math>\geq 5</math> years (4 points)</li> <li>• <math>\geq 2</math> years and <math>&lt; 5</math> years (3 points)</li> <li>• <math>&lt; 2</math> years (0 points)</li> </ul>
Focus on measuring learning outcomes and concrete examples of impact on learning outcomes	20	% of programmes of the private agency, with consistent third party assessment of learning outcomes; the assessment results along with name of the third party to be provided, by programme (5 points)
		% of programmes of the private agency, with consistent internal assessment of learning outcomes; the assessment results to be provided, by programme (5 points)
		Extent of learning outcomes improvement per year as demonstrated by well-recorded third party or internal assessment (10 points)

Criterion	Weightage	Scoring Guideline
Proposed approaches (including any innovations) in pedagogy, teaching-learning material, teacher training, community outreach, etc., for improving learning outcomes (substantiated by using these elsewhere)	30	Potential of the proposed approach in pedagogy, teaching-learning material, teacher training, community outreach or inclusiveness (20 points)
		Example(s) of using the proposed approach in depth, to improve learning outcomes (5 points)
		Implementation and involvement of School Development Plan in Proposal school's plan (5 points)
Strength of leadership and managerial team for proposed school adoption or school management	15	Management/leadership team of organisation – experience and reputation in the field of education/ social contribution (5 points)
		Team members with education background/ expertise (5 points)
		Strength of current field support vis-à-vis number of schools the private agency would like to support (5 points)
Ability to garner outside funds and sustain grants for any additional expenses	15	Strength of current funders (7 points)
		Near-term confirmed funding commitments (8 points)
	100	

## Evaluation Rubric

As-is Criterion Scoring	Scoring			
Increase in % children with >80% competencies of the previous standard, between baseline and end line of current standard – average across classes in the school (45% wt.)	<5% points increase	>= and <15% points increase	>=15 and <20% points increase	>= 20% points increase or >80% children in end-line
Objective annual third party assessment of student learning, on a total score of 100, for the common standards covered, likely standards 3 and 6 (35% wt.)	< 40 and < 5% point improvement from previous year	< “MCGM system average plus 5% points” but < 10% point improvement from previous year	>= “MCGM system average plus 5% points” but >=15% point improvement from previous year	>=75 but > 15% point improvement from previous year
UNICEF-conducted SMC/PTA feedback through a well-defined survey (20% wt.)	< 3	>=3 and <5	>=5 and < 8	>=8

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# ABOUT US

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## **About Central Square Foundation**

Central Square Foundation (CSF) is a venture philanthropy fund and policy think tank focused on improving learning outcomes for children from low-income communities, with focus on school education.

We are strictly a philanthropic funding and capacity-building organisation that operates by making early and growth stage grants in education-focused NGOs. In specific we support initiatives around the following themes:

- High quality affordable schools
- Human capital development
- Technology in education
- Accountability

Further details are available on our website: [www.centralsquarefoundation.org](http://www.centralsquarefoundation.org)

## **About FICCI**

Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization and its emergence as one of the most rapidly growing global economies. A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry.

FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs; FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce. FICCI provides a platform for sector specific consensus building and networking and as the first port of call for Indian industry and the international business community.

## **Our Vision**

To be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

## **Our Mission**

To carry forward our initiatives in support of rapid, inclusive and sustainable growth that encompasses health, education, livelihood, governance and skill development.

Further details are available on our website: [www.ficci.com](http://www.ficci.com)



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