STUDENT FIRST!

ISSUE 3, APRIL 2011

ACCESS TO FINANCE:
Innovative Models for Education

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CONTENTS

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Happy Reading!
School Choice Team

FINANCE AND EDUCATION: INITIATIVES AND INNOVATIONS

The recent Annual Status of Education Report (ASER) indicates an increasing migration from government schools to private schools. This is indicative of two developments—a dynamic and fast growing private sector in education and the exercise of school choice by millions of parents all over India.

The Indian government's education spending has more than doubled in last five years, from Rs 835.64 billion in 2004 to Rs 1919.46 billion in 2009. However as a percentage of GDP, state education expenditures declined from 3.13% to 2.84%, as the GDP grew even faster. As people became richer with the expanding GDP, they also spent more on education. More than 23% of students in rural India are in private schools (ASER 2010). For urban India, there is no comprehensive survey but many estimate that close to half of the students in cities go to private schools. The overall private spending on education has been increasing at a rapid rate and was about 1.2% of GDP in 2009. The private spending is more than filling the gaps in the state support.

Yet there remain those who cannot afford even the budget private schools. My thoughts turn to Rahul, who three years ago went to a private school through a privately sponsored school voucher program. When the project ended, so did Rahul's hopes for a better education at a private school—budget or otherwise. Recognising this need for access to finance for education, companies such as Equitas and Growing Opportunity Finance Ltd are supporting parents through the provision of affordable education loans.

The other side of the story is that of edupreneurs—those brave souls who do not have well endowed family trusts but are committed to serving the cause of education by running their own schools, big and small, urban and rural. Their current attempts at obtaining mainstream finance have been met by discouraging responses, ranging from no formal loan policies for schools/education sector to refusal based on lack of collateral.

Access to finance—for parents and edupreneurs alike—has become inextricably linked to access to education today. To meet these needs, innovation and entrepreneurship have once again come to the rescue.

And that is where this issue of SFM focuses: Stories of innovative models that have increased access to finance for school education. We showcase three models that target different aspects of the finance gap in education provision and access:

- The Indian School Finance Company, which provides loans to edupreneurs of budget private schools;
- Ticket Junaeb from Chile, which looks at School Vouchers for children; and
- Food for Education Program from Bangladesh, which provides free monthly ration of rice or wheat to poor families if their children attend primary school.

Experts such as Michael Latham, Regional Advisor South Asia, CfBT Education Services, Amitav Virmani, Country Director, Absolute Return for Kids, and Arun Duggal, Chairman, Sriram Capital Ltd and a trustee of CCS weigh in on this crucial issue with their thoughts.

We hope this issue gets you thinking about a pivotal issue in education access and equity, and help steer us in the direction of more financial innovations, so all students in India can enjoy the right to education of choice!

Parth J Shah
Editor-in-Chief

Access to Finance:
Innovative Models for Education

Private school explosion in India is shedding new light on development. It has long been assumed that the primary responsibility for educating all children in India lies with the state. Yet the World Bank estimates 27% of all Indian children enrolled in schools are being privately educated. Even low-income families are turning to private providers and despite the lack of empirical evidence, it is estimated that a burgeoning layer of 3,00,000 budget private schools functioning at a cost as low as Rs 70-350 tuition fee per month, today cater to over 20 million children in the country. Of course many of them are located in unplanned colonies and slums inhabited by low-income families. A closer look at the historic legislation of the Right to Education Act (RTE Act) and you will witness pitfalls for these schools which are almost always unknown to the affluent elite and almost always undermined and shunned by the government.

Two norms that these schools will find difficult to meet according to Section 19 of the RTE Act are built-up floor area and teachers' salaries; private primary schools need to have a minimum 800 sq metres of built-up area and pay teachers at par with government schools in which the entry level monthly remuneration (as per the Sixth Pay Commission) is Rs 23,000. The only option for these budget private schools is therefore to acquire enough finances to upgrade their schools by 2013 or face dire consequences of shutting down.

Regardless of the emphasis on the robust relationship between financial depth and economic development, evidence that links broader access to financial services especially by small and micro enterprises in the education sector in India has been very limited. At a time when financial inclusion should be the buzzword to ensure that there are enough good schools for our children and encourage more edupreneurship, the scenario is rather grim. Individuals and small enterprises need to rely on their personal resources to invest in the education sector to take advantage of promising growth opportunities. This financial exclusion is especially binding on the talented poor who often lack collateral, credit histories, financial literacy and connections thereby leading to persistent inequality and slower growth.

Credit is not the only or in many cases the priority financial service the poor need: good savings and payments, good products and tools, services and insurance may rank higher. Building inclusive financial systems requires a focus broader than micro-finance: transparency mechanisms, good legal infrastructure and better information are also essential. We have compiled some of the best financial practices, models and tools from around the world which could perhaps offer India innovative public policy interventions to address challenges abundant in the education sector.

Edify

Countries of Operation: Dominican Republic (Latin America and the Caribbean); Ghana (Africa)
www.edify.org

Formerly known as Eduleap, Edify, a non-profit organisation registered in the US provides small business loans and trainings to affordable private Christian schools educating impoverished children in Africa. These schools charge a monthly tuition fees in the range of $5-15 and offer a good alternative to public schooling especially for the poor. They are focused on delivering four key resources to help Christian edupreneurs lift their communities out of poverty:

1. Capital to expand facilities at affordable private Christian schools, thereby increasing access to education for the poor;
2. Programs to strengthen schools' Christian message and witness;
3. Business training for edupreneurs to improve the management, efficiency, and profitability of their schools; and
4. Curriculum, tools, and teacher training to advance the quality of education, from entrepreneurship training to technology to English.

How does this work? Edify makes interest-free loans to lending institutions in the country. Their local loan officers identify Christian schools, analyze the cash flow of schools, make loans, and collect repayments. The local lending institution charges interest on the loans to cover their costs related to making and collecting the loan. Take a classroom with 35 students each paying US$7.50 per month. The revenue from each classroom is US$262. Given that a teacher is often paid about US$80 per month, the remaining US$182 represents funds available for the bookkeeper, the janitor, the proprietor and making payments on a loan. Edify typically funds schools that already have 4 to 6 classrooms that are owned free and clear. The proprietor has more than sufficient cash flow to service a loan that will build several more classrooms, build a computer lab, or buy a used bus to transport more children to the school. The incremental cost of adding an additional classroom to an existing school is as little as US$5,000. Such a classroom can accommodate up to 40 additional students. A school proprietor is loaned the US$5,000 in kind (in construction materials) in tranches until the construction is completed. Proprietors are able to repay their loan to Edify's partner lending institution because their students are paying tuition. The lending institution recycles this money to another school proprietor, who is able to build another classroom and educate even more children. This way, schools do not remain reliant on outside funding and parents hold school proprietors directly responsible for the quality of the education their children are receiving.

Indian School Finance Company (ISFC)

Country of Operation: India (Asia)
www.isfc.in

ISFC is a Hyderabad-based non-banking finance company (NBFC) which extends medium term loans at market rates to private schools which fall in the monthly average student fee range of Rs 250-600 (US$5-12). School borrowers must meet credit and collateral requirements and be able to demonstrate the project management skills needed to use and repay borrowed loan capital effectively. Average loan sizes are about Rs 12 lakh (US$24,000) and are used primarily for infrastructure investment which allows an increase in enrolment, increases school revenue and ability to repay loan obligations.

ISFC provides financing to the low-cost private schools and the product features and processes are designed specifically to meet school requirements. ISFC loans can be used towards capacity expansion by building new classrooms and adding facilities in the schools to improve quality. They offer three types of loans:

1. Term Loans secured by property for amounts Rs 5 Lakh and above with a tenor of 12-60 months (EMI based payments in schools that are recognised till class 10 and has a student count of more than 400.
2. Xpress Loan which is unsecured, for amounts Rs 1-5 Lakh with 6-60 months tenor (EMI based payments) in schools which are recognised till class 7 with a minimum student count of 300.
3. Short Term Loan (STL) for existing customers with excellent payment record where the amount is based on requirement with a 1-6 months tenor where repayment will be bullet payment of principal at the end of tenor and monthly interests.

Growing Opportunity Finance Ltd

Country of Operation: India (Asia)
www.gopportunity.net

Growing Opportunity improves the lives of the poor through transformational microfinance, education in business and social development. The loan amount ranges between Rs 3,000- 25,000 (US$60-510) which clients will repay over a period of six to 12 months. Before receiving their first loan, a client will receive four sessions of orientation training including business planning and information about loan repayments. The Client Relationship Officer (CRO) will assess each of their business and determine how much each client can afford to confidently repay. The client will then form a group consisting of 12 to 20 members. Before joining a group each client agrees to guarantee the loan of others in the group, hence the group is called a Trust Group. If one client cannot make the repayment that week, the other client will repay the amount. Clients make loan repayments on a weekly, fortnightly or monthly basis at the group meeting.

A Growing Opportunity CRO will meet with the group each week to impart new skills relating to their business (such as marketing, customer relationships, product diversification, etc.) or social issues (such as disease prevention, nutrition, improving self-confidence, helping your local community etc). They also collaborate with other organisations such as Prevention of Violence at Victim Care (PCVC) to provide specialised training and connections as needed by our clients.

Their education loan is aimed at women who want to give their children a better education. It was often seen that during May and June, many of their clients struggled to pay annual school fees. The education loan therefore allowed their clients not only to meet their school repayments, but in many cases allows them to send their children to better schools.

Faulu Kenya

Country of Operation: Kenya (Africa)
www.faulukenya.com

Faulu Kenya is a Deposit Taking Micro-Finance Company, registered in Kenya under the Micro-Finance Act and is regulated by the Central Bank of Kenya. Faulu was founded as a programme of Food for the Hungry International (FHI), a Christian relief and development organisation based in Phoenix Arizona in USA and has grown to become an MFI that offers both savings and credit services to millions of Kenyans. FHI recognised that there were unique needs of low-income people in rural and urban areas for sustainable economic development for the marginalised. Faulu Kenya has grown tremendously over the last 16 years, with over 90 outlets throughout Kenya. These outlets are currently serving over 3,50,000 clients. Among their clients are affordable private schools catering to middle to low income families.

ENABLE – ARK & CCS's School Access and Voucher Programme

Country of Operation: India (Asia)

Absolute Returns for Kid's (ARK) work in Delhi has identified many communities where children are facing multiple social and economic challenges which put them at great risk of being excluded, dropping out of school or never attending school. East Delhi is one such area. To address this need ARK has partnered with Centre for Civil Society (CCS), pioneers of School Choice reform in India who have piloted the country's first voucher pilots (Delhi Voucher Project and School Vouchers for Girls) to implement ENABLE (Ensure Access to Better Learning Experiences), a school access and voucher programme for underprivileged children in Shahdara (North East and East Delhi).

The ENABLE programme launched in 2011 provides 815 children an opportunity to access quality low cost private school education by funding their education for five years. Eligible children are aged between 5 and 7, and are either currently out of school, in government schools or attending unrecognised low cost private schools, and come from low income families (earning less than Rs 1,00,000 a year). 1,776 eligible children applied for the programme out of which 815 were selected though a randomised lottery within each cluster (group of wards). 105 schools have been empanelled. ENABLE provides up to Rs 7,300 funding per student annually and cover annual tuition fee up to Rs 4,800, books worth Rs 900, uniform for Rs 600 and meals for 1,000. A marginal increase year on year will be provided based on inflation.

The Right to Education (RTE) Act mandates private recognised schools to admit and integrate 25% of their class 1 entry with children from disadvantaged groups and weaker sections of society. By funding up to 900 such children in Shahdara, ARK is building a model for school access and a platform to advocate systematic implementation of the RTE Act.

School vouchers will be provided to families for each component and they will be able to avail them at their chosen school and affiliated uniform shops, book shops and local *kirana* shops. ARK and CCS are working in partnership with Edenred, an international voucher service provider operating in 40 countries, to provide secure vouchers to families and payment to schools and affiliates.

Kaizen Private Equity LLC

Country of Operation: India (Asia)

Kaizen Private Equity LLC is an approximately US$80 million single sector private equity fund dedicated to investments in the education sector in India. The target fund size is capped at US$100 million with over 50% of the investment expected from institutional investors. The Fund aims to provide capital financing to education companies in their growth stage and will focus on operational improvements in its portfolio companies. Kaizen will be the first education sector-specific private equity fund in India. The Fund will be incorporated under the laws of Mauritius as a public limited liability company.

The investment manager is Monterey Capital Management (MCM) and investment advisors to the Fund are Kaizen Management Advisory Private Limited (KMA). International Finance Corporation (IFC) is proposing an equity investment in the Fund. IFC's commitment would act at a stamp of approval and play a catalytic role in attracting investments to Kaizen and the sector. IFC will contribute to international best practices in the corporate governance and structure of the Fund. Also, through participation in the Advisory Committee, IFC will share its global expertise, resources and knowledge on the education sector to build capacity at the portfolio company level.

The project is expected to have a high development impact in the following areas:

• Provision of long-term equity capital to institutions in the education sector value chain and thus increasing access to education in India. This type of funding is not readily available in the market.
• Operational improvements to portfolio companies in the education sector in India through the value add role of the Managers. This will improve the quality and sustainability of education sector institutions in India and make them more attractive to strategic investors.
• Demonstration of successful private equity investments in an underserved sector, thereby building confidence amongst institutional investors to invest in India and the sector.

Food for Education Program

Country of Operation: Bangladesh

The Government of Bangladesh (GOB) launched the innovative Food for Education (FFE) program in 1993. The FFE program provides a free monthly ration of rice or wheat to poor families if their children attend primary school. The FFE program uses a two-step targeting mechanism. First, two to three unions that are economically backward and have a low literacy rate are selected from each of the 460 rural thanas. The program covers all government, registered nongovernment, community (low-cost), and satellite primary schools, and one Ebtedayee Madrasa (religion-based primary school) in these selected unions. Second, within each union, households with primary-school-age children become eligible for FFE benefits if they meet at least one of the following four targeting criteria:

• A landless or near-landless household that owns less than half an acre of land;
• The household head's principal occupation is day laborer;
• The head of household is a female (widowed, separated from husband, divorced, or having a disabled husband); or
• The household earns its living from low-income professions (such as, fishing, pottery, weaving, blacksmithing, and cobbling).

A household that meets the targeting criteria, but that is covered under the Vulnerable Group Development (VGD) program or the Rural Maintenance Program (RMP) or any other targeted intervention program, is not eligible to receive FFE food grains.

If a household is selected to participate in the FFE program, it is entitled to receive a maximum free ration of 20 kilograms of wheat or 16 kilograms of rice per month for sending its children to a primary school. If a household has only one primary school-age child (6-10 years) who attends school, then that household is entitled to receive 15 kilograms of wheat or 12 kilograms of rice per month. To be eligible for 20 kilograms of wheat or 16 kilograms of rice, a household is required to send more than one child, and all primary-school-age children, to school. The enrolled children must attend 85 percent of total classes in a month to be eligible for the wheat entitlement in that month. Thus, the total wheat allotment to a school may vary from month to month, depending on the variation in the number of students who meet the attendance requirement.

To improve educational quality in FFE schools, the GOB imposed a number of additional requirements for the schools to qualify for program participation.

• Schools are graded by A, B, C, and D classification (A being the highest and D being the lowest) on the basis of certain performance criteria. FFE food grain allocation is withheld for the D-grade schools until these schools attain the acceptable performance level.
• At least 10 percent of grade 5 students must qualify for the annual scholarship examination.
• Schools must hold the prescribed annual examination. Students in grades 3, 4, and
• 5 should obtain at least 40 percent of total points in the previous year's annual examination to receive FFE rations.
• The FFE ration is suspended for any school in which a random inspection reveals less than 60 percent attendance, until the attendance record improves.

The program addresses long-term poverty and development of human resources as well as short-term needs for increased access to food as well as significantly raised primary school enrolment by 9 percentage points and has been particularly effective in Bangladesh.

What innovations address a larger need– financing children in schools or finance for edupreneurs?

ARUN DUGGAL
Chairman, Sriram Capital Ltd.

Attracting private capital to support edupreneurs is the paramount need to enhance the quality and spread of education in the low cost schools catering to low income families. Financing children in school is best left to the parents, who will save and/or borrow to make sure their children get the best education possible, particularly, in English medium schools. They see this education as the most important investment in their families' future. However, it is a long-term investment and cannot be structured as a short-term education loan.

Edupreneurs, on the other hand, need short term loans to finance construction of additional class rooms, upgrade facilities and for working capital of schools. They generally have excellent domain knowledge as former teachers or school principals. What they lack is capital. If short or medium loans can be made available to them by the banking sector or NBFCs based on the security of the property or future cash flow of the school, the capacity of these low cost schools can be increased enormously. The RBI should also grant these loans Priority Sector Lending status as there is no greater priority than providing better quality education to children from low income families.

AMITAV VIRMANI
Country Director, Absolute Return for Kids

Financing children vs schools helps empower parents to make informed choices. Once empowered, parents are expected to make decisions which will have a direct impact on their child's education. If parents are given this freedom to choose, we should see an overall improvement in the quality of schools and hence educational outcomes overtime. The lesser performing schools should eventually get weeded out of the system.

Financing edupreneurs is equally important so that they too can bring innovations to the classroom. Typically edupreneurs catering to the BOP segment are unable to charge a high enough fee to generate a surplus. Financing or soft loan provisions provided to these edupreneurs will allow them to upgrade, not only, infrastructural needs, but to also introduce state of the art data driven pedagogic interventions.

PRAKASH NEDUNGADI
Director Development, The Teacher Foundation

Innovations in both areas- financing children in schools and finance for edupreneurs are vital to address the most important area of focus for us in India, the development of human capital! However, in reality of our situation in the country, where the efforts of the government are good, but not enough, financing of edupreneurs seems more critical. Successful edupreneurs are innovators and by financing them, you encourage them to constantly apply innovative solutions to solve existing problems sustainably. Financing children in schools on the other hand may not necessarily solve problems in a sustainable manner.

Q & A with

Michael Latham

Michael Latham is a man who wears many hats: he started his career first as a teacher in Canada, Malaysia and Brunei Darussalam and over the years moved on to become a consultant and trainer with several bilateral and multilateral agencies worldwide including the EU, World Bank and the Department for International Development (DfID). His main focus area is conducting research, providing consultancy and overseeing operations that involve the development and delivery of complementary models of education. He also regularly presents papers and conducts training in the field of Public Private Partnerships in Education.

Since 2009 Latham has been based as the Regional Advisor South Asia for the CfBT (Centre for British Teachers) Education Trust. In this role he leads a number of research projects primarily in the delivery of basic education to underserved populations, advises various state governments on strategies for meeting the challenges of Education for All as well as manages the Indian operations of CfBT Education Services (India) and the CfBT Education Resource Management (Pvt) Ltd. Excerpt from an interview.

BY BAISHALI BOMJAN

Q. Briefly describe your project in India?

A. We have seven projects in India out of which two are specific to access to finance. *Vidya Chaitanyam* or the 'Self Help Group Partnership in Education Project' (SHG PEP) is a project funded by the Department for International Development (DfID) UK under the Civil Society Challenge Fund for the period 2008-2012. It aims to support the government of Andhra Pradesh in facilitating access to and enabling monitoring of high-quality education service delivery using a rights-based marketing strategy. This project creates awareness about educational rights among women self help groups and children, trains women to conduct community self assessment in public schools through the School Management Committees, establishes Mandal Education Resource Centres (MERCs) and disburses funding through the *Mandal Samakyas* for the SHGs to own and operate their own education and training operations.

Enabling Quality Improvement Programme (EQUIP) was a pilot project from 2004 - 2008 in which CfBTES assisted HSBC in providing loans (half a million US dollars) to small private education enterprises in Andhra Pradesh and Tamil Nadu which catered to the very poor. 44 schools accessed these loans (upto US $16,500) over a tenure period of four years. All 44 schools paid their loans and have been able to improve their infrastructure which clearly demonstrates that this model can be a viable business proposition for the rest of India as well as other regions with similar shortfalls in financing. Consecutively with this finance facility was the provision of technical assistance and school improvement services to these schools that was funded by the HSBC Education Foundation.

Q. What have been your challenges as well as opportunities in India?

A. I still think we are dealing with a sector that is ripe for change and innovation. The challenge I think is that we are operating in a system which has on one hand public schools and on the other private schools. These are only two models playing in the field, neither of which, in their current guise is equipped to provide quality education and access to adequate financial resources. We need a three legged stool, market based education services that have different financial and social returns, financial vehicles that guarantee longer and lower returns compensated and measured by social gains.

Traditional commercial returns – as and of themselves - will not work and what we need today are new levels of innovation to come up with a better education matrix. Finance companies and banks need assistance from education resource companies to help them to both understand the specific private sector basic education needs as well as to identify suitable borrowers. Moreover, in most APS teachers are underpaid and undervalued which in turn directly affects quality so the challenge remains in coming up with an all round school improvement model that enables access to finance alongside the provision of quality audit and school improvement services.

Q. With limited data available how can one identify how best borrowers look like?

A. How do you measure these small enterprises? You need to look at financial and education indicators. First obviously, there is the calculation of the running cost of the school and students required to meet the minimum standards – this identifies the ability of borrowers to repay any loan. Secondly, the enrolment rate and history of the school is another indicator. Thirdly, (and this is purely subjective!) I would suspect female 'edupreneurs' will make the best borrowers.

We had a control group external review of our EQUIP project. All 44 borrowers paid back their loans, there has been marked improvement in their school infrastructure and 34 have come back for a second loan.

Q. Just how limited is financial access in the Indian education sector?

A. I still haven't heard of one success story with regards to accessing finance. The big boys have no problem; they are bringing down fee levels and scaling faster. But the APS is at a cusp, between traditional micro-credit and small and medium enterprise and I haven't seen any loan model functioning here. The situation is critical. Globally too the scenario is dim. I know of IFC but can't think of any mono education funder. There aren't any funders in India because primary education is the responsibility of the state. For tertiary education there are many private universities and there is access to student loans. The big problem therefore I see is at the critical secondary education level – the vital bridge between primary and secondary where there is a tidal wave of students waiting to walk across – yet there is a lack of resources – both financial and human in the public or private sector spheres – to meet this bulge.

Q. What are the reforms necessary today for APS especially in the light of the RTE Act?

A. I am not convinced that anyone really knows how the RTE Act is going to pan out in reality. If we look into the future we should re-examine the definition of a good school, parameters for trained teachers and reengineer how we deliver education. The pressures currently in motion are primarily input focussed - how big are the classrooms, is there a library and playground, what is the pupil-student ratio. What is required is a radical rethink of what defines a school, what defines the competencies of a teacher, and how will schooling be delivered over the next decade?

As professionals we need to be thinking more creatively about our answers to the following two key challenges: How do we make real a high level vision of classical liberal education whilst retaining a firm emphasis on academic attainment? And how can we institute the mass customisation of school – how can we change the design of the service in direct response to an individual student's needs without incurring significant additional costs in the production or delivery of the service?

Q. Which are some of the innovative and successful programs or models in India?

A. *Gyan Shala* Program: Located in the urban slums in Ahmedabad, *Gyan Shala* presents a unique model of mass education to low income group families at a moderate cost through centres known as *Gyan Shalas* (*Gyan* which means knowledge or wisdom and *Shala* which means school). Most *Gyan Shalas* are single room centres replete with all the resources typically found in a regular classroom environment and these centres serve as classrooms for a particular age group of children from the local neighbourhood. They are part of a larger school system with centres spread across several slums of Ahmedabad and centrally managed by a team of experts who form the think tank. Each centre is a classroom and no centre has all the grades under one common roof. There are two types of *Shalas* or centres – the primary *Shalas* for grades 1 to 3, the middle *Shalas* for grades 4 to 7, and the upper *Shalas* for grades 8-10. The centres operate in two shifts – morning and afternoon. A distinctive feature of *Gyan Shala* is re-engineering the role of a traditional school teacher in the roles of four level functionaries, namely the class teacher, senior-teacher, junior and senior design team, that double up as teacher trainers. This feature allows the *Gyan Shala* teachers, who have limited formal qualification and no specialised teacher training, to contribute to highly effective class room experience for the children, leading to high learning outcomes.

Punjab Education Foundation (PEF): PEF delivers two innovative initiatives- the Foundation Assisted Schools (FAS) programme, which pays low-fee private schools a monthly subsidy up to a maximum of Rs 350 per month for elementary classes and Rs 400 for secondary classes as tuition fees and related/ allied charges. This financial assistance is linked with the satisfactory performance of the schools in the Quality Assurance Test (QAT) which is administered twice a year and is the critical chief determinant for continuation in the program.

The second complementary initiative which is aimed at improving teaching in these FAS low-fee private schools is the Continuous Professional Development Program (CPDP). Under the CPDP premier academic institutions and leading Non-Governmental Organisations (NGOs) in the field of professional development and capacity building are selected through competition to design and deliver Cluster Based Training (CBT) workshops for teachers with a focus on building their content knowledge in Mathematics, English and Science.

Q. What is the business model going forward?

A. Recent years have seen an expansion and broadening of the private sector's role in the financing and provision of education services in many countries. A key trend has been the emergence of more sophisticated forms of non-state involvement in education through PPPs. These PPPs bring together the public sector, business and civil society in a manner that is different from the traditional method of public sector provision. Partnerships are not privatisation, but a means to promote improvements in the financing and provision of services from both the public and private sectors but not to increase the role of one over the other as well as to improve existing services provided by both sectors with an emphasis directed on system efficiency, effectiveness, quality, equity and accountability. PPPs involve both the public and private sectors working together to achieve important educational, social and economic objectives. Alas the acronym 'PPP' is a semantic minefield where there is still little agreement about what constitutes a PPP or how they are defined. But for me it is a three legged stool comprising the public sector, the private 'for and not for' profit sector and – perhaps most critically from an accountability perspective - civil society.

Education for All: More of the Same, or Something Different?

Doing an RSBY in School Education in India

BY K SATYANARAYAN, Director, New Horizon Media.

A little over three years ago, the government took up an ambitious and challenging project of providing free health care to all Below Poverty Line (BPL) families across India (around 44 million of them). The Ministry of Labour and Employment launched the Rashtriya Swasthya Bima Yojana (RSBY), a national health insurance scheme in October 2007.

How does the RSBY work? The central government funds 75% of the scheme and the state governments fund the balance 25%. The state governments are responsible for implementation. The government pays an annual premium of about Rs 400-500 per BPL household to an insurance company, which ensures healthcare and hospitalisation cover up to Rs 30,000 per family per year. Healthcare is available to the beneficiaries at any of 5,600 empanelled private hospitals and 2,500 public hospitals across India. More hospitals continue to be empanelled and these hospitals are required to meet a basic set of guidelines to become empanelled hospitals.

Having decided to provide free health care to all BPL families, the government did not think about setting up and running hospitals all across the country. If it had decided to set up new hospitals across India, a huge amount of money would have been required for capital expenditure on setting up the hospitals, besides hiring all the doctors, nurses and other supporting staff. An annual budget to run all these hospitals would need to be allocated and the responsibility of administering and managing these hospitals would have fallen on the government. All this would have taken time and by the time the infrastructure was built and made operational, many people would have been denied the much needed health care for a couple of decades. The government wisely chose to focus on outcomes rather than inputs and only funded the health care for all BPL families. It did not take on the responsibility for the delivery of health care. By paying a premium per household to an insurance company, which itself may be either a government owned or a private insurance company, it made the insurance companies responsible and accountable for the administration and delivery of health care.

The insurance companies have tied up with existing government and private hospitals across the country to provide free health care to all the BPL families. Many new private hospitals are now likely to come up, especially in the rural areas where there are a large number of BPL families. The BPL beneficiaries are free to go to any hospital of their choice anywhere in India in terms of their own priorities of quality, accessibility, convenience or whatever else matters to them.

Over 23 million BPL families have already been covered under the RSBY in a little over three years time – a truly amazing achievement in terms of scale, cost and timelines. Today, the government is considering extending this scheme to the entire population.

That is the kind of approach needed if we are to provide quality education for every single child in the country in a time-bound manner. There is a simple equivalence presented below between the RSBY model and how a similar model could work in the education context.

Healthcare – RSBY Model	Elementary Education
Costs shared by centre and states, with the latter being responsible for implementation.	Costs shared by centre and states, with the latter being responsible for implementation.
The government funds healthcare for all BPL families and refrains from building thousands of new hospitals.	The government funds school education for every single child allocates a specific amount per child and refrains from building and running thousands of new schools.
Insurance companies bid for the contract for each district in the country.	New entities called Third Party Administrators (TPAs) bid to administer the scheme in each block.
The government pays an insurance premium to the insurance company that wins the bid after a beneficiary is enrolled.	The government pays an amount per child to the TPA on presentation of confirmation of the child's enrollment and attendance in a school.
The insurance company is charged with distributing a smart card to each beneficiary with all the biometric data of the beneficiary embedded in the smart card.	The TPA is charged with distributing a smart card for each child to the child's parents with all biometric details of the child embedded in the smart card.
BPL families choose to go to any of the empanelled hospitals including both government and private hospitals and only need to present their smart card.	Parents choose to send their child to any of the empanelled schools including both government and private schools and only need to present the child's smart card at the school. Attendance will be logged through biometric means.
The empanelled hospitals present a claim to the insurance company for healthcare provided to the beneficiaries and gets paid by the insurance company after verification.	The schools provide a list of children enrolled along with their smart card details to the TPA who will verify the details and pay schools the amount allocated per child by the government.
To cover their costs, the insurance companies get to keep the premium income left over after settlement of all the claims from the hospitals.	To cover their costs, the TPAs get to keep 2% of the amount allocated per child by the government for every child enrolled in the school.
The insurance companies provide comprehensive data to the government on the number of beneficiaries enrolled, claims presented, claims paid and percentage of the local population covered.	The TPAs provide comprehensive data to the government on the number of children enrolled in school, the attendance rates, the test scores, infrastructure available in schools and other relevant data on a monthly/quarterly basis.

An RSBY-type scheme in education will put purchasing power in the hands of the BPL families. Private entities will respond to this by setting up new schools in areas with large number of BPL families to provide quality education to all children. The government may also choose to set up a few schools in regions where the private sector doesn't venture quickly enough.

If the RSBY has reached over 23 million families in just three years time, it is time to consider a similar scheme in the education sector to help us reach out to over 200 million children and ensure every one of them gets access to quality education within the next 10 years.

Ticket JUNAEB, Chile

BY MARTA MANRIQUEZ, Gerente de Productos Benefits, Edenred, Chile

JUNAEB, "Junta Nacional de Auxilio y Becas", established in 1964 is a government organisation operating in the education sector. The main objective of the institution is to fulfill and manage resources for young Chileans in vulnerable conditions, to enter, stay and graduate successfully in as per the Chilean educational system. One of the benefits delivered by JUNAEB is BAES, Scholarship Food program for Higher Education, which was created in 2005 and provides food to students that belong to I and II quintile of per capita income per household. It is a complementary scholarship granted along with other benefits provided by the State

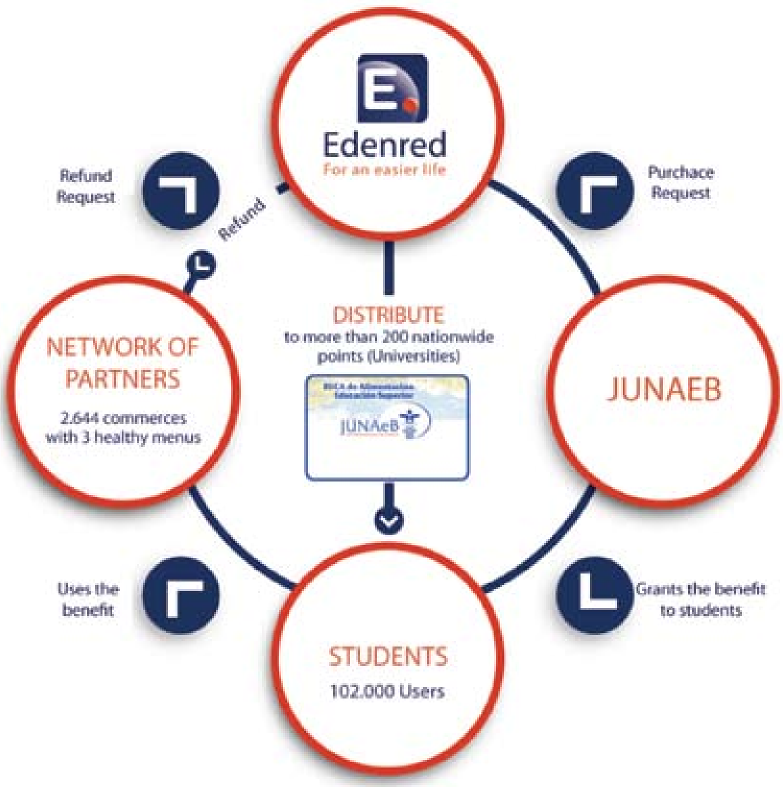
In the early 90's with the Chilean Educational Reform, the full school day began in educational establishments, resulted in an increase in demand for food grants and scholarships. Hence, in 1990 and 2000, the budget was doubled with over a million grants (scholarships).

JUNAEB began to outsource their software by partnering with private sector players resulting in operational efficiency. One of these alliances was made in 2007, with Edenred, a company that took the responsibility and commitment to devise social development through this program.

Edenred, previously known as Accor Services, is the world leader in prepaid service vouchers with over 50 years of experience in corporate and public benefits operating out of 40 countries worldwide. In India, Edenred partners over 3500 organizations with a wide range of innovative Work-life Benefits, Rewards and Loyalty Solutions.

At first, the delivery of food scholarship for students pursuing higher education was through the Ticket Restaurant meal vouchers. Having favorable results it became imperative for Edenred to devise new ways of distribution that are comfortable and easy to use. Hence in 2010, "smart cards ", were introduced into the program owing to the technological advancements world over. The process of migration from paper to card was made in 2010, gradually. However, 100% migration took place by the month of October 2010.

Ticket Restaurant cards are delivered to 1,02,000 beneficiary students under the program. Every card is loaded with US$ 52 per month that can be used in an affiliate network of 2,644 affiliates which includes restaurants and supermarkets of the university. Edenred arranged



for special healthy meals with their affiliate network through healthy menus exclusively for JUNAEB students.

The JUNAEB electronic card has multiple advantages as compared to the ticket restaurant meal voucher. Most important of which is the increased safety and security features, There is a unique pin for each card and the same can be blocked online. Also the amount is automatically reloaded on the card each month diminishing all the logistical and distribution hassles and expenses. In addition, these transactions can be done as per exact amount and the card can be swiped for the same. Easy to monitor, supervise and track transactions conducted at affiliated establishments offering healthy food at affordable prices to the beneficiaries.

Various value added services have been developed for the school management. For example, telephonic assistance programs and email helpdesks for queries related to card usage have been setup.

The philosophy for this program is based on 3 things influencing the academic performance of a student (supply, good sleep and sports). The supply is important for development of the daily activities of the students, giving energy and nutrients. A healthy supply eliminates the risk of having chronic, non transmissible diseases in the future. Along with good supply it is important to have good sleep and indulge in sports activities.

The alliance formed by JUNAEB and Edenred has been successful having good quality dedicated services motivating us to continue our relationship and constantly update our service levels.

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