# Chapter III

**Role of the Public Private Partnership in Education Sector**

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Chapter III

ROLE OF THE PUBLIC PRIVATE PARTNERSHIP IN EDUCATION SECTOR

Education is what remains after one has forgotten what one has learned in school.
– Albert Einstein

3.1 Introduction

Education is one of the most essential elements for the development of the socio-economic order of the country. In a democratic nation, the education empowers the marginalized poor enabling their participation in the development of the country. Education is broadly viewed as the intellectual and moral training of individuals through which their potentialities are developed, the traits of the creators are inculcated in them and the culture of the people is transmitted to the coming generation.¹

Education is the key of development of any nation. Education is the process through which a nation develops its self-consciousness by developing the self-consciousness of the individuals who compose it. Talented and skillful youth of a country can double the rate of its growth.

Education is a social institution which provides mental, physical, ideological and moral training to the individuals of the society, so as to enable them to have full consciousness of their mission, purpose in life and equip them to achieve that purpose.

Since, the education instills the citizenship value as well as make an individual more productive, it serves the interest of both, public and private sector.\textsuperscript{2}

Traditionally it has been the role of the government to provide education to young citizen, nevertheless the participation of private bodies including faith based organizations and voluntary/non-governmental organizations have a significant contribution since long.

Empirical evidence suggest that education system in which schools are publicly funded but privately operated are associated with better student performance.\textsuperscript{3}

3.2 Role of Public Private Partnership in education

The character and diverged features of PPP in the education sector are studied in depth by several researcher Jallade (1973), Blomqvist and Jimenez (1989), James (1993), Lockheed and Van Eeghen (1998), LaRocque and Patrinos (2006).

Several government of developed as well as the developing countries have recognized the role of PPP for the institutional development and to revitalize the funding mechanism. The regulatory frameworks are invigorated private capabilities and expertise to enhance public education. Since, the key objectives of the PPP in the education are quality, quantity and equity, various models of PPP are designed to achieve increased enrollment in the school, improve education outcome and to enhance equality in a access to a basic education.

The idea behind these studies and exploration of various aspects of PPP has remained four-fold targeting,

\begin{footnotesize}
\end{footnotesize}
(i) facilitation of service delivery
(ii) additional finance for education,
(iii) expansion of equitable access and
(iv) improvement of learning outcome i.e. quality of education.

The extent of participation and the way how the private body is engaged in the education project depends upon the policy of the government and the strategy of the public sector. The delivery of services, for which a private sector is involved in the educational project, may broadly classified as infrastructural, educational and support services. Infrastructure services includes design, construction and maintenance of school building, that resembles to various PPP model popular in the field of infrastructure project, discussed at a stretch in the fifth chapter of this thesis.

The service producing education includes teacher training, examination, curriculum design, etc. While the support services include library, IT facility, transportation, cafeteria, gymnasium, etc. Apart from these there are few examples of some specialized services like management service, operational service, professional service, etc. for the refurbishment and up-gradation of existing facilities. Hogan and Lovells\(^4\) classifies these services as soft and hard facilities. The soft facilities that involve management services such as cleaning or catering and hard services involve such as building maintenance service.

Since, the interaction of the private partner in all such PPP are different based upon the demand in the society along with the economic and political requirement of the state, there could not be ‘one-size fits all’ model of PPP in the education sector. Further the national policy and social ideology about the education are the essential element governing the nature of PPP for educational project.

Since, an education is one of the social benevolent service, all such philanthropic entities i.e. voluntary organizations, non-governmental organizations, faith based organizations; social entrepreneurs, etc. are included within the term private, in

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\(^4\) Hogan Lovells Lee & Lee is a joint law venture corporation with limited liability incorporated in Singapore. The firm has identified key principles of PPP in education, through the learning from various project consultations.
addition to the corporate entities. Fennell\(^5\) finds a need to differentiate between these different players as they are likely to have distinct approaches to education provision emerging from their own historical evolution as well as economic motivation. She argues that, these types of the providers have changed the nature of the educational terrain as they bring in a growing range of educational objectives through possibly offering political understanding and economic expectations.

3. 2. 1 Need for PPP in education

Applying the rigorous mechanism for quality assurance, PPP can be developed to expand the access to schooling and improvement of the quality of an education. Further interventions like teachers training, school up-gradation, ancillary service provisions, etc. can be made to reach and benefit the children of the marginalized groups and poor, who are not been served adequately in traditional education system.

Moreover, the commitment made under Article 26 of Universal Declaration of Human Rights, 1948; regarding the education has been reaffirmed through several occasions viz. international Covenant on Economic, Social and Cultural Rights in 1966, World Summit on Education for All (EFA) at Jomtein in 1990, Copenhagen World Summit for Social Development in 1995 and United Nations’ one of the goal within eight Millennium Development Goals (MDG) in 2000, which refers ‘Achieving Universal Primary Education’. During the same time, Dakar Framework for Action also propound the need for an improvement in the quality of an education as a quality being the heart of education.

However, for most of the developing countries these massive tasks, to provide quality education and meet the targets of the MDG as well as MEA remained a big

challenge. In turn because of the limited finance available to education system in such countries, their position in global economy gets more worsen.

Further, to meet the targets of the Millennium Development Goal\(^6\) (MDG) and the Education for All\(^7\), the World Bank, all through 1990s to 2000s encouraged the privatization of the public sector including education service. Hence, during last two decades a hybrid form of education institution got developed. Figure 2.1 given in second chapter of this thesis refers private and public at the opposite end of the spectrum where PPP can be construed between two ends. It also provides the variety of PPP, one with the more of the public component while other with more of private component.

Various researchers have enumerated several reasons for the Public Private Partnership in education. Conclusive argument in favour of the PPP may be forwarded with five issues which a typical government would prefer to figure out. These could be well satisfied as the PPP provides

\( (i) \) a mode for filling up the infrastructure gap,

\( (ii) \) fiscal relief in the public sector budget

\( (iii) \) charismatic option of new financial instrument

\( (iv) \) finance off balance sheet and

\( (v) \) better efficiency and performance in the services which a government was required to provide.

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\(^6\) Millennium Development Goal, MDGs are the eight international development goals that were established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. All 189 United Nations member states at the time (there are 193 currently), and at least 23 international organizations, committed to help achieve these goals by 2015.

\(^7\) Education for All, EFA is a global movement led by UNESCO (United Nation Educational, Scientific and Cultural Organization), aiming to meet the learning needs of all children, youth and adults by 2015. UNESCO has been mandated to lead the movement and coordinate the international efforts to reach Education for All. Governments, development agencies, civil society, non-government organizations and the media are but some of the partners working toward reaching these goals.
3. 2. 2 Rationale for PPP in Education

Many of the governments of developing countries across the world have put forward the arguments in favour of Public Private Partnership to justify their notion of implementing PPP in the field of education. Ministry of Human Resource Development of India, in the document proposing the Public Private Partnership in Education, has argued the rationale for PPP in Education. The said document put forward following eight reasons rationalizing the approval of PPP in Education.

The same have been endorsed in a background paper prepared by the World Bank Group.

a) Easing the budget constraint:

The huge gap between the requirement and the availability of school infrastructure in the country requires an attention. In order to achieve targeted school enrollment ratio a large sum of fund could not be bear by the government alone in a stipulated period of time. Involving the private sector in the endeavor the financial resources could be augmented. The private sectors participation in the development of physical infrastructure enables the government to cater a large student population without substantial spending on their part.

b) Efficiency gains:

It is argued that because of specialization in certain areas, the private sector has greater efficiency. For example, the Public Private Partnerships in real estate including road and building have shown the expertise of private sector in the infrastructural development. For schools also the private sector may bring innovative building designs more convenient for schools. The private partners from the financial sector can generate suitable instruments for raising funds for schools. Similarly for the support service as well as the operational services,

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private sector can deliver with much greater efficiency as compared to the
government.

c) Appropriate risk sharing:
   A fundamental principle in a partnership is that, any risk should be allocated to
the particular partner who can properly manage the same. The various risks of
PPP project may be allocated between the public and private sector optimally so
that the overall risk gets reduced significantly.

d) Speed of implementation:
   In a public sector school project, many players are involved and coordination
becomes difficult. In general, construction of school building and opening of a
full-fledged high school takes about three years in government. Since the private
partner would be interested in getting payment as soon as the services start being
made available, the speed of implementation would be much quicker. It should
be possible to complete the project in not more than 18 months.

e) Reduction of costs:
   Because of greater efficiency and competition among private partners, the cost of
operation is expected to be much lower than in government set up. This is due to
the greater managerial efficiency in the private sector.

f) Accountability for performance:
   In the public sector, accountability for performance in schools is diffused.
Therefore, there are many instances of failed schools, particularly in urban areas.
However, in case of a PPP model, failed schools would mean no payment and
hence is preferable.

g) Quality monitoring:
   In case of PPP, government will monitor the quality in the school as payment is
related to quality. The private partner would have an incentive to raise the quality
of education in the school to be eligible for payment.

h) Greater flexibility:
   Under PPP, there will be greater autonomy and flexibility at the school level
whereas the government systems have rigidity. The private partner will have
much higher autonomy in hiring teachers and organizing the school. Similarly, depending upon the need, the schools processes can be modified quickly.

3.  2.  3  Benefits of PPP in Education

There are many potential benefits to PPPs in education, the most significant of which is that they can help to widen access to education. The public sector experiences considerable resource constraints in financing and providing education services to all. PPPs can play a complementary role to the State by providing additional finance to the education sector through filling the gaps left by the State. PPPs can also increase access by making use of private schools to absorb the excess demand for schooling in particular geographical areas. This directly increases access for those attending private schools and reduces class sizes for students in overburdened public schools.9

Various researcher and policy maker has identified the benefits of the PPP in education. A subgroup10 on the round table on school education, while proposing the scheme for augmenting school education in India, through Public Private Partnership enumerated few reasons, for adopting the PPP approach for scaling up capacity in school education. These ‘good’ reasons in their opinion are as follows,

(i) The investments required may be too large compared to available budgetary resources, and private capital could, therefore, enable an accelerated roll out of schools;

(ii) A functional efficiency of private entities would enable early delivery of quality education;

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10 The Ministry of HRD, Government of India, had constituted a Round Table on School Education under the chairmanship of Minister for Human Resource Development to deliberate on issues relating to reforms in school education. A sub-group of the Round Table was constituted to formulate a scheme for setting up 2,500 schools through Public Private Partnership. The sub group submitted the report in May 2010.

(iii) A risk of project completion and delivery of agreed outputs would be transferred to the private entity;

(iv) A public funds would be expended only upon delivery of agreed outcomes; and

(v) A private sector efficiency in the context of a long-term agreement is expected to optimise on life-cycle costs and improve on quality of education, including the school infrastructure.

The model document\(^\text{11}\) of HRD also contends PPP as a viable alternative to improve access to quality along-with the assurance to the equity and social justice. Also, the teachers’ accountability increases with the involvement of the private sector into an education. The functions of the management like construction of building, recruitment of staff, etc. get swift with private partners. Furthermore, the interior area and rural places which lacks in quality and quantity may be attended more quickly with the participation of the private sector.

### 3. 2. 4 Assessment of PPP in Education

The assessment of Public Private Partnership is quite tricky because of the multiple player, their diverse objectives and being scheduled for long term relationship. Attributing the obscure status of many PPPs in the UK, Monbiot\(^\text{12}\) give two reasons,

(i) because, it is so complicated and appears so boring that few people have grasped its implications;

(ii) because, so many of the crucial details are hidden from public view by the blanket ban on disclosure known as 'commercial confidentiality'.

Nevertheless, the indicators for the quality assessment depend upon the perspective of the source. As observed by Nordtveit\(^\text{13}\), the concern of the Educators remains

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\(^{11}\) ibid


how the education would contribute in creation of the just society instead of aiding the replication of the existing social structure. Whereas the businessmen recognize education as an instrument meant for the sustained economic growth.

The other constrain in these assessment is regarding the time scale. According to WEF\textsuperscript{14}, the education is measured in generations, while the private sector performance is measured by quarters.

The draft report of OECD\textsuperscript{15}, for an assessment of PPP project, emphasizes over value for money and affordability as a vital parameter. The facet of value for money could be squared through the risk transfer, betterment of financial terms, innovation, utilization of asset and management integration. This stresses risk sharing as an important factor of value for money, because according to OECD, there cannot be PPP without the risk transfer. However, it is impracticable to have total risk transfer and hence, the extent to which the risk is been transferred is quite significant.

Woessmann\textsuperscript{16} has examined the association between student achievement and education PPPs using student-level data for 35 countries drawn from the OECDs’ Program for International Student Assessment. His findings revealed that, controlling for a range of student characteristics, public operation of schools is

\begin{thebibliography}{99}


\bibitem{15} The Organisation for Economic Co-operation and Development (OECD) established in 1961, has a mission is to promote policies that improves the economic and social wellbeing of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. The organization work with governments to examine what drives economic, social and environmental change. We produce high-quality internationally comparable data and indicators and develop key statistics used to understand the economy.


negatively associated with student performance in mathematics, reading and science, while public funding of schools is positively associated with student performance in these same subjects. This evidence suggests that school systems based on PPPs where the state finances schools but contracts their operation out to the private sector are more effective than either fully privately or publicly financed/delivered systems or systems involving significant private financing but public delivery. The advantage of private over public delivery is particularly strong in countries with large shares of public funding.

There is some evidence that the Concession Schools program has had positive impacts on schooling outcomes. Barrera\(^\text{17}\) examined the impact of Colombia’s Concession Schools on dropout rates and test scores relative to those in public schools. He tested three hypotheses concerning the impact of concession schools on school outcomes and found strong evidence that Concession Schools have a direct effect on drop-out rates and some evidence that they have an impact on drop-out rates on nearby public schools. He also found weak evidence that Concession Schools have a positive impact on students’ test scores relative to those in public schools. His research showed that drop-out rates in Concession Schools were 1.7 points lower than in similar public schools, and that students in Concession Schools scored higher on mathematics (1 point) and language (2 points) compared to students in similar public schools.

Several rigorous evaluations of the PACES voucher scheme in Colombia have shown the program to be successful. According to this research, voucher students were more likely to attend a private school, more likely to complete 8th grade and their scores on standardized tests increased by two-tenths of a standard deviation.\(^\text{18}\) The unit cost of the program was lower than that in the public sector. The program


also had longer-term positive effects, with lottery winners being more likely to take the college entrance exam.\textsuperscript{19} The empirical results point to an increase in (proxy) high school graduation rates of 5–7 percentage points, relative to a base rate of 25–30 percent.

### 3.3 Nature of Public Private Partnership in Education

PPP in school education is essentially an arrangement where the private sector partner participates in the provision of services traditionally provided by the government. It is usually characterized by an agreement between the government and the private sector, with the latter undertaking to deliver an agreed service on the payment of a unitary charge by the government. While access to quality education for the underprivileged is traditionally expected from government schools, they alone may not be able to fulfill this enormous task. The justification for PPP schools arises primarily from the need to accelerate the expansion of education, supplement investment and enable different models for improving the quality of education.

Broadly, PPP in school education can operate to provide (i) infrastructural services, (ii) support services and (iii) educational services. There appears to be a progression in scope with the simplest being one in which the private partner provides infrastructure services but the government provides educational and other support services. The next stage in progression is where the private sector provides both infrastructure services and support services. The third type is where private sector provides infrastructure, support and educational services bundled together.

3. 3. 1 Characteristics of Partnership in PPP for Education

Norman LaRocque\(^2\), an Education consultant to the World Bank, a strong supporter of PPPs in education has characterized the nature of partnership for PPP in education sector, in his study with CfBT\(^2\). These characteristics are enumerated as,

(i) formal in nature,
(ii) development of a long-term relationship between the partners;
(iii) focus on outcome,
(iv) element of risk-sharing among the partners and
(v) involvement of both the voluntary and commercial sectors as private sector partners.

Accordingly the role of each partner is defined. The public sector has a role about the scope of business, i.e. to specify targets, priorities, and outputs as well as to set the performance system through which the management of the PPP can be given incentives for service delivery. On the other hand the role and responsibility of the private sector include the delivery the business objectives of the PPP along-with the value for money offered to the public sector.

Assuming the finance and management to be essential aspect for the structure of educational institution, Maham Mela\(^2\) has categorized PPP models with various permutation of management and finance of educational institution.

A following table indicates various divisions of management and finance in PPPs, and its categorization thereof,


\(^2\) CfBT Education Trust, originally Centre for British Teachers, is a charitable organization working with governments, schools and other partners of education in around 80 countries across the world and strives for excellence in education right from national level to the individual school level.

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<table>
<thead>
<tr>
<th>Management (m)</th>
<th>Finance (f)</th>
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<tbody>
<tr>
<td>1. Public (m) / Public (f)</td>
<td></td>
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<tr>
<td>2. Public (m) / Private (f)</td>
<td></td>
</tr>
<tr>
<td>3. Private (m) / Public (f)</td>
<td></td>
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<tr>
<td>4. Private (m) / Private (f)</td>
<td></td>
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</tbody>
</table>

**Table 3.1 : Categorization of PPP according to management and finance**

According to these, the first cell indicates the public schooling at one extreme while fourth cell represents purely private school. Third cell corresponds to the public finance supporting the private management for recurring expenses of the educational institution. This resembles to the Grant-in-Aid model popular in some of the south Asian countries like India and Pakistan. In other case, the private firms provide finance to manage the public school, viz. Center for British Teachers and Cambridge Education Association in Britain.\(^{23}\)

### 3. 3. 2 Understanding Contract for PPP in Education

Different socioeconomic and political environment necessitates various types of contract for the partnership under PPP for education. In this context, a contracting is defined\(^{24}\) as a process whereby a government procures education or education related services of a defined quantity and quality at an agreed price from a specific provider. The agreement between the funder and the service provider is recorded in contract and is valid for a specific period of time\(^{25}\).

The contract does not merely establish the relation between the governments i.e. public sector and the private party, rather it forms the basis for accountability on

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\(^{23}\) Caldwell, B. & Keating, J. 2004 *Adding value to public education: An Examination of the possibilities for Public-private partnerships*. RMIT University, Bundoora; Australian Council of Deans of Education.


each part. An instrument of contract is so designed that provides measurable parameters for the improvement in the education outcomes and performance. Thus, a partnership contract under PPP for an education creates an alternate mechanism for an accountability of the performance and quality of an output. A typical contract includes responsibilities assigned to each player, specifications of objectives for the PPP, criterion of output and strong assurance about the strict enforceability of the provisions of the contract itself. A well designed contract with clearly defined responsibilities of each partners and identification of objectives of the outpour, could improve the quality of the service.

Across the world, wide spectrum of education services is procured from the private sectors, through the various forms of the contracts. The different types of contract creating the partnership for PPP in education have been classified by various researchers on diverged footing. Since, the private sector in education includes for-profit and non-for-profit organization, the International Finance Corporation, IFC setouts the classification depending upon the involvement of the private sector. This classification mostly focuses on the finance and management of the education; and the delivery of the services, as under,

a) Private operation of public schools – Contract Schools

b) Private sector supply of inputs into education process

c) Education vouchers and scholarships

d) Delivery of education by private providers.

26 IFC is the private lending arm of the World Bank Group, with a mandate to build the private sector in developing countries. Its “Public Private Dialogue Handbook” is one of a series of “Privatization Toolkits”. One of the key annual publications of IFC, entitled ‘Doing Business’, has been firmly criticised by the ITUC and the ILO for promoting the non-respect of International Labour Conventions.

LaRocque\textsuperscript{27}, according to his characterization of PPP in education sector has added some more types to this classification, that includes,

\begin{itemize}
  \item a) Infrastructure
  \item b) Contracting for delivery of education services
  \item c) Private management of schools
  \item d) Vouchers/Subsidies
  \item e) Private sector quality assurance
  \item f) Public-Private affiliation arrangements
  \item g) Innovation and research.
\end{itemize}

The World Bank\textsuperscript{28} has summarized these various forms of the contract and categorized in five basic forms of the contract depending upon the variation in input, output and the process of the education services. The following table outlines these categories of the partnership contracts.

<table>
<thead>
<tr>
<th>What government contracts for</th>
<th>Definition</th>
<th>Contract types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management, professional services (input)</td>
<td>Government buys school management services or auxiliary and professional services</td>
<td>Management contracts Professional services contract (curriculum design)</td>
</tr>
<tr>
<td>Operational services (process)</td>
<td>Government buys school operation services</td>
<td>Operational contracts</td>
</tr>
<tr>
<td>Education services (output)</td>
<td>Government buys student places in private schools (contracts with school to enroll specific students)</td>
<td>Contract for education of specific students</td>
</tr>
<tr>
<td>Facility availability (input)</td>
<td>Government buys facility Availability</td>
<td>Provision of infrastructure services contracts</td>
</tr>
<tr>
<td>Facility availability and education services (input and output bundle)</td>
<td>Government buys facility availability combined with services (operational or outputs)</td>
<td>Provision of infrastructure contracts with education services contracts</td>
</tr>
</tbody>
</table>

\textbf{Table 3.2 : Categories of the PPP contracts}


\textsuperscript{28} World Bank, 2006. “Colombia Contracting Education Services.” Report 31841-CO. Washington, DC.
The taskforce\textsuperscript{29} of Education International, while carrying out the survey of PPP in education among the EI member organizations, set out the similar classification drawn on these three typologies.

a) Infrastructure PPPs:

The most common type of PPP involving large infrastructure projects in the education sector is Build-Operate-Transfer (BOT) as observed by LaRocque\textsuperscript{30}. A private operator is granted a franchise (concession) to finance, build and operate an educational facility such as a public school, university building or hostel. The government, in effect, leases the facility from the private sector for a specified period, after which the facility is transferred to the government.

b) Private operation of public schools (Contract Schools):

Public schools are operated by private firms or organisations under contract to a public agency. The schools remain publicly owned and publicly funded, but are managed by a private sector operator in return for a management fee.

c) Outsourcing of educational services:

Government contracts with the private sector for the provision of education-related services such as: curriculum development and/or delivery; assessment or administration of examinations; school evaluation, review, inspection and/or school improvement programs, as well as supply of text books and other learning materials.

d) Outsourcing of non-educational support services:

These may include canteen, transport, health care, or cleaning services or building and operating student hostels.\textsuperscript{31}

\textsuperscript{29} A report on ‘Public Private partnership in Education’ by the educational International; available on-line http://www.ei-ie.org/research, Under documentation: Summary of major findings of the survey of EI member organizations, September 2009.


\textsuperscript{31} The taskforce was of the opinion that such outsourcing is not strictly a category of PPPs. However, it was included in the survey of member organisations so as to give space to unions to express their views and experiences.
c) Innovation and research PPPs:

Government programs that encourage industry-research institute partnerships and promote commercialization of public research.

f) Vouchers and subsidies:

The government provides vouchers to students enabling them to attend private schools, or direct subsidies to private schools. Although these are also forms of public-private interaction in education, we considered them to be generally beyond the focus of this report. However, space was included in the survey of EI affiliates for union to express their views.

The same classification, made by the World Bank, was adopted by Patrinos and others, while assessing the impact of the PPP on the education sector\(^\text{32}\). However, they categorized the education services as,

(i) management services,
(ii) professional service,
(iii) support services
(iv) operational services
(v) education services
(vi) facility availability and
(vii) combination of facility availability and education services.

Patrinos further observes that, the governments have contracted with private providers to deliver a range of inputs and services with the expectation that they will introduce new pedagogical skills and management efficiencies that the public sector lacks, thus generating alternatives to traditional forms of public education. A contract for education-related services can cover a range of services and inputs including the private management of public schools, subsidies and vouchers, private finance initiatives for school construction and maintenance, and professional services such as teacher training, curriculum design, and textbook provision.

3. 3. 3 Multi-Stakeholder Partnership in Education

Generally PPPs are understood as joint initiative between government (including intergovernmental organisations) and for-profit or commercial enterprises. However, Draxler\textsuperscript{33} introduced a newer term, multi-stakeholder partnerships (MSPs), to cover partnerships that bring together a wide range of public, private and civil society stakeholders. The World Economic Forum (WEF) promotes this broader concept, which involves business and/or not for profit civil society organisations working in partnership with government agencies and official development agencies.\textsuperscript{34} To WEF it is a model of development cooperation in which actors from the private sector (private corporations, corporate foundations, groups or associations of businesses) and the public sector (Ministry of Education and schools) bring together expertise and resources to achieve development goals.\textsuperscript{35} This concept entails reciprocal obligations and mutual accountability, including either voluntary or contractual relationships; the sharing of investment (financial or in-kind) reputational risks (rather than the one-dimensional transfer of risk to the private sector), and joint responsibility in design and execution.\textsuperscript{36}

This concept of PPP is much closer to the broader definition of PPP favoured by the International Labour Organization, ILO\textsuperscript{37}.


\textsuperscript{35} USAID. “Dynamics of Private Sector Support for Education: Experiences in Latin America” 2008.

\textsuperscript{36} Ibid

\textsuperscript{37} The International Labour Organization, defines PPP as, Public–private partnerships are voluntary and collaborative relationships among various actors in both public (State) and private (non-State) sectors, in which all participants agree to work together to achieve a common goal or undertake specific tasks. Partnerships may serve various purposes, including advancing a cause, to implement normative standards or codes of conduct, or to share and coordinate resources and expertise. They may consist of a specific single activity, or may evolve into a set of actions or even an enduring alliance, building consensus and ownership with each collaborating organization and its stakeholders. While they vary considerably, such partnerships are typically established as structured cooperative efforts with a sharing of responsibilities as well as expertise, resources and other benefits. Produced from the paper prepared by ILO on ‘Public-Private Partnership for decision for the Governing Body.’; available at...
Moreover, such partnerships have been created for the purpose of advocacy, for pooling resources, for exchange of expertise, or for developing new ways to construct or to provide infrastructure and services. Thus, according to Draxler\(^{38}\), they are seen as complementary mechanisms that can provide enhanced expertise, synergies, resources and responses to needs.

There are increasing numbers of actors engaged in multi-stakeholder partnerships in education. The main actors who are active in such initiatives and programs are, UNESCO, UNICEF, UNDP, the World Bank, WEF, etc. All of these players have their own agenda and mandate for an education across the world with diverse objectives.

### 3.4 International Experiences of Public Private Partnership in Education

The nature and type of the PPPs vary from state to state as per the socio-economic and political scenario of the nation. Hence, the promotion of PPP across the world is divergent. Fennell\(^{39}\) contends that the differences between the types of PPPs adopted in the USA and the UK indicate their basis on the respective political processes and its demands. There does appear to be a strong element of national ideology and social policy in fashioning the terrain of public-private partnerships.\(^{40}\)

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\(^{38}\) ibid


Involvement of private sector into education sector is either by the policy design of the state or emerged by default just to fulfill a need. Anyhow the private sector involvement has increased by 90% in last decade. In response, the governments are developing institutions, funding mechanisms and regulatory framework to take advantage of the growing capacity and expertise of the private sector to enhance public education. In European countries policies are devised to attract the private funding for building schools and their maintenance. Also, the governments of United States, Qatar and Columbia, to cater the discerned demand for education, have lined up the private sector. In certain cases for the economic scale and good practices, franchise model are adopted by some governments.\footnote{Patrinos, et al. supra note 32 p. 86}


(i) Students in private schools out performed students in public school on a variety of achievements.

(ii) Unit cost of private schools were lower than those of public schools and

(iii) Private schools had greater authority for decision making at the school level and better emphasis on enhancing student achievement.

3.4.1 Classification of Public Private Partnership

Norman\footnote{Norman supra note 30 p. 85.} in his studies on international scenario on Public Private Partnership in basic education, at CfBT has classified, various practices across the world, as follows,

\cite{Patrinos, et al. supra note 32 p. 86}
\cite{Norman supra note 30 p. 85.}
### PPP Initiative

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Malik\textsuperscript{44} has reported four model of PPP adopted by Punjab Education Foundation, Pakistan, with a goal to provide an affordable education to the underprivileged. These include foundation-Assisted Schools (FAS) program, the Continuous professional development Program (CPDP), the Teaching in Clusters by Subject Specialists (TICSS) Program and the Education Voucher Scheme (EVS).

Under FAS program the financial assistance is provided to the school for each children enrolled under its auspices. This program ensures the states responsibility regarding an education for all, however, saves the government from providing an education by itself through the funding only.

3. 4. 2 Contribution of International Agencies

In the wake of United Nations Millennium dream program, MDG and EFA, various international bodies also have initiated worldwide projects for the promotion of education through PPP mode. Some of the remarkable contributions of such agencies are as follows,

World Bank : The World bank has been active in promoting PPPs in developing countries, and is at the center of the PPP discourse in industrialized countries as well. The Bank’s private lending arm, the International Finance Corporation (IFC), has produced an elaborate toolkit and a webpage on PPPs in education. The advocacy of the World Bank for PPPs is extensive. The World Bank has been involved in many projects that have aimed either to promote PPPs or to create an environment for the involvement of private actors in education. The Bank’s involvement includes a wide range of countries such as: Chile, Burkina Faso, Indonesia, El Salvador, Comoros, Cameroon and Ethiopia. The Bank has been very active both in promoting some types of PPPs as in the cases of Tunisia, Lebanon, Mexico, and Argentina, but also directly establishing the institutional environment for PPPs, as in the cases of Indonesia, Cameroon and Ethiopia. Another important aspect of the World Bank projects has been the involvement of NGOs in delivering education, as in the cases of Senegal, Ghana, Burkina Faso, Chad, Guinea, Niger and the Gambia. The role of the Bank and the IFC is generally both financial and technical as they provide assistance for the set-up of PPPs involving NGOs.

OECD : Through an active promotion, OECD has reported more than 300 papers and activities such as round tables and forums on PPPs. It has commissioned research dedicated to PPPs to provide educational facilities, and to PPPs in general, in a range of countries including: Albania, Bulgaria, Mexico, Nicaragua, South

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45 A special website is established as a forum for individuals, corporations and other institutions interested in education in developing countries, i.e. http://www.ifc.org/edinvest/, where the details of PPP project have been displayed.

Africa, Thailand, Turkey, Uganda and Vietnam. OECD studies have been instrumental in recommendations for countries to engage in PPPs so as to maintain or raise their competitiveness in the global market. While assessing government-industry partnerships in the Netherlands, research from OECD revealed some of these dynamics, stating that a major conclusion of the OECD Growth Study was that greater use of public-private partnerships can enhance the efficiency and cost-effectiveness of technology and innovation policy.\(^{46}\)

**European Union**: The European Union (EU) has been particularly keen to promote PPPs. In April 2004, the EU produced a Green Paper that set out a series of initiatives aimed at extending the role of the private sector in public services, promoting PPPs, and ensuring that PPPs would have access to public funds.\(^{47}\) The idea is to promote PPPs as a way of raising investment, through financial and administrative incentives, with the encouragement of the private interests that stand to gain from PPPs. The paper recommended that the EU review the legislation in order to facilitate the greater role of the private sector in public services.

**International Monetary Fund**: The International Monetary Fund, (IMF) has also actively worked on PPPs by producing papers and publications on financial risks and PPPs; and providing technical assistance on managing risk in European and African countries, with about 10 missions in the last 3 years. In 2005, IMF also held seminars on public investment and PPPs in Latin America, Asia, Africa, and in Europe.

**USAID**: USAID is another important player in pushing for partnerships in general, and for PPPs in education in particular. It has a special functional bureau – the

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Global Development Alliance (GDA) - which is charged with mainstreaming the public-private partnership development assistance model at all levels of the Agency.\(^{48}\) This model reflects the emergence of private sector entities as active participants in the development process (ibid). USAID has developed a 5 year programme to support PPPs in education around the world, including in South Africa, India, Jordan, Angola and Peru, and has also supported the WEF/UNESCO Partnerships for Education and MSPEs.

**UNESCO/UNICEF**: UNESCO and UNICEF have shown support for PPPs, dedicating specific websites to the subject. UNESCO’s International Institute for Education Planning (IIEP) has begun a study on PPPs in Education, which is intended to prepare for training programs to Education Ministries in member countries. It is important to note the increased networking between UNESCO, the World Economic Forum (WEF), USAID and major corporations such as Microsoft, Intel and Cisco. WEF is a supporter of PPPs in general, but has moved to distinguish between partnerships with direct commercial interests and global initiatives, by using the terminology Multi Stakeholders Partnerships in Education as described in earlier section.

3.4.3 Learning from International Experiences

As discussed in earlier section, there is a wide range of PPPs being employed at the Basic Education level around the world. These PPPs come in many forms and cover a wide range of activities. They are found in both developed and developing countries. There are many reasons why governments are increasingly opting for PPPs to assist in meeting their policy objectives at the Basic Education level. In particular, well-designed PPPs can,

i) increase the level of financial resources committed to Basic Education. Private sector philanthropic initiatives have the additional benefit that funding is generally more flexible than public sector funding, the bulk of which is committed to teacher salaries, particularly in developing countries;

(ii) supplement government schools’ limited capacity to absorb growing numbers of children, thereby expanding access and helping to reduce class sizes in government schools;

(iii) increase the level of private sector knowledge, skills and innovation – whether pedagogic, technical or management related – that may not be available in the education sector;

(iv) allow government education authorities to focus on core functions such as policy and planning, curriculum development and quality assurance where they have a comparative advantage over the private sector, rather than devoting resources to areas where it may not have such an advantage;

(v) allow for much greater innovation in the delivery of education by focusing on the outputs and outcomes desired from an educational provider, rather than specifying how those outcomes should be achieved;

(vi) allow governments to circumvent unnecessarily restrictive employment laws and outdated government pay scales that limit governments’ ability to hire appropriate staff and organize delivery in the manner required; introduce a longer time horizon into public private relationships and better align the interests of the public and private sectors;

(vi) reduce the politicization of schooling and reduce the degree of corruption in the education sector;

(vii) make the cost of services more transparent through the use of explicit contracts and improved costing mechanisms; and

(viii) sharpen competitive pressures in the education sector, thus generating efficiency gains and spurring greater innovation in education delivery.
At the same time, the use of PPPs can have downsides. Opponents argue, for example, that they can represent a loss of control for education authorities and result in a loss of accountability to the public. PPPs in education have also been criticised on the grounds that they represent a first step toward full privatization. Still others have argued that the benefits of choice and competition are not evenly dispersed and can lead to widening inequalities between rich and poor.

PPPs also involve more complex arrangements that require detailed policy design, as well as financial and contract management capability. Poorly designed contracts, including weak or inappropriate incentives, may expose the government to significant financial and performance risks. The development of policy, as well as the formulation and specification of provider contracts, can be complex and time consuming—particularly for bureaucracies unfamiliar with an external, output-based contracting model. Contract monitoring and enforcement are not costless and presuppose a well-functioning legal framework for ensuring property rights and timely and fair dispute resolution. To be successful, they may require considerable capacity-building or contracting in of expertise to operate effectively.

Patrinos, et al., suggested theoretically that PPPs can increase access and improve quality in education in a number of ways: (i) by allowing school choice, (ii) by putting competitive pressure on private schools to remain in the market, (iii) by making school operations more flexible, (iv) by setting quality-driven output specifications, and (v) by ensuring an optimal level of risk sharing between the public and private sector. Public funding of private schools is justified by the argument that poor students will benefit from the opportunity to enroll in private schools of superior quality than the public schools that would otherwise be their only option. Studies demonstrate that private schools are more effective than traditional public schools in delivering higher-quality education outcomes in India.

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49 Supra note 32. p.86.
Indonesia, Pakistan, and Tanzania.\textsuperscript{51} However, ensuring academic quality in education systems in which the public sector funds private schools and service operators remains a challenge. International experience with PPPs yields five recommendations.

\textbullet{} Contracts for education services should include output measures and quality indicators to track the progress of the contractors in improving quality and increasing school efficiency. These performance indicators can be quantitative, such as standardized tests or enrollment figures, and/or qualitative, such as school and parental surveys and school inspections.\textsuperscript{52} Evidence from Colombia shows that for contracts to be effective, education authorities must have sufficient capacity to carry out monitoring and evaluation, perform periodic reviews of school performance, and enforce compliance with the contract’s quality measures.

\textbullet{} Operating requirements and performance standards should be defined for private schools and operators. Belgium and New Zealand require private schools that receive public funding to meet eligibility criteria (including infrastructure and staff requirements), follow national core curricula, and meet performance benchmarks.

\textbullet{} Innovation and quality improvements should be rewarded to prevent schools from reverting to negative practices, such as lobbying for extra funding, in cases where competition for students results in reduced public funding.\textsuperscript{53} For example, Pakistan’s Foundation Assisted Schools Program has an incentive and sanction component that rewards schools with monetary awards for good performance and revokes their subsidies if they are operated poorly.


\textsuperscript{52} World Bank, “Colombia Contracting Education Services” 2006, Report 31841-CO. Washington, DC.


The efforts of private schools to improve the quality of their education should be supported, and governments should therefore consider adding capacity building components to voucher programs.

Some private schools may lack the capacity to improve education quality because of unqualified teachers, a shortage of resources to enhance materials and textbooks, and inadequate knowledge of effective teaching techniques and management processes. Some of the support that has been given to private schools to overcome this problem includes facilitating their access to capital and arranging preferential loans to improve infrastructure and buy other critical inputs, as in the case of Mauritius. Contracting out technical assistance to enhance financial management, instructional delivery and school leadership has been tried in Colombia and Pakistan.

In some countries, special agencies have been created to manage private school operations and the flow of funds from the government to privately run public schools, and to enforce qualifying criteria and regulations. Examples include the Sindh Education Foundation and the Pakistan Education Foundation in Pakistan, both of which are government agencies that manage PPPs in education and channel funds to private schools. Another example is the Private Secondary School Authority in Mauritius, which is an enforcement agency that oversees the operation of private schools and manages disbursement grants. The advantage of specialized PPP agencies is that they may concentrate expertise on education PPPs and centralize the management of contracts and fund transfers, thus promoting greater efficiencies in the interactions between public and private entities.

3. 5  Practices and Policy in India

India's education system is divided into different levels such as pre-primary level, primary level, elementary education, secondary education, and higher education. The Indian government lays emphasis on primary education up to the age of fourteen years, referred to as elementary education in India. Education has also been made free for children for 6 to 14 years of age or up to class VIII under the Right of Children to Free and Compulsory Education Act 2009. The government introduced the scheme for universalization of Education for all known as the *Sarva Shiksha Abhiyan* (SSA) which is one of the largest education initiatives in the world.\(^{55}\)

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 program 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.\(^{56}\)

India has never been challenged to provide quality education to first generation learners and vulnerable groups at the scale that Right to Education compels it to do today. Without marshaling large amounts of resources and skills from both government and non-government sectors, this challenge will not be met.\(^{57}\)


3. 5. 1 MHRD Initiative

The most fertile area for a PPP engagement in India is in the form of Model School scheme launched in November 2008 which has clearly articulated that out of the 6000 sanctioned, 2500 will be built under PPP. The model school infrastructure will be provided by the private entity which is legally competent to run an educational institution. The Government will contribute to recurring cost on per capita basis for the students sponsored by the Government. Besides, additional 25% support will also be provided in respect of sponsored students towards capital cost. For the implementation of the scheme MHRD has invited applications from private entities for setting up of model schools under PPP mode.58

The objective of this scheme is to create centers of excellence in school education by combining the respective strengths of the public and private sectors in a manner that would create models in the respective blocks and set benchmarks for others to emulate. By focusing on rural area, these schools will help build a cohesive, secular and merit-based environment that would promote inclusive growth and train future leaders. These schools are expected to serve as models for all schools in their neighborhood. They will be expected to act as mentors for other schools in the block, organize bi-annual conferences for experience sharing and generally disseminate best practices. Their networking with other schools is expected to have a snowballing effect in improving school education in their respective blocks.

3. 5. 2 On-going models of PPP in India

Since, the private participation in the field of an education has remained a tradition in India. Various kind of partnership is observed between the state and the private philanthropic, faith-based or voluntary organization in the field of education with an aim to serve the society and nation at large. Some of the popular models are as follows,

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58 Ibid
(i) Government - aided schools

The private partner sets up the school and bears the entire capital cost of land and building infrastructure and appoints teaching and non-teaching staff. The management of the school is with the private partner. After the school has run in the private unaided mode for some time, the government provides grants in the form of teacher salary for a certain sanctioned strength. Most of the State Governments provide 100% teacher salary on monthly basis in this model. Some State Governments provide 90% of the salary expecting the management to provide the remaining 10%. Some State Governments also provide part or whole of the non-salary recurring cost of the school based on certain norms. Generally, the State governments do not provide capital costs either for construction or for repair. The school fee is regulated and is generally equal to the fee prevailing in the government schools. Since non-salary recurring cost is not provided by the government, it is the general practice for school managements to charge a separate monthly fee in different forms. Generally the grant to such schools is not performance linked. Once the school obtains the aided status, it continues indefinitely without reference to the number of students in the school, attendance of students and teachers or performance of students.

(ii) Residential schools in Andhra Pradesh

The Government of Andhra Pradesh has launched a new scheme to set up one residential school in each Assembly constituency, mostly in the rural and semi-urban areas, in partnership with private players like NGOs, educational trusts and foundations set up by corporate sector. Under the scheme, land is provided free of cost by the State Government on a long-term lease with the private partner bears the entire cost of school buildings and facilities. 75% of the seats in the school would be reserved for students to be sponsored by the State government for which the State would pay the recurring cost. The remaining 25% of the strength will be filled up with the management quota seats.
(iii) Adarsh schools in Punjab

The Government of Punjab is implementing the scheme of Adarsh schools to be set up at the rate of one at the block level in partnership with private sector. The land would be given on 99-year lease to the private partner by the government. 50% of the capital cost would also be provided by the State government. The operational cost of the school would be shared on 70:30 basis between the State government and the private partner. There would be a 2-tier management structure at State and school level. There is an element of corporate social responsibility in this model.

(iv) PPP Schools in Rajasthan

The Government of Rajasthan is setting up five schools in each of the 33 districts under PPP. These schools will be set up in the rural areas at the block level. The private partner will bear the entire capital cost upfront. The state government would provide a capital incentive in installments. The State government would also reimburse a part of the recurring cost for the sponsored students through vouchers. 50% of the strength in each school would be reserved for students sponsored by the state government.

3. 5. 3 Other evocative models of PPP in India

Since, there is a large unfulfilled need for access to quality education in the primary and secondary education sector. Public Private Partnership emerges as a viable alternative to improve access to quality school education while ensuring equity and social justice. To overcome the budgetary constraints and to address issues of differential capacity levels in the public sector, the following five models are proposed for possible consideration, piloting and implementation in the Indian context. 59

(a) Reform of Government Aided Schools

This type of PPP already exists in most parts of India but it needs to be made more effective with the inclusion of a system of incentives and disincentives based on performance, student and teacher attendance, state of maintenance of infrastructure, examination results, outcome of learning achievement survey, performance of students in co-curricular activities and the like must be set up. For large government aided schools, this would help in attracting more students through continuous improvement of quality. However, in areas with sparse population, per capita payment may result in drastic reduction of payment. For such cases, exceptions may have to be made depending upon local conditions and ad hoc additional grant may have to be provided to make up for the lack of sufficient students.

(b) Expansion of Existing Government Schools

There are many Government schools in prime locations that are currently operating with run down infrastructure and inadequate staff. These schools could be revived through the involvement of private sector participation. This private participation might range from the delivery of critical activities like regular training of existing teachers to the provision of additional teachers. The private partner could also be allowed to use the school outside school hours for running skill development centers using their own business models. They would also be permitted to construct new floors or new building blocks for use by the school during school hours and for its own use after school hours to run skill development centers and community colleges. The private partner would also be involved in the school management committee to chalk out and implement a blueprint for overall improvement of the school.

(c) Private Sector Shift in Public Sector Facility

In this case, the private partner could use the existing infrastructure to run the second shift and is reimbursed the cost. It has no responsibility for improvement of
the existing school, but the operation of the second shift including recruitment and management of staff is its responsibility.

(d) Private Financing Initiative (PFI)

Under this model, the private partner would have the responsibility only for providing building infrastructure and its maintenance and has no role to play in providing educational services. Therefore, these schools are purely government schools except for the fact that the schools are not built by government agencies nor are government funds used for construction at the initial stage. The usual process is to set up schools on design and build basis as against annuity payment. Whenever the government sanctions new schools, and buildings are to be constructed, this method can be used to get over the budget constraint and also to get the infrastructure ready in a short period of time.

(e) Whole School Management

In this model, the private partner would be responsible both for construction and operation. The private partner has full autonomy to recruit its staff and for determining their service conditions and also for the smooth running of the school. The per capita fee is determined by a process of bidding among the technically competent and responsible private partners. In addition, the private sector is allowed to have a management quota for which an appropriate fee, which is different and generally higher, is charged. For government seats, the students are charged nominal or no fee as in Government Schools.

3. 5. 4 Public Private Partnership in Technical Education

All India Council for Technical Education, AICTE, has designed and adopted a PPP policy in the field of technical education with an aim to achieve holistic

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60 AICTE is a statutory body responsible for the planning and co-ordinated development of the technical education system throughout the country, the promotion of qualitative improvement of
development of polytechnic education in the country along with equity and inclusiveness in technical education. The agencies involved in this policy are Ministry of HRD, AICTE, state government besides industry or/and private service education provider. As per the scheme, AICTE invites proposal for the establishment of the polytechnic college in the regions identified by the respective state. A private partner, either single or a consortium of industry and education provider, submits the proposal and Detailed Project Report, DPR, to the respective state government. If a proposal is found in accordance with the state policy, the state government executes a MoU with the proposer and forwards the same to the AICTE. After the scrutiny of the proposal, DPR and MoU, the AICTE has to send this consolidated proposal to the MHRD, which releases a grant to the private partner. For the total estimated project cost of C 15 crores, MHRD releases the sum of C 3 crores, the state grants H 2 crores and the private partners invests H 10 crores for the establishment of the polytechnic college. A state government also provides a piece of land to the private partner at reasonable rate or with token amount of lease premium. The management of such a college is executed by Institutional Management Committee, IMC, consisting of 12 members out of which six members including a chairperson are from the private partner while other six are nominated by the AICTE, MHRD and a respective state government. IMC is responsible for the day to day function of the institute as well as the revenue generation for recurring expenses. Admissions are made by the state government as per its policy and fees are decided by the state government in consultation with the representatives of IMC. Teaching faculty and other staff are recruited as per the AICTE norms and affiliation is made with the state Directorate of the technical education.

However, there has been a mixed response from the private sector for such participation. There is only one polytechnic college in Gujarat established under this such education in relation to planned quantitative growth and the regulation and proper maintenance of norms and standards in the technical education system for matters connected therewith.

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scheme. MHRD and AICTE are yet striving to achieve the targeted number of polytechnic colleges across the state. Though there is no any specific guideline or policy regarding the PPP for degree engineering colleges; different state governments in liaison with AICTE are making efforts for the same.

3. 5. 5 PPP in Medical Education

Through the notification\(^{62}\), government of India has included health sector as well as the establishment of the medical college within the purview of the scheme for support to Public Private Partnership in infrastructure. Many of the state governments, including Assam, West Bengal, Rajasthan, etc. have framed the policy on PPP in the health sector, which includes the provision of the medical services along with medical education. A detailed guideline along with the sample contract for concessionaire and functional modalities is been issued by the PPP cell of DEA in the form of the Green Book.\(^{63}\) The said scheme is developed to explore the possibility of harnessing private sector investment and managerial skills in the sector of medical services. Through the scheme, private partners are invited and encouraged for the establishment of the hospital as well as a medical college in the area identified by the respective state government. The project implementation bases on the DBFOT (Design, Build, Finance, Operate and Transfer) mode of PPP. A project also includes procurement and installation of equipment as well as their operation and maintenance in conformity with the specification and standards prescribed within the contract. Patient intake capacity and annual student intake are determined by the state in accordance with the MCI rules, i.e. hospital with 300 beds for the student intake of 50 seats per annum and of 500 beds for the student intake of 100 seats per annum. However, a concessionaire is allowed to run additional

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\(^{62}\) Notification vide no. F No. 3C/1/2012-PPP dated 04.11.2013, PPP Cell, Department of Economic Affairs, Ministry of Finance, Government of India.

\(^{63}\) http://pppinindia.com/NPBCP_images/PDFs/Greenbook%20for%20Medical%20College%20-2002%202014.pdf visited on 20.06.2014 at 5.00pm.
commercial activities, such as, cafeteria, transportation, florist shop, ATM center, and other allied services related to health and daily needs.

Authority is identified and designated either by the state or central government, which invites the bid through a tender for the proposed project. Short listed bidders are invited for the negotiation and agreeing upon the prescribed technical and commercial terms and conditions, bidder is selected for the award of the project. The bidder may be single entity or a consortium consists of university, society under Society Registration Act, 1860, etc. The authority issues a Letter of Acceptance, LoA, to the selected bidder and a concession contract is executed between the authority and a private consortium. Thereafter, the authority is obliged to provide all reasonable support and assistance to the concessionaire in procuring ‘Applicable Permits’ required from any government instrumentality for implementation and operation of the Project. It is also an obligation on the part of the authority to provide complete access to the site free from encumbrances as well as the timely payments of the grant to the private consortium, in accordance with the prescribed article under the said green-book.

On the other hand, a private consortium is obliged to observe standards for the performance of the health care services as well as the medical education. A concessionaire has to comply with all applicable laws and permits required under the agreement as well as the maintenance and the monitoring of the assets and services in accordance with the specifications and schedules outlined in the contract. It is obligatory on the part of the concessionaire to obtain the recognition from the MCI and accreditation from the NABH. The health care services are provided categorically as a patient mix, including an ordinary private person and a BPL card holder, for whom a payment is made by the respective state government. Similarly, medical education is imparted to student mix of government category, i.e. students admitted through the state central admission agency with reasonable sum of fee

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64 National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent board of Quality Council of India, set up to establish and operate accreditation program for healthcare organizations. The board is structured to cater to much desired needs of the consumers and to set benchmarks for progress of health industry.

65 Below Poverty Line.

decided by the state government; and management category, i.e. students admitted by the concessionaire with comparatively high amount of fees determined in consultation with the government.

However, the exertions of the government to spread and popularize this scheme have not yet yield desired results. There has been little fuzziness among the private player regarding the so called concession. Because of several reasons, potential private organizations prefer to establish completely privatized medical college and hospital with full of autonomy in management and administration. Hence, even the aforesaid policy for PPP in Medical education requires rectification just like a PPP policy in technical education for better acceptance among the private players.

3.6 Practice and Policy in the state of Gujarat

The state of Gujarat has gone ahead in the promotion of Public-Private Partnerships to a great extent. Gujarat has a legal framework in the form of the Gujarat Infrastructure Development (GID) Act. The said Act provides an authority named Gujarat Infrastructure Development Board, (GIDB) created for developing PPPs in various forms and sector policies to attract private sector investments for the infrastructure development in diverse sectors. GIDB is a focal point organization mandated under the Act to promote private sector partnership. GIDB plays pivotal role in project structuring, undertaking feasibility studies, prepare and approve concession agreements, over-see bidding process, lay down priorities of the project, advise in matters of policy and undertake master plan exercise.

In the field of technical education a state of Gujarat has established one polytechnic college at Veraval, through PPP in accordance with the policy of the AICTE. Apart from this, there are two degree engineering colleges established under PPP mode. However, the private bodies in the said partnerships are none other than government companies, namely, GIDC, Gujarat Industrial Development
Corporation and GPCL, Gujarat Power Corporation Limited. The GIDC has constituted a society namely, GIDC Education Society, which has set up ‘GIDC Degree Engineering College at the village Abrama in Jalapore Taluka of Navsari district. The GPCL through Gujarat Power Education & Research Foundation has setup Gujarat Power Engineering and Research at village Mewad in Mahesana district. The student admissions are made through the state’s Admission Committee for Profession Course, ACPC (Technical) and the fee structure is decided by the Fee Regulatory Committee, FRC, duly constituted by the state government. The management of these institutes is executed by the Institutional Management Committee which is headed by the Chairman of the respective corporations.

However, six of the engineering college, earlier established by the state government through Gujarat Technological University, GTU, were been struck down by the AICTE for non-compliance of the norms and standards. After the lesson learnt from the failure of six engineering colleges under PPP mode, the state government has reframed its policy, but could not attract the private sector to enter into the partnership for the establishment of the degree engineering college. Nevertheless, there are many private organizations, which have preferred to establish an independent privatized engineering college, instead of taking flimsy advantages of partnership with the state.

Further, the government of Gujarat has setup Gujarat Knowledge Society, GKS, to prepare the youth for the knowledge based economy and society so as to stimulate creation of world class knowledge resources by developing new competencies in skills. It uses PPP model in which demand- driven skill training programs are delivered by private training agencies in the classrooms and computer laboratories of existing Government schools and colleges. Nonetheless, on the basis of duration, terms and conditions of the contract between, the state authority and the private service provider, it is quandary to identify the same as PPP in a rigorous meaning.

In the field of medical services the government of Gujarat has initiated several partnership projects with an objective of promoting better healthcare in rural areas by creation of supporting network of low cost with high quality tertiary care. With
Community Based Organizations, CBO, government has contracted for the maintenance and management of health services through Primary Health Center, PHC, at the interior rural area. A telemedicine project is operated with an NGO, opening ten centers in predominantly tribal area. Emergency Ambulance Services are operated through Emergency Medical Research Institute, EMRI, Hyderabad. Further, the management and delivery of medical services of Civil General Hospital with 275 beds at Palanpur (Banaskantha District) and GK General Hospital with 300 beds at Bhuj (Kachchh District) are partnered with Wockhardt Hospital Group, WHG, and Adani Group respectively. A later is also contracted for running a medical college attached with the said hospital in Bhuj.

Based on PPP experiences over a past few years, the GID Act has been amended to attract further PPP investments in Gujarat. The major amendments to the Act are

1. Financial assistance from the state government to the project increased to 20% instead of 15% subsidy originally proposed.
2. Concession period for a project can be extended beyond 35 years on mutually agreed terms between both parties.
3. Projects of special nature can be directly negotiated instead of going through the competitive bid process. These projects may include
   a) A project which is innovative or involves proprietary technology or franchise which is exclusively available with the person globally
   b) A project wherein competitive public bidding as provided in section 9 has failed to select a developer
   c) A project to provide social services to the people including community services and public utilities
   d) An infrastructure project which is an essential link for another bigger infrastructure project owned or operated by the same person.
4. Planning for Infrastructure in the State through PPPs. An agenda of the Gujarat Infrastructure presents the state with a coherent and comprehensive action paper for integrated development across all infrastructure sectors.

In accordance with the above policy and legislative enactment, the state of Gujarat has made several endeavors with Public Private Partnership. However, some of the policy provisions are yet to be experimented through practical implementation. In the field of primary education still the state trails among other states like, Andhra Pradesh, Rajasthan, Haryana, Maharashtra, etc. Nevertheless, the lessons learnt from the success and failure of PPP in the technical education could be expedient in developing a robust model of PPP for school education as well as legal education.

3. 7 Proposed Policy for Public Private Partnership in Higher Education

Higher education in India has recorded impressive growth since Independence. Today, India’s higher education system is the third largest in the world, next to the United States and China.\(^6\) University Grant Commission (UGC) is the chief functionary that enforces its standards, advises the government, and helps coordinate between the center and the state for the education at the tertiary level.

The University Grants Commission set up an expert committee under the chairmanship of K.B. Pawar, hence called Pawar Committee, to look for the possibilities of public-private partnerships in higher education in India and come up with models which could be utilized to improve access and quality of the higher educational institutions. The report submitted by the committee highlights that public-private partnerships in higher and technical education would bring benefits of saving resources and time; improve efficiency of the system; improve performance and promote autonomy which will ensure high quality in higher education. The said


Committee has recommended the following four models of PPP in higher education.\textsuperscript{67}

**Model I – Basic Infrastructure Model:** Private sector invests in infrastructure while government runs the operations and management and makes annualized payments to the private investor; this model will be best suited for real estate and infrastructure companies, as well as financial institutions who do not want to enter into operations of education sector.

Approximately 68.7\% of Indian population is rural but 54.3 \% colleges are located there. There is thus a gap between the two which can be bridged by this model. Of the 650 districts in India, 60\% (374) are educationally backward districts, 14 districts with no college, 32 of them have only one college, 81 with less than 10 colleges.\textsuperscript{68} All these colleges have deficiencies in human resources and infrastructure. These colleges have been graded low in quality by the National assessment and Accreditation agency.

This model can contribute towards the building of the basic infrastructure such as libraries, computer centers, sports facilities, well equipped seminar rooms. In areas where these facilities exist but are low, they can be brought at parity with the high quality ones or those in urban or developed regions. It will also address the issue of equity in education. Through this model, the government provides an incentive to the private sector to reach out to the educational needs of rural India while the private sector can fulfill its corporate social responsibility. It could operate in states such as Bihar, Assam and Jharkhand where educational facilities are poor.

**Model II – Outsourcing Model:** Private sector invests in infrastructure and runs the operations and management while responsibility of the government is to pay the private investor for the specified services; the private sector will not only invest in the infrastructure but also run and manage the institutions and the government will pay for the selective services it will avail from the institution.

\textsuperscript{67} Pednekar, et al; \textit{supra note ___}

It resembles to BOOT, Build-Own-Operate-Transfer model popular in the infrastructure of real estate including road, bridges and buildings. In this case, the government would delegate to the private sector to design and build wholly or partially, an HEI or a part thereof and to operate this institution for a pre-decided period. During this period the private sector shall responsible to raise the finance for the functioning of the institution. At the end of the period, the institution would have to be transferred to the government. Thus, without involving private players it would be difficult for the government alone to fill the gap between the demand and supply of institutions of higher education and provide quality education. But, at the same time it is also to be seen that only those private players should be allowed to bring up educational institutions who will give priority to providing quality education. Thus, the BOOT model may be considered for the states where the density of the colleges is less. This model has seen success in the infrastructure sector such as power, railways and roads in India.

This model may be considered in the establishment of research centers which can develop into centers of excellence with quality. Private sector can contribute in the establishment of incubation parks where high quality academic research can be fruitfully and effectively put to use by the allied industry. It has been observed that Indian universities do not appear in the list of top 200 universities in the world due to low ranking in the fields of research, globalization, and employment after graduation, and employers’ evaluation of graduates.

This model may be successful in industrial belts where the presence of educational institutions does not match the industrial presence. The industry belonging to a specific discipline or related disciplines can be encouraged to establish state of the art research centers to develop the necessary specialized man power. The automobile industry is a case in point. Incubation parks and research centers will cater to the employment needs of the industry. In states like Gujarat which has a large industrial belt and an equally large private sector, this model may be able to function effectively.
Model III – Equity/Hybrid Model: Investments in infrastructure is shared between the government and private sector while operations and management vests with the Private sector; the investment will be done by both the government and the private sector but the institutions will be run and managed by the private players. This model is suited for existing private players, who are operating their higher educational institutions, and are planning to expand further.

This model can help in addressing the disparities in the geographical distribution of Universities or Colleges. The private sector will show willingness to invest only when the government is an equal partner in such an investment. The private sector can complement and supplement the efforts of the government in broadening access, growth of inclusive education and promoting excellence. The government can take advantage of the expertise and skills of the private sector in the implementation of the curriculum, while the industry will benefit by absorbing the suitably trained employees. The industry like service industry can be encouraged to be partners with educational institutions directly for the development of human resources dedicated to their interests. This could happen in the areas.

Model IV – Reserve Outsourcing Model: Government invests in infrastructure and the private sector takes the responsibility of operations and management. The government will invest in the infrastructure and private sector will run and manage the institution. This model is best suited for school management companies, which have experience in managing and operating schools on contracts.

This model will serve much the same purpose as the equity or hybrid model without the financial liability on the private sector. It will work effectively in areas not capable of attracting private funds and will be supported sufficiently well from public funds as this is essential for the balanced intellectual growth of the society. Further, the industry partner can help in designing courses with relevance to the future and developing the necessary man power to deliver them which can be a challenging task. Industry professionals in different areas can come together to develop proactive strategies for higher education to meet the future demands.
Partnerships are established for various reasons including construction, financing, design and maintenance of public infrastructure and augmentation of research. Thus Public Private Partnership will help in achieving two objectives (1) 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 and (2) to improve existing services provided by both sectors with an emphasis directed on system efficiency, effectiveness, quality, equity and accountability.

3.8 Arguments in Favour of PPP in Education

Hary Patrinos, et-al; through their studies suggest\(^69\) four positive outcomes of the private provision of public services, as;

◊ PPPs can create competition in the education market. The private sector can compete for students with the public sector. In turn, the public sector has an incentive to react to this competition by increasing the quality of the education that it provides.

◊ PPP contracts can be more flexible than most public sector arrangements. Generally, the public sector has less autonomy in hiring teachers and organizing schools than the private sector does. Public-private contracts can be a better fit between the supply of and demand for education. Flexibility in teacher contracting is one of the primary motivations for PPPs.

◊ Governments can choose private providers in PPP contracts by means of an open bidding process in which the government defines specific requirements for the quality of education that it demands from the contractor. The contracts often include measurable outcomes and clauses that specify the condition to deliver a certain quality of education, and the contractor with the best or lowest

cost proposal is then chosen. This one characteristic of the contract alone can raise the quality of education.

PPP contracts can achieve an increased level of risk-sharing between the government and the private sector. This risk sharing is likely to increase efficiency in the delivery of services and, consequently, to induce the channeling of additional resources to the provision for education.

Michael Latham\(^7\) narrates the reason in support of positive relationship between the PPPs and the education outcomes.

1. PPPs can induce competition in the market for education. The private sector can compete for students with the public sector. In turn, the public sector can react to the competition by improving the quality of public education.

2. PPP contracts allow more flexibility than most arrangements in the public sector do. Generally, the public sector has high inflexibility in hiring teachers and organizing schools, while PPPs do not. A flexible contract can create a better fit between the supply and demand of education.

3. Private providers in PPP contracts are usually chosen through an open bid process based on quality criteria. Contracts usually stipulate a certain quality of education, and the best proposals are chosen. By itself, this characteristic of the contract can increase the quality of education.

4. PPP contracts can achieve an optimal level of risk-sharing between the government and the private sector. The change to an optimal level of risk-sharing may increase efficiency in the delivery of services and, consequently, may induce more resources and higher provision in the education sector.

5. The private sector can have higher standards in delivery of education services. PPP contracts can reflect specific standards and quality targets. Therefore performance during the life of the contract, with adequate supervision, can lead to education improvements.

6. A model of PPPs that combines the strengths of government, the private sector, and civil society stakeholders to advance education can create new, sustainable education reform initiatives.

3.9 Challenges of Public Private Partnership in Education

Many researchers contend PPP as a form of exogenous privatization. Also, the relationships of power within public-private partnerships vary markedly and the language of partnerships is often a re-labeling of contractual or out-sourcing arrangements. Some argue that the term PPP is neither a legally nor a technically exact phrase, but rather a replacement for the older use of the word ‘privatization’. They maintain that the vast majority of PPPs are not partnerships in any legal sense, but simply contractual relationships. Some of them emphasizes that it seems obvious that the role of the partnership rhetoric is used simply to hide the unpopularity of privatization behind a term that implies equality, and therefore evokes a friendly glow.

Apart from these criticisms, there are few constraints for implementing PPP in the education sector. They can be summarized as under in the tabular form.

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71 A term to describe forms or privatization involving the opening up of public education services to private sector participation on a for-profit basis and using the private sector to design, manage or deliver aspects of public education, Ball, Stephen J. and Youdell, Deborah. ‘Hidden Privatization in public education’, preliminary report presented in the 5th World Congress of Education International, 2007.


<table>
<thead>
<tr>
<th>Constraints</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Policy Framework</td>
<td>Weakness in enabling policies.</td>
</tr>
<tr>
<td>Regulatory Framework</td>
<td>Weak and inadequate regulation and enforcement.</td>
</tr>
<tr>
<td>Management and Operational</td>
<td>➢ Absence of required coordination among and between the Center and State governments and agencies.</td>
</tr>
<tr>
<td>Framework</td>
<td>➢ Inadequate management capacity within government to manage the design, implementation, and evaluation processes.</td>
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<td></td>
<td>➢ Inadequate capacity to develop bankable education sector projects.</td>
</tr>
<tr>
<td>Financial Framework</td>
<td>➢ Insufficient instruments to meet long-term equity and debt financing.</td>
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<td></td>
<td>➢ Non-availability of land at terms that would make the project viable.</td>
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<tr>
<td>Advocacy</td>
<td>Low acceptance of PPPs by stakeholders.</td>
</tr>
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Table 3.3: Constraints to Education Sector Investment

Moreover, for-profit entities, in India are not allowed to run schools as per prevailing education acts. Also, at a systemic level, it is not possible for school education to be a profit making activity, since the returns from education tend to be of a long term nature and also by nature more in terms of social impact than economic returns. Hence any partnership has to be on a 'not for profit' basis.

Further, Education requires its own expertise and capacities and is a society transformation process, not just a 'service' to be delivered, as is been discussed in terms of PPP in a service sector, including education or health.
Over and above all, the abrupt changes in the government policy on a political whim puts a threat on the success of PPP experiment in education sector of India.

3. 10 Summary of Chapter III

One of the basic concept emerged from the study is the achievement with PPP in the education sector deeply requires a supportive political environment, righteous program design and effective implementation.

Moreover, the common key principles observed in various PPP model for education sector can be enumerated as follows,⁷⁴

◊ Clear and unambiguous long term contractual performance standards agreed at financial close of the relevant project;

◊ Clear output based services specification document there should always be a degree of flexibility built in to the output specification by way of a formal change mechanism to recognize that changes in circumstances beyond the contemplation of the parties at financial close may occur given the long term arrangements being put in place;

◊ Costs calculated on a whole life basis (which means taking into account the private sector’s expectations at financial close of the relationship between the design and build of the relevant facilities, their long term operation and any improvements over the contract term);

◊ an ability for both the public and the private sector participants increase monitoring and to remove service providers or other sub-contractors for persistent nonperformance as an alternative to termination of the PPP project in its entirety;

⁷⁴ Harris, James and Reidy Julien, ‘PPP projects in the Education Sector – Key Principles’ Hogan Lovells, A professional Law Firm, HongKong.
◊ processes and arrangements for regular dialogue and partnership working between the contracting parties; and

◊ arrangements for harnessing the benefits, economies or other improvements to the services offered by new technology or innovation during the contract term

Empirical evidence suggest that education system in which schools, of OECD states, are publically funded but privately operated are associated with better student performance. However, in the region of south Asia, including, India results are different.

In most of the models, the private sector’s role remains to provide finance to public schools, while the public sector retains responsibility for the delivery of education. An emergence of a broader range of PPPs observed in recent trend are the private management of public schools, private school funding and voucher program and school infrastructure initiatives. These more recent PPPs represent a reversal of the traditional model of PPPs in practice.

Summarily it is quiet important to keep following points under consideration, while developing PPP for the educational project.

◊ Include output specifications that define performance standards and facilitate the measurement and tracking of quality and school efficiency. Performance indicators can be quantitative, such as standardized tests or enrollment figures, or qualitative, such as school and parent surveys or school inspections. It is particularly important to include quality indicators that will encourage improvements in the performance of private schools and, equally important, to reinforce them with appropriate supervision.

Chapter 3  Role of Public Private Partnership in Education

- Define operating requirements and performance standards that private schools and operators should follow. Private schools should meet eligibility criteria to receive public funding (such as infrastructure and staff requirements), follow national curricula, and meet performance benchmarks.

- Reward innovation and quality improvements. One way to reward schools is to provide monetary awards for good performance. Conversely, sanctions for poor performance should include the revoking of any subsidies.

- Help private schools to deliver high-quality education and accompany voucher programs with capacity-building interventions. Some private schools lack the capacity to improve the quality of the education that they provide because their teachers lack qualifications, the schools lack the resources to buy materials and textbooks, and school management is not aware of the most effective teaching techniques and management processes. Some ways to help build this kind of capacity in private schools include increasing their access to capital and preferential loans to improve infrastructure and other critical inputs; and providing technical assistance and quality certification to enhance financial management, instructional delivery, and school leadership.

- Establish a specialized group of authorities to manage PPP programs and the flow of funds from the government to private schools, and to enforce qualifying criteria and regulations.

An important component of a PPP framework for Basic Education is an enabling policy and regulatory environment and a strong legal framework. The regulatory framework must create the conditions under which private firms can operate effectively and efficiently, while at the same time ensuring that the sector delivers high quality education and that the wider public interest is protected. Active participation by the private sector in education is most likely to be encouraged if the government puts in place an appropriate legal framework to govern contract procurement and private sector investment more generally. This includes,
(i) introducing mechanisms to minimize the likelihood or appearance of corruption;
(ii) reducing red tape and unnecessary regulation;
(iii) assuring judicial independence, as well as timely and effective enforcement of contracts; and
(iv) introducing policies and incentives that encourage private investment.

A strong regulatory framework, flexibility in provision and good quality assurance are fundamental.

PPP can be an important part of the overall strategy to achieve quality at scale, but is not a panacea. The PPP strategy must fit into and be in line with the overall school education strategy and priorities. PPP is useful to the extent that it helps meet the larger goals. Also PPP should never limit or restrict government itself from offering educational services or running schools because it has a PPP partner in that area.

Thus it can be concluded that the use of PPP structures in education projects in India is set to continue and expand in the coming years. There is a stream of project in the pipeline. The educational PPP sector is new in India and is not as well developed as PPP in other sectors.