



Government of India
Ministry of Finance
Department of Economic Affairs

Toolkit for Public Private Partnerships in School Education in Maharashtra

Local Government Consultations and Sector Assessment for Developing Possible PPP Models



INFRASTRUCTURE
Building for Growth



ADB



Government of India
Ministry of Finance
Department of Economic Affairs



Government of
Maharashtra

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Local Government Consultations and Sector Assessment for Developing Possible PPP Models



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Foreword

The Indian economy stands at a crossroads today. On one side is the robust and dynamic growth of India which stands at nearly 9% and on the other is the slowly depleting ability of existing physical and social infrastructure to fuel the same growth. This highlights the paramount importance of overhauling the entire infrastructure network in the country, to not only match the needs of the present but also of the future. It is only by establishing an efficient infrastructure foundation, that we can provide the platform for a global economy that utilizes its internal resources to deliver maximum value.

Acknowledging this need for development of superior infrastructure, Public-Private Partnerships (PPPs) have further been recognized as a key enabler for the same. The PPP model is seen by the government as a method of utilizing the expertise of the private sector to deliver quality services to its population. In an attempt to generate interest and greater involvement of the private sector, the Government of India has initiated concrete measures for creation of a conducive environment for the same. This envisions creation of a framework that facilitates both the public and private partners to reach a common goal and to fulfil a specific need that involves shared responsibilities, means, competencies and risks.

While the educational sector had been insulated from purview of PPP projects, recently the sector has started to embrace private participation. The need for PPP projects in the school education sector arises from the fact that private participation brings in investment to finance capacity addition (new schools, human resources etc.) and efficiency and innovation in service delivery at existing schools. Under this line of thought, the government has partnered with the Asian Development Bank (ADB) to create a structured framework for mainstreaming PPPs in the sector.

However, the effective implementation of PPP in education is a challenging proposition. The unique challenges this sector faces are regulatory constraints of sector being classified as not-for-profit sector, requirements mandated by the 'Right of Children to Free and Compulsory Education' (RTE), importance and significance of O&M costs of the project vis-à-vis the Capital Expenses and finally the high monitoring requirements.

The Government of Maharashtra has sought assistance from the ADB and the Public Private Partnership (PPP) Cell, Government of India to facilitate the participation of private sector in school education in Maharashtra. As a first step in this direction, this "Toolkit for School Education in Maharashtra" is envisaged as a reference/guidance document for undertaking PPP process in this important sector.

The objective of this project is to evaluate and identify suitable PPP structures that can be practically implemented in Maharashtra to improve the educational scenario in the state. The various structures so identified are further supplemented by inclusion of detailed Term Sheets that serve as reference for authorities undertaking PPP projects





in the state and help in implementation and monitoring of the PPP projects. This toolkit is thus designed to assist the state and district educational authorities in deciding the appropriate PPP structure for the identified need scenario, and also plan out a roadmap for effective implementation of the same.

We are positive about the use of this toolkit by the respective line departments, Urban Local Bodies (ULBs) and Municipal Commissioners, to create a better educational foundation in the state of Maharashtra.

Govind Mohan

Joint Secretary

Department of Economic Affairs

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Government of India

Preface

Maharashtra, the third largest state of India in terms of area and population, is also known for its progressive educational facilities in primary, secondary as well as higher education. There are around 86,430 (2007-08) schools in Maharashtra, majority of which are government schools. Although, government schools have played an important role in providing access to schooling where no private schools were willing to operate, the quality of education provided by these schools has been restricted on account of many factors including low motivation levels of teachers, inadequate infrastructure and lack of performance orientation. These factors have resulted in an increasing number of drop outs in government schools and closing down of many government schools in the state. Thus, while on one hand, the increase in population and RTE regulations mandates building of new schools and improving existing infrastructure at school on the other hand the state has had to shut down government schools due to lack of students.

In contrast in the private sector, the data on enrolment trend indicates that there is an increasing preference for private schools. Around 81 percent of rural schools are managed by the government while around 66 percent of schools in urban areas are private-run. Proportion of enrolment in private schools is higher than its share in the number of schools, showing that private schools cater to proportionately higher number of students vis-à-vis government schools.

The contrasting trends observed in the private and public education system in Maharashtra required a detailed district-wise study to understand the existing problems affecting the public schools of the state. The results from this study were used to identify the existing gaps in infrastructure and service delivery and thereby develop specific mechanisms to improve the quality of education through private sector participation.

Also, the 'Right of Children to Free and Compulsory Education Act (RTE), 2009' has laid down the basic framework required to provide every child full time good quality and equitable elementary education. Proper implementation of the RTE act requires large scale investment in education infrastructure which may not be completely accounted for through government budgetary allocations alone. Thus, the GoM is actively seeking ways to utilize the financial flexibility and skills of private players in improving the education infrastructure of the state.

The participation of private sector in education involves designing innovative PPP based structures. The PPP structures should enable a private player to achieve the social objectives of providing free and quality education to all as outlined in RTE Act without compromising on the economic feasibility of the project.

The objective of this toolkit is to provide a roadmap for engaging the private players in this field through feasible and innovative PPP based structures. This toolkit would help choose a specific PPP structure that is best suited to address the problems of a specific





school site. It would also provide guidelines for PPP based implementation of projects including timelines and activities to be undertaken at several stages involved in PPP process.

We are confident that this toolkit would be useful for the policy makers and project sponsoring authorities at several stages of PPP process including project preparation, procurement, implementation and monitoring.

Manu Kumar Srivastava
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Acknowledgement

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Inputs were also sought from major private players in the school education sector which further helped to refine the toolkit. We are thankful to all private sector players who participated in this exercise.

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Abbreviations

ADB	Asian Development Bank
BOO	Build Own Operate
BOT	Build Operate Transfer
CBSE	Central Board of Secondary Education
COD	Commercial Operation Date
DBFO	Design Build Finance Operate
DBFOT	Design Build Finance Operate Transfer
DISE	District Information System for Education
DPSP	Directive Principles of State Policy
EBB	Educationally Backward Block
FAQ	Frequently Asked Question
FSI	Floor Space Index
GoM	Government of Maharashtra
IRR	Internal Rate of Return
JRM	Joint Review Mission
KPI	Key Performance Indicator
KVS	Kendriya Vidyalaya Sangathan
MHRD	Ministry of Human Resource Development
MUNIFRA	Maharashtra Urban Infrastructure Development Company Limited
NER	Net Enrolment Ratio
NOC	No Objection Certificate
NPO	Not for Profit Organisation
O&M	Operation and Maintenance
PPP	Public Private Partnership
PS	Primary School
PSC	Public Sector Comparator



PTR	Pupil Teacher Ratio
PWD	Public Works Department
RFP	Request for Proposal
RFQ	Request for Qualification
RFOT	Refurbish Finance Operate Transfer
RTE	Right of Children to Free and Compulsory Education
SCR	Student Classroom Ratio
SPV	Special Purpose Vehicle
SSA	Sarva Shiksha Abhiyan
STS	Single Teacher Schools
TA	Transaction Advisor
ULB	Urban Local Body
UPS	Upper Primary School
UT	Union Territory
VFM	Value for Money
VGf	Viability Gap Funding



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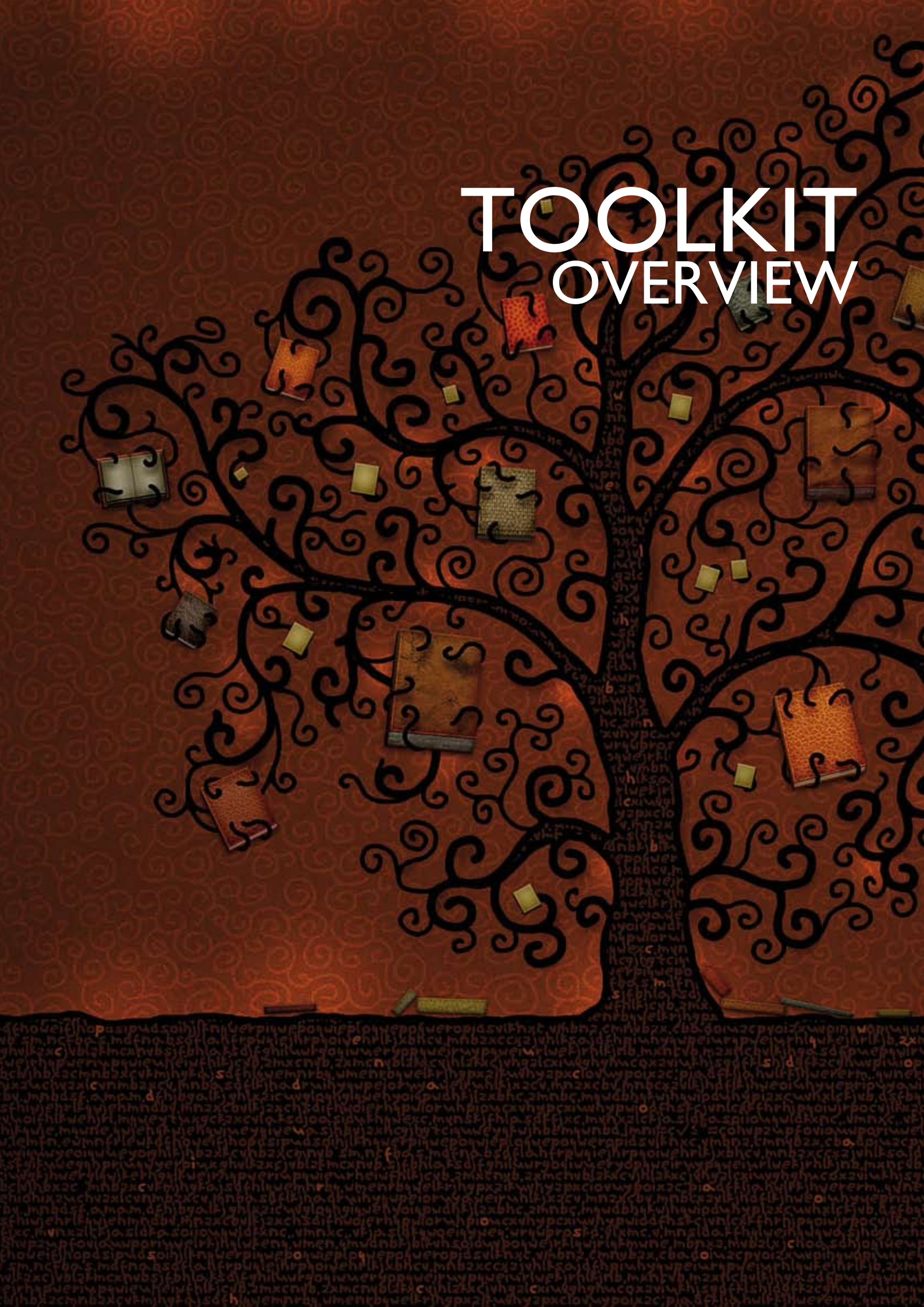
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TOOLKIT OVERVIEW



1 Overview

I. Need for PPP in Education Sector

The need for providing education to all children has been recognised by the Constitution since its adoption. The Directive Principles of State Policy (DPSP) casts a duty upon the state to provide free and compulsory education to all children up to the age of fourteen years. In the year 2002, a new Article 21A was inserted in the Constitution which made free and compulsory education a fundamental right to all children in the age group of six to fourteen years. Pursuant to this Amendment, the Parliament enacted the 'Right of Children to Free and Compulsory Education Act, 2009' (RTE) to provide every child full time elementary education of satisfactory and equitable quality in a formal school.

The access targets described in the model rules to the Act include a primary school within 1 km of every habitation and an upper-primary school within 3 km of every habitation. This will need big investments to be made in the sector. It is estimated that the RTE Act places a requirement of fresh investments to the tune of Rs.1,50,000 crore for the country. It is well appreciated that these levels of investment cannot be accounted for through budgetary allocations alone. Thus, the private sector will have to be an active investor in this program.

The Act also lays emphasis on many aspects related to overall improvement of quality of elementary education such as development of national curriculum, ensuring attendance, capacity building of teachers, responsibilities of teachers, creation of teacher training facilities, equitable distribution of education to weaker sections etc. Further, the Act specifies 'Norms and Standards for a School' related to number of teachers, conditions of school buildings, minimum working hours in an academic year, library, teaching equipment and extra curricular activities. The skills, innovations and efficiencies of private sector also need to be harnessed to improve the quality of education.

It is also important to note that Section 18 of the Act provides for issuance of a Certificate of Recognition for establishing a school and a provision to withdraw recognition where an existing school does not take steps to fulfil norms and standards prescribed in the Act within a period of three years of the commencement of the school. This would require investment in many schools to standardise the infrastructure and service delivery and bring it up to the standards and specifications mentioned in the Act.

In Maharashtra, there are around 87,280 (as in 2007-08) schools in Maharashtra, out of which 71% are government schools. The schools in Maharashtra are mostly managed either by municipal corporations or by trusts. Most municipal schools are witnessing drop outs in large numbers every year which is in turn resulting in closing down of these schools. Quite interestingly, some of these municipal schools are located at prime locations. Other schools across the state also face problems of lack of standard and adequate infrastructure, teacher absenteeism, results-outcomes and quality of education.





Having described the challenges brought in by the landmark legislation, problems in schools of Maharashtra and the inevitability of utilising private sector finance and skill, the problem can be defined as how to include the private sector in the Maharashtra school education program on a large scale to improve the overall quality of education and make it accessible to the population of the state.

The 11th Joint Review Mission (JRM) of Sarva Shiksha Abhiyan (SSA) conducted in January 2010 and JRMs in the past have observed that SSA has significantly improved access to school education and reduced the number of out-of-school children. In particular for Maharashtra the 1st JRM observed that greater attention needs to be paid to the out of school children in the tribal areas as they account for nearly 49% of the dropouts.

The JRMs have also in general highlighted the issues of uneven access to quality education, need for better school or district-level evaluation of student learning and need to improve pre-service and in-service training of teachers and need to build capacity in the education system in all key areas.

The aim of this study and the resulting knowledge resources is to provide a framework for the state of Maharashtra to invite private participation in non-private schools with a short term objective of utilising the existing infrastructure of municipal schools, which seemingly do not suffer from a major drawback other than efficient management and administration, and in some cases to bring new investments to refurbish the poor infrastructure. The long term objective is to be compliant to the Right to Education Act in letter and spirit.

2. Scope of PPP in School Education Sector

The private sector may be engaged at various stages of education services delivery process. UK government used the private sectors skills to build, re-build and maintain infrastructure and facilities under the Building Schools for Future PFI programme. Some governments engage private sector to manage and operate a government school, as is the case with charter and concession schools in Canada and US. Many Latin American governments such as Chile and Columbia have used voucher schemes and direct cash transfers as payment mechanisms to get students enrolled in existing private schools.

This potential of PPP in schools can be developed by conceptualising and articulating bankable project structures that provide reasonable surpluses that can be ploughed back, guard against supernormal returns, utilise existing sector infrastructure and attract the best available skill and finance from the private sector to create and refurbish capacity and to improve quality of delivery of education.

It is hence imperative that private sector is engaged by the governments in an effective way to achieve the objectives of the RTE Act and SSA to improve the overall condition of school education in the country. Although India is also witnessing experiments with various PPP structures, the entire phenomenon is recent. For example, Government of Rajasthan plans to set up 50 schools with the involvement of private sector where government school students will be given vouchers which reimburse their school fees.

Some of the benefits that could result from a private sector participation in school education are:

- a. **Increased financial resources for school education.** The government spending through central and state government schemes such as Sarva Shiksha Abhiyan, RTE Act and Rashtriya Madhyamik Shiksha Abhiyan can be



supplemented by private investments and private sector philanthropic initiatives. The private sector funding is generally more flexible than the public sector funding with access to banks, financial institutions and financial markets.

- b. Increased capacity to absorb growing numbers of students and expanding access.** The new schools set up in partnership with private sector can supplement government schools' limited capacity and help to reduce class sizes in government schools. New schools could be planned in areas where there are no or fewer existing schools such as in educationally backward districts as identified by MHRD.
- c. Bring in knowledge, skills and innovation – pedagogic, technical and management related.** There are efficiencies and innovative solutions that private sector has tried in India that may not be available in the government education set up. Such efforts are also required in the government school education system.
- d. Give a framework for both parties to focus on their respective strengths to achieve objective of quality school education.** Government education authorities can focus on core functions such as policy and planning, curriculum development and quality assurance. Private sector can be used in areas where they can bring in efficiency and capacity such as financing, infrastructure construction, delivery of education, support services etc.
- e. Result oriented approach to delivery of education.** PPP allows 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. The linking of payments to the performance against the outputs acts as incentive for higher performance as well as disincentive for poor services

3. Challenges in School Education Sector

The potential of PPP in school education in India is unique but challenging at the same time. This is because of the following reasons:

- a. Regulatory constraints:** The sector has been classified as a “Not-for-Profit” sector. The private sector, on the other hand, cannot disregard the ‘profit’ motive. In the past, the fact that school education is seen as ‘public’ or non-commercial has limited governments’ interest in exploring PPPs even when these might have led to improvements in educational outcomes. It may also lead to reduced interest in the private sector since it means that policy reversals that may reduce the benefits arising from PPPs are more likely than in economic sectors. Under current regulations, only not-for-profit trusts and societies registered under Societies Registration Act, 1860, and companies registered under section 25 of the Companies Act, 1956, qualify to be affiliated with the CBSE and to operate private schools.
- b. RTE requirements:** The Act requires all schools to reserve at least 25% of their capacity for students belonging to disadvantaged sections of the society. The government will reimburse the private partner the fees of such students at a comparable cost. This affects the user charges that private partner can charge for the 25% of capacity from the free market.
- c. Importance of O&M costs:** Unlike the core infrastructure sectors such as roads and ports, in school education the Operation and Maintenance (O&M)



costs incurred during the entire project duration are more important than the Capital Expenses. In other words, the service delivery assumes critical importance over the infrastructure creation or up-gradation. Thus, the critical milestones for the project, financing pattern and bankability would be different.


- d. **Effective monitoring and evaluation mechanisms:** The importance of service delivery throughout the project duration mandates effective monitoring and evaluation mechanisms to measure the performance of the private partner. The outputs or Key Performance Indicators (KPIs) to be measured in school education sector are linked to performance of students and improvement in quality of education which need time and proper benchmarking studies to demonstrate results.
- e. **Lack of capacity:** To exacerbate the problem, the success stories of PPP in schools in India are not many. Hence, there is lack of capacity of both public and private sector in this sector to engage in long term PPP contracts that achieve Value for Money for the government. The key decision-makers and officers of the government in school education departments are yet to be familiar with the overall PPP procurement process.

4. Past attempts at private participation - Aided schools

Government aided schools is one of the most widely followed school models in the state and country and is the closest to a PPP arrangement. The private partner sets up the school and bears the entire capital cost of land and building infrastructure. The private partner also appoints teaching and non-teaching staff. Moreover the management of the school is also with the private partner. Once the school runs in the private unaided mode for some years, the government decides to provide grants in the form of teacher salary for certain sanctioned strength. Generally such schools are set up by the local residents' organizations in areas where there is demand for school and where government is not able to set up schools on their own. Since it fulfils a local need for education, government converts these schools to the aided status and then provides teacher salary on continuous basis. While the Government of Maharashtra provides 100% teacher salary on monthly basis in this model., some other state governments provide 90% of the salary expecting the management to provide the remaining 10%.

Some state governments also provide part or full of the non-salary recurring cost of the school based on certain norms. Generally, the state governments do not provide capital cost either for construction or for repair. Whenever these schools are aided, 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 the school management to charge a separate monthly fee from the students, but such charges may not be fully transparent. Sometimes the recruitment of teachers by these schools is also subject to government regulation like inclusion of a representative of the government in the selection committee, or the appointment being subject to the approval of the government.

However, the aided school model has failed to achieve quality school education and many of them are beset with problems such as poor results in examinations and high drop-out of students. The primary reasons for failure of such schools are:

- 
- a. Payments to such schools not being performance linked
 - b. No incentive for improving enrolment
 - c. Inefficient management of school
 - d. Lack of monitoring of performance

Hence, there is a need to undertake PPP projects with key considerations and learning from past experiments. This gives rise to certain basic guidelines that must be kept in mind while evaluating any PPP structure. These guiding principles of PPPs are critical to proper planning and implementation of PPP in school education sector. The principles are to be followed at different stages of the PPP process i.e. pre-procurement project structuring, procurement and post-procurement management and monitoring of the projects.

5. Context of the Toolkit

This toolkit is a step in the direction of providing a framework for inviting private sector participation in school education in Maharashtra. This begins with creating capacities to conceptualise, contract and monitor PPP structures in schools. These capacities need to exist both within and without the government. The list of structures described in the toolkit provides reference material for the sponsoring government department of the municipal corporation to apply real life shortages in school education and choose an appropriate structure that serves their context best.

It must however be understood that there are other steps that the stakeholders of this program need to undertake in order to create a complete framework for developing PPP schools. This toolkit, while necessary, is not a sufficient catalyst for the sector reform.



Need and Scope of the Toolkit **2**

As mentioned in the previous chapter, in Maharashtra the state government (in charge of schools across the districts of the state) and the Urban Local Bodies (ULBs) (in charge of schools in cities/municipalities) have to undertake capacity addition and quality up-gradation of schools to meet the overall objective of improving school education in the state.

One alternative for the government/ULBs is to adopt the traditional mode of project delivery, which involves procurement of infrastructure through construction contracts while the government continues to manage and administer the schools. This is not a desired alternative for two primary reasons; (1) state finances are strained and there is a need to leverage the existing budgetary provisions (2) government managed schools have failed to deliver quality educational outcomes.

The alternative approach is to engage the private sector through appropriate PPP frameworks to partner with the government to build and manage schools. This toolkit serves the purpose of being a reference guide for undertaking PPP in schools, more so in the backdrop of the fact that PPP in schools does not have much precedence in India either in terms of implemented projects or in terms of documentation available to stakeholders. However, we may want to probe the utility of this document to give a structure to the proposed framework that increases its usefulness.

The next sections present this probe and shed light on why this document is required and how it could help.

I. Purpose of the toolkit

The toolkit would serve the following purposes:

- a. Building capacity of government officers and streamlining systems and processes for private sector participation. The toolkit is intended to be a key reference guide for government authorities or specialized cells undertaking development of PPP programs in schools. The toolkit also gives guidelines for development and approval of PPP projects including timelines and activities to be undertaken at various stages. The preparation of PPP projects, as well as the formulation and specification of PPP concessions, can be complex and time consuming – particularly for officers unfamiliar with the risk sharing principles of PPP contracting. Contract monitoring and enforcement are equally important, it is necessary to periodically evaluate contractor performance against contractual requirements. This toolkit and the guidance provided herein for each of the proposed PPP School structures will help in building capacity within various tiers of the government towards successful PPP outcomes. This toolkit should be communicated to various



related departments and urban local bodies through a series of workshops and brainstorming sessions by the GoM.

- b. Evaluate and justify the use of PPP frameworks rather than public funding and implementation. PPP is not a replacement for public sector procurement. It should be viewed as complementing public sector procurement in those cases where either it can prove to be a more efficient or a cost-effective alternative. This comparison can be evaluated utilising a Public Sector Comparator (PSC) and a Value for Money (VFM) analysis. These analyses must precede the approval and subsequently the implementation of the project. However, it may be difficult to quantify the analysis for lack of data and appreciation. The rationale in such cases can either be provided by the lack of capacity of government to undertake the project(s) or by an intuitive assessment of the same.
- c. Choice of appropriate PPP structure for implementation of a project. The PPP structures that could be used in school education could range from low risk service and maintenance contracts that do not envisage any commercial risk transfer to the private sector to large scale concession type contracts that envisage a build element and commercial risk transfer to the private sector. The toolkit will help choose a specific PPP structure that is best suited to address the problems and objectives of a specific school site. The choice of the appropriate PPP structure should be made after considering issues such as project objectives, pre-feasibility assessment, subsidy requirements, and capacity of government to monitor and the willingness of the private sector to assume risk.
- d. Undertake a well directed, transparent and time-bound procurement process to select the appropriate private partner. There are two facets of the procurement that the line department or the Urban Local Body will need to sharpen in the context of procuring schools. There will be participants who are registered as Not-for-Profit Trusts and Societies. The standard bidding documents of the Planning Commission, and customised versions of the same cannot be utilised to procure these NPOs (Not for Profit Organisations) adjustments for subsidy provisions because they follow different accounting formats and charter documents in comparison to companies. Secondly, the government will need to engage with the private sector on an ongoing basis to market potential projects and to structure these projects well during the project preparation period.

Although, most governments prefer competitive bidding as an efficient way to safeguard public interests by reducing the risk of corruption, the GoM should explore the possibility of direct negotiations for procuring services for school education, in defined circumstances where the private partner offers an innovative solution.

This toolkit will assist in various stages of procurement including the pre-procurement, bid process and post-procurement stages. The toolkit will also help the government officers to undertake the preparation of bid documents including the Request for Qualification (RFQ), Request for Proposal (RFP) and Concession agreements.

- e. Reduction of project specific preparation time and efforts. PPP projects involve many stakeholders such as the line department who is the owner of the project, finance department, law department, transaction advisors, private sector bidders, NGOs and Government of India on subjects having the jurisdiction of the Centre. The toolkit will provide both a standard checklist of procedures



and an institutional mechanism governing the project development cycle including the grant of approvals and clearances. This will reduce the project preparation time that elapses between the conceptualisation and bid process initiation stages.

- f. Engage different private partners with different strengths, business objectives and risk appetites. This sector, being a not-for-profit sector historically, but having recently witnessed large scale commercialisation, includes private sector participants with different strengths, management styles, philosophies, business objectives and risk appetites. This toolkit should engage private sectors which have a corporate way of functioning as well as Not for Profit players who run schools for philanthropic purposes.

This toolkit is the starting point for undertaking PPP projects. Ready-made solutions do not often work for PPP because each project is unique. The success of the project depends mainly on the ability of the project owners to take account of the specific nature of the project and context.

2. Frequently Asked Questions (FAQs)

Frequently asked questions are described in box I.

3. Scope of the toolkit

This toolkit can assist the policy makers and government officers of department/ULBs in selecting and implementing PPP projects for school education. All PPP projects must be preceded by a pre-procurement phase where the need is established for a PPP project. This toolkit can help select the right structure among a given set of structures, which best addresses the issues and gaps in a given situation. This will help establish a strong rationale for the PPP project.

Box I FREQUENTLY ASKED QUESTIONS

Q1. Who are the users of this toolkit?

A1. This toolkit can be used primarily by:

- (1) Officers of the line department (Department of school education and sports) at the state and district levels and,
- (2) Officials (municipal commissioners) of the Urban Local Bodies in charge of municipal schools in a city

Q2. Is the document envisaged to be in the public domain?

A2. Yes. However it will have limited restricted access by government officers involved in undertaking PPP projects till the time the PPP scheme and the toolkit is launched to the public.

Q3. Who should be contacted for any clarifications that the users may have while using this document?

A3. The queries should be directed to queries.ppptoolkit@website.com . The queries will be answered within two working days.

Q4. Is this document available in any other language?

A4. Yes, in Hindi and Marathi.

Q5. Can this document be quoted and used as a reference in any other document or formal paper?

A5. Yes, but this should be a document or formal paper meant for restricted circulation within the Government.

Document Details [Toolkit for PPP in schools in Maharashtra(2010),Department of School Education - Government of Maharashtra,]



During the procurement phase, this toolkit will guide the project team on various steps of the procurement process. It will also provide the qualification criteria and the bid criteria to be used for procuring the private partners. The toolkit will help the government officers to undertake the preparation of the bid documents including the RFQ, RFP and Concession agreements. The project approval time and overall time to select the appropriate partner will thus be standardised and reduced.

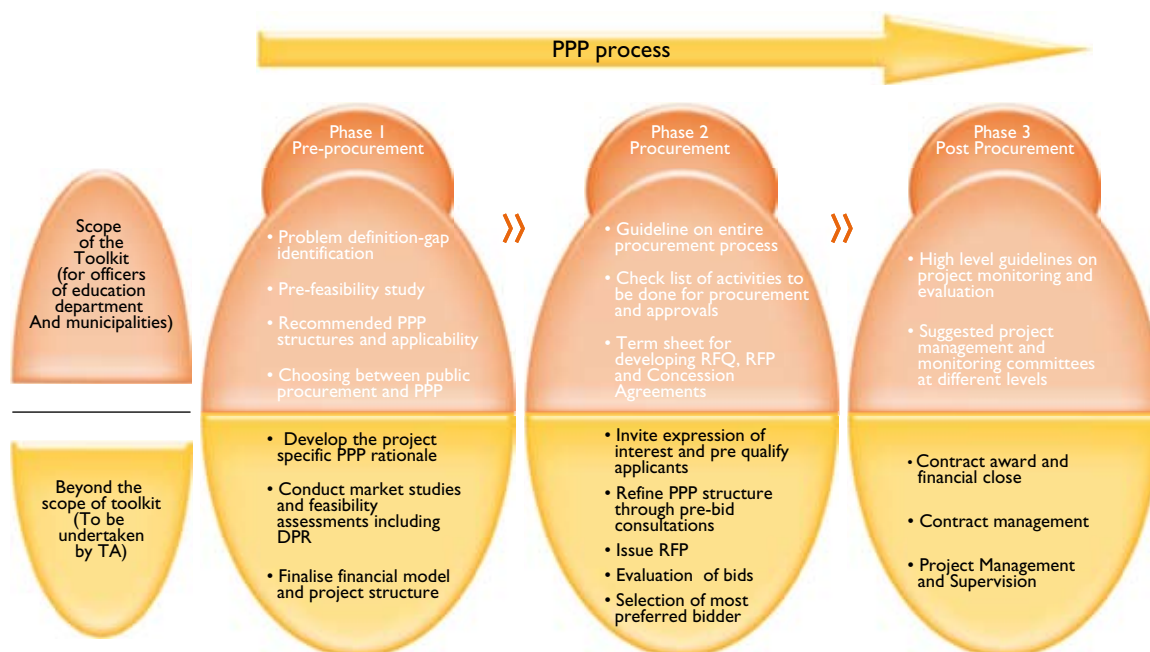
The toolkit can also be useful for monitoring and supervision of the project after selection of private partner in the post-procurement process.

However, the scope of toolkit does not include certain activities that need to be carried out during the detailed project structuring and bidding out of specific projects such as conducting market studies, feasibility assessments and financial analysis. These activities may be carried out by the project sponsoring authorities or by a Transaction Advisor (TA) appointed by them.

The various activities that should be carried out in each stage of the PPP process and the scope of the PPP toolkit are shown in the figure 1.

It should be noted that this toolkit and the structures contained herein will have questions that need to be answered in the preparatory phase of a transaction. For example, though a structure might have the VGF as an input, the extent of the VGF can be quantified only after conducting the financial analysis of a particular site. Therefore, although the toolkit gives the overall framework and high level structures, many activities will need to be undertaken while preparing the project by different stakeholders including the line department and the transaction advisors.

SCOPE OF THE TOOLKIT Figure 1





4. PPP framework for use of toolkit

The overall PPP process that the toolkit seeks to facilitate is shown in Figure 2.

The PPP framework seeks to involve both the public and the private sector in a way that seeks to utilise the inputs from each of them in the best possible manner to achieve the project and sector objectives. The public sector can facilitate the regulatory provisions for PPP in school education and provide land and capital assets to the private sector as inputs. Further, the transaction may be structured in a way that the public sector pays the private sector (partner) for the services (annuity payments) and/or infrastructure (capital subsidy or VGF). The private partner invests capital, skills and expertise, manpower for provision of services as well as management and delivers the infrastructure and services as per the agreement. The fee collected from students is the primary source of revenue in the framework.

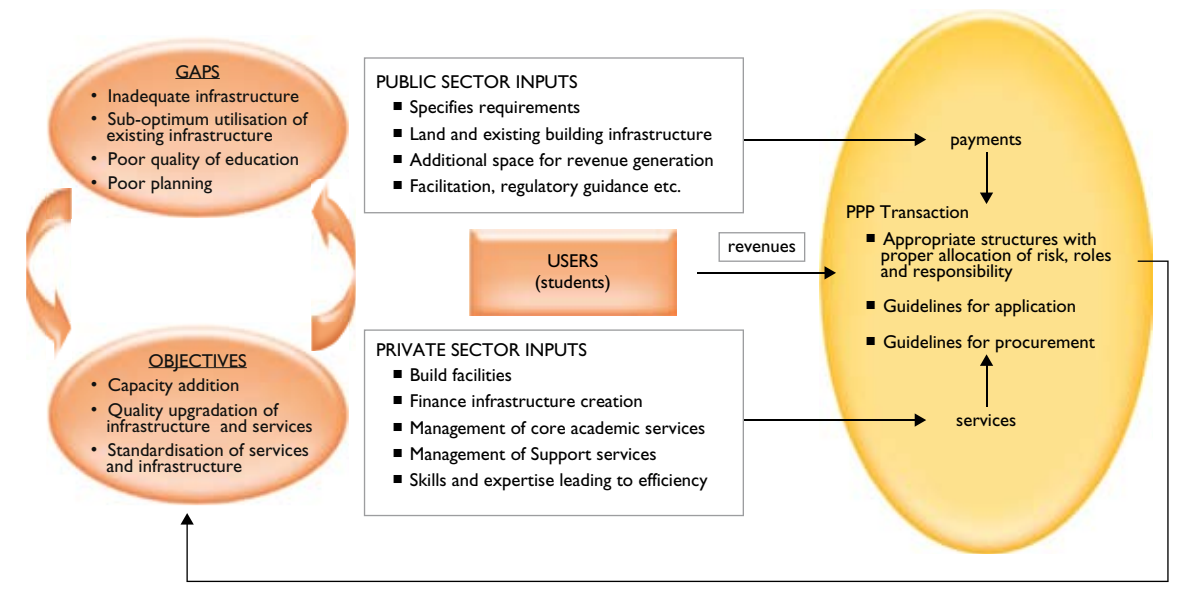
The diagram above assumes a structure with a build element where the private partner is responsible for construction of infrastructure as well as provision of all services. Other PPP structures may be a subset of this structure and may have fewer responsibilities for private partner. However, the overall objectives to be achieved by the PPP process remain the same.

5. Approach to Develop the Toolkit

This toolkit has been prepared after developing a deep understanding of the issues and concerns surrounding the provision of school education in Maharashtra. This appreciation has benefited from the following inputs:

- a. Desk research conducted on publicly available information relating to data, facts and conclusions about status and condition of school education in Maharashtra.

Figure 2 TOOLKIT FRAMEWORK





- b. District level data analysis based on District Information System for Education (DISE) data available in the public domain
- c. Interaction with Department of School Education and Sports, Government of Maharashtra
- d. Inputs from PPP Cell, Government of Maharashtra on different PPP structures possible in Maharashtra.
- e. Discussions and brainstorming sessions with administrators and policy makers in Maharashtra and other states
- f. Interactions with the Asian Development Bank
- g. Deliberations with the Department of Economic Affairs, Ministry of Finance, Government of India
- h. Analysis of the RTE Act, 2009 and its impact on the sector
- i. Discussions with private sector investors on investment challenges and enablers
- j. Telephonic conversations with global offices of KPMG to learn from international precedent



PPP implementation process 3

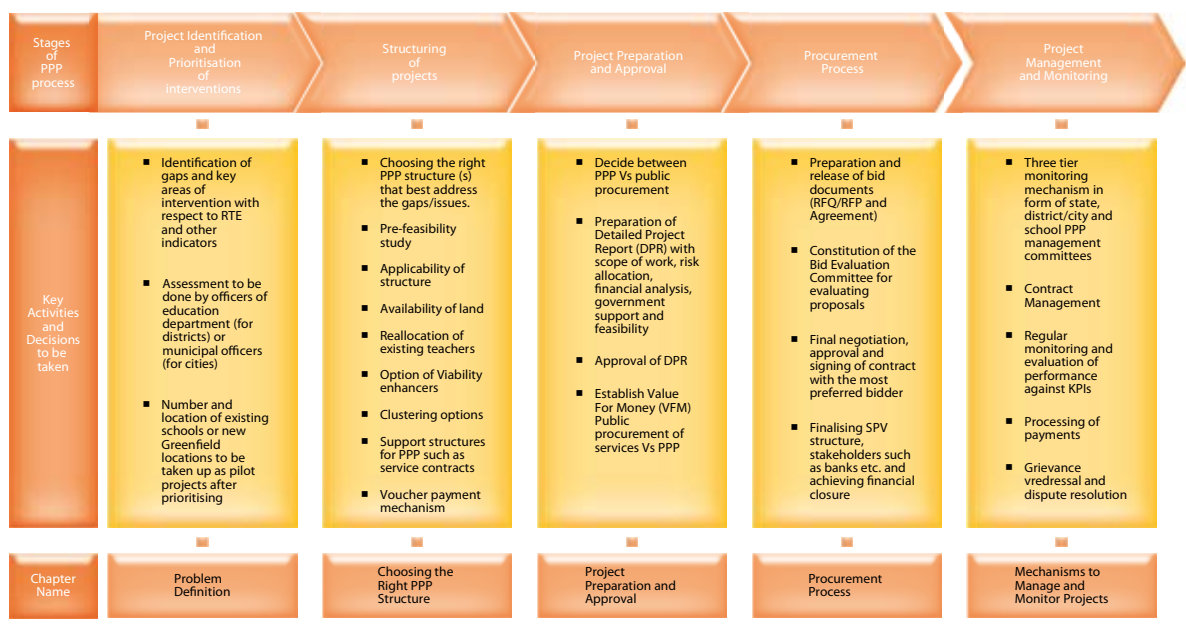
The PPP implementation process involves about five stages starting from identification of gaps/problems, selecting the appropriate PPP structure, preparing Detailed Project Report (DPR), undertaking a transparent procurement process and managing the contract and the project post-procurement. The following figure shows a snapshot of these stages. These are further detailed out in subsequent Chapters 4, 5, 6, 7 and 8. Chapter 9 gives details of each structure while Chapter 10 provides guidelines to officers to oversee the procurement process including preparation of bid document:

I. Problem Definition

The first step in any PPP implementation is to accurately identify and state the problem. The accuracy of this step is vital to the entire chain of activities in PPP implementation and hence involves detailed assessment of the situation and problem areas particular to a city/district.

This detailed 'As-Is' assessment must be conducted separately for each location and pilot projects should be identified based on strong socio economic factors. The output of this stage should be a list of existing schools where private sector participation is sought to improve quality of school education and greenfield locations where new schools can be

Figure3 PPP IMPLEMENTATION PROCESS





built to provide access to school education to the section of population that does not have access to affordable quality education.

2. Choosing the right PPP Structure

A clear identification of locations and projects where PPP intervention is desired is to be succeeded by a meticulous selection of appropriate PPP structure for effective implementation and roll out. Key considerations for the selection of the structure, involve detailed discussions with relevant authorities to understand the gaps and issues that need to be resolved. Certain guidelines are provided to help the implementing agencies to correctly identify the most effective structure for the situation. The choice of a particular structure from among the various options is made based on the scope of work of private partner and amount of risk transfer.

3. Project Preparation and Evaluation

After a particular structure/project is identified, a detailed analysis is necessary to frame the scope of work for the project, identify key risks and their allocation and evaluate the conceptual feasibility of the project. Financial analysis of the project should also be undertaken to understand the financial feasibility and nature and extent of government support required.

The decision of PPP or Public procurement is also made at this stage based on qualitative and quantitative parameters to establish the 'value for money'. This analysis is critical to determine the feasibility and financial robustness of the structure.

The authorities willing to undertake PPP projects need to establish the VFM for the projects before the bid process. This VFM test will reveal the actual expected lifetime savings in cost by involvement of private sector in provision of services and infrastructure of the project

4. Procurement Process

Once the VFM for the chosen structure has been established, the next stage in the implementation process is the procurement of private partner by the Urban Local Bodies (ULBs) through a sound, transparent and efficient competitive bidding process. Careful drafting of the RFQ and RFP documents and finalization of the mutually agreeable Concession Agreement is the cornerstone of an efficient procurement process. This stage involves a practical transformation of the PPP structure into a detailed contract that is both acceptable and beneficial to mutual parties.

5. Project Management and Monitoring

Project management and monitoring is a vital process to ensure the success of the PPP model. This stage involves setting up mechanisms within the government or ULB for effective project monitoring system to provide overall guidance and management to PPP projects. Setting up management committees and continuous performance evaluation of the private partner is essential to prevent misuse of financial aid from government and achievement of objectives of the PPP project. Project performance must be measured against KPIs for infrastructure and quality of education services provided. These KPIs may be linked to project payments and monitored continuously.



Problem Definition 4

As per the process to be followed for undertaking PPP in school education as described in Chapter 3 Figure 3: PPP implementation process, the first step is to identify and define the gaps, problems and issues related to infrastructure and delivery of education services in a particular district or city. This stage of PPP process requires the users of the toolkit to undertake a detailed 'As-Is' study of the existing infrastructure and quality of service delivery for all schools in the district or city.

This As-Is study for each district or city will also help to formulate the interventions that are required to address the observed issues and gaps. Some of these interventions may be best fostered by private sector participation through a PPP framework. These interventions could range from service contracts for specific activities in schools to management contracts for handing over existing schools to contracts to build and manage new schools. Subsequently, the interventions need to be prioritised and existing schools or new greenfield locations needs to be identified as pilot projects and taken up for PPP process.

To study the existing situation of school education in districts of Maharashtra, a similar assessment and data analysis was conducted using DISE data (for district level). This was undertaken to understand the performance of districts of Maharashtra against RTE norms and standards as well as against some other significant indicators related to infrastructure and service delivery. The indicators were used to identify major gaps across districts and highlight possible PPP interventions. The highlights from this study are provided in Annexure [I]. The officers of ULBs could refer to this Annexure while conducting a similar assessment for their respective city/municipality.

I. Assessment of existing infrastructure and service delivery at schools

The purpose of the assessment of infrastructure at schools is:

- ▶ To identify the areas that has fewer schools or no schools as per the Access Norms specified by RTE.
- ▶ To identify the schools where there is inadequate infrastructure in terms of number of classrooms, separate toilets for boys and girls and safe drinking water facility etc.
- ▶ To identify the schools where the quality of infrastructure is poor in terms of not having all-weather pucca buildings, bad condition of classrooms etc.

The purpose of the assessment of service delivery at schools is:

- ▶ To identify the schools where there are insufficient number of teachers, absenteeism or under-qualified teachers
- ▶ To identify schools those are underperforming in terms of results of students



2. Guideline for Data Collection and Analysis

This assessment could be done by analysing all the available data or research done by the state government or any other agency for the particular district or city. The officers and decision makers may also consider undertaking a primary survey to assess the condition of school education in a particular city or district or to find out the underperforming blocks or schools. A sample data collection format is provided in Annexure [2] which can be used for the aforesaid purpose.

The format may be filled up by the municipal officers or district officers in-charge, based on data available or they can seek the help of block officers and school headmasters for the same. The government officers are also encouraged to list other areas of concern and gaps they observe which may be qualitative in nature, but are important as they give insights into the reasons and factors responsible for the observed gaps.

To understand the performance of schools in any city or district, their performance will be measured against RTE norms and standards as well as against some other significant indicators related to infrastructure and service delivery. The indicators used to conduct the 'As-Is' study of the school education system are at figure 4:

The detailed description and target norms of the above indicators are given at table 1. The users of this toolkit are required to fill in the relevant data for their city/municipality, block or district and compare it with the 'Target Norms' mentioned in the table below. This would help them understand the indicators where the schools are underperforming with respect to infrastructure and service delivery standards.

The users are further advised to check the possible reasons for the observed gaps and problems in schools in their city or district. Possible interventions involving private sector are also listed in the table along-side the gaps that they address.

The data analysis should be complemented by understanding of officers and sector experts to understand some additional factors and their underlying causes that may have resulted in overall poor quality of education.

3. Prioritising the PPP interventions and locations

The identified gaps could be many but the authorities need to prioritise the interventions and projects that they want to take up. The points that may be considered while prioritising the interventions include:

INDICATORS FOR DATA ANALYSIS Figure 4

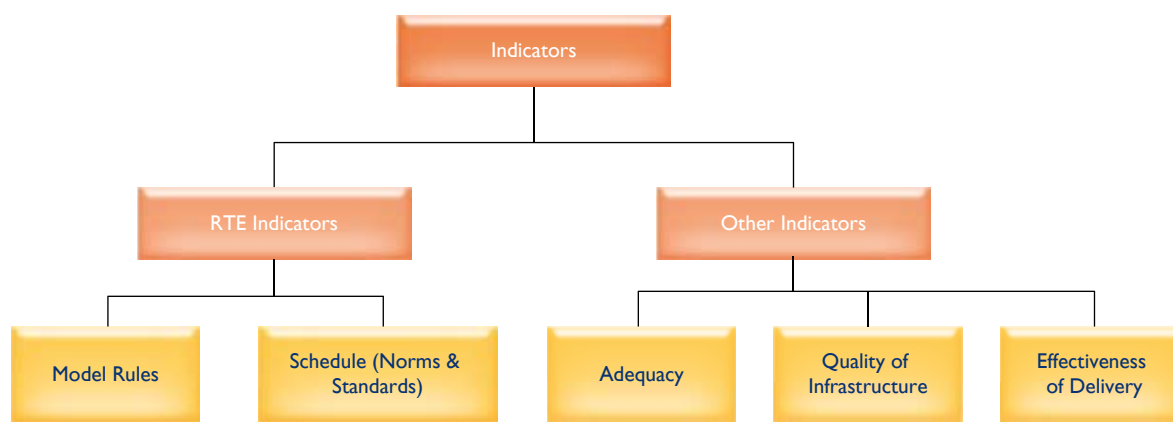


Table I DATA ANALYSIS FOR PROBLEM DEFINITION

Indicators	Key Parameters	Actual Observation/ Data (for the city/ municipality)	Target Norms	Gaps/Reasons	Possible PPP interventions
RTE Indicators					
Model Rules					
i. Access to School	Distance of school from habitation	To be filled by ULB	100% of all habitations	Inadequate number of schools	Building new schools at Greenfield locations where no or fewer schools exist
	PS = 1 km from habitation			Uneven distribution of schools	
	UPS = 3 km from habitation				
Schedule (Norms & Standards)					
i. Number of Teachers	Pupil-Teacher Ratio (PTR)	To be filled by ULB	PS = 30 to 40, depending on number of admitted students	Inadequate number of teacher training institutes	Build new teacher training institutes
			UPS = 35	No recruitment of new teachers	Contracting out of teacher training to private sector
	% of single-teacher schools	To be filled by ULB	0%	Private schools are preferred by prospective teachers for employment	
ii. All Weather Building with Required Infrastructure facilities	% of schools with pucca buildings	To be filled by ULB	100%	Lack of standards for infrastructure	Standardisation of infrastructure and services of schools as per RTE
	% of schools with separate toilets for boys and girls	To be filled by ULB	100%	Poor or no periodic refurbishment/ repair	Refurbish/ Reconstruct schools with private sector participation
	% of schools with safe and adequate drinking water facility	To be filled by ULB	100%	Poor maintenance of school building	Engage private sector to operate and maintain the school buildings
	% of schools with a playground	To be filled by ULB	100%		
Other Indicators					
Adequacy					
Enrolment Ratio	Net Enrolment Ratio (NER)	To be filled by ULB	100%	Inadequate number of schools, Uneven distribution of schools	Building new schools at Greenfield locations where no or fewer schools exist
Number of Classrooms	Student-Classroom Ratio (SCR)	To be filled by ULB	SCR <40	Poor design and construction of infrastructure, Lack of standards for infrastructure	Refurbish/ Reconstruct schools with private sector participation



Indicators	Key Parameters	Actual Observation/ Data (for the city/ municipality)	Target Norms	Gaps/Reasons	Possible PPP interventions
Quality of Infrastructure					
Classroom Condition	% of good classrooms (those that do not require repairs)	To be filled by ULB	100%	Poor maintenance of school building and utilities	Standardisation of infrastructure and services of schools as per RTE
	% of schools with electricity	To be filled by ULB	100%	Poor or no periodic refurbishment/ repair	Refurbish/ Reconstruct schools with private sector participation
Effectiveness of Delivery					
Examination Results	% of students who passed exams	To be filled by ULB	100%	Poor quality of teaching	Providing school fee vouchers to students belonging to disadvantaged sections of society and asking private sector to manage second shifts in schools in areas of high demand could be an effective intervention
	% of students who passed exams with over 60% marks	To be filled by ULB	100%	Lack of overall development programmes for students or extra curricular activities	Handing over the management of existing schools to private sector under management contracts
Quality of Teachers	% of teachers received in-service training	To be filled by ULB	100%	Lack of skills up gradation, continuous training and capacity building of teachers	Contracting out of service contracts for specific interventions to improve academic and support services in schools
	% of teachers who have passed at least Senior Secondary level (Educational Qualification)	To be filled by ULB	100%	No standards for qualification during recruitment	Engage private sector to manage the academic services by hiring qualified teachers

- ▶ Urgency and need of the intervention: Some of the interventions such as rehabilitation of existing schools may be urgent as it may be related to closing down of schools and high number of drop outs in a particular school which may in turn lead to closing down of the school.
- ▶ Ease of implementation of a particular intervention: Interventions such as provision of text books, capacity building of teachers may be applied as the risk



associated with the projects is less and they do not require lengthy approval processes.

- ▶ Interventions where results that can be demonstrated quickly: Some interventions such as appointment of teachers, use of ICT and computers in schools may show quick results in teacher and student motivation and results.
- ▶ Long term measures: To improve the quality and reach of education in the state, investment in certain long term measures is necessary. These include building new schools, teacher training institutes and hostels etc. A GIS based exercise or simple exercise done on a map based on population/habitation and location of schools should help to identify exact areas where new schools are required.
- ▶ Pilot projects: Pilot projects need to be identified across cities and districts depending upon the suitability and readiness of the existing schools.

It is to be noted that the different PPP interventions translate to different PPP structures that could best address the observed gaps and issues. The PPP structures are discussed in brief in Chapter 5 and in detail in Chapter 9.

5 Choosing the right PPP Structure

1. The range of possibility

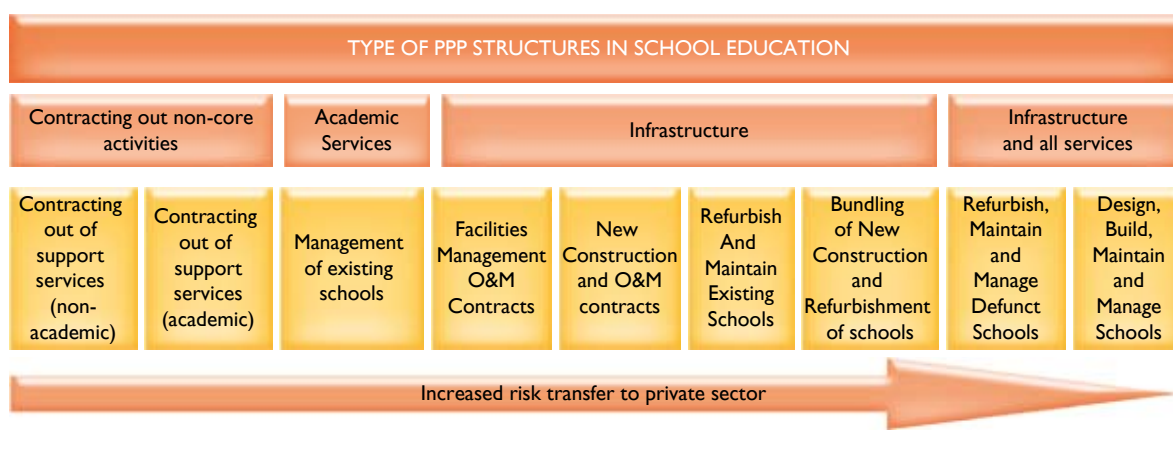
School education can be fostered by employing many PPP structures. Private sector participation may be sought under different structures to build and upgrade school infrastructure (including schools, hostels, IT labs, libraries etc.), to improve the quality of education (management of school, teacher training, pedagogy, results etc.) or to bring efficiency and expertise in provision of support services.

These structures differ from one another on the basis of degree of risk transferred to the private sector, roles and responsibilities of both the private and the public sector and monitoring requirements. Intuitively, this range of possibility can be categorised across different classifications, which are as follows:

- a. Type of Contracts
- b. Improvement area: School infrastructure, Teaching services and non-core services
- c. Investment requirements and risk transfer to private sector: Service contracts, management contracts, refurbish type schools and new build infrastructure

These classifications have been explained by way of diagrammatic representations at Figure 5:

TYPE OF PPP STRUCTURES IN SCHOOL EDUCATION Figure 5





2. Structures for Maharashtra

After understanding the gaps in infrastructure and service delivery in schools in Maharashtra, and having detailed discussions with the officers of the school education department, five PPP structures are proposed. These structures take into account the existing situation of school education across state (towns, cities and rural areas), ease of implementation and feasibility, capacity of government to manage contracts and urgency of intervention.

The summary of appropriate PPP structures for Maharashtra is captured in at Table 2.

Table 2 DETAILS OF RECOMMENDED PPP STRUCTURES

Structure Name	Summary
1. Revival of a municipal school under a Refurbish/Reconstruct-Finance-Operate-Transfer (RFOT) structure	<ul style="list-style-type: none"> ◆ This structure envisages the private partner to design, refurbish/reconstruct, finance, operate and transfer the schools at the end of the concession period after taking over the school assets on as-is-where-is basis. ◆ There could be two offshoots of this structure namely, <ul style="list-style-type: none"> • Refurbish-Finance-Operate-Transfer structure [20 year contract] and, • Reconstruct-Finance-Operate-Transfer structure [30 year contract] ◆ Demand Risk to be shared between Government and Private Sector - 50% government sponsored students and 50% free market students
2. Management Contracts to NGOs (Handing over of Vasti Shalas and Ashram Shalas)	<ul style="list-style-type: none"> ◆ This structure is targeted to under performing schools under the Vasti Shalas (schools in rural areas run by Gram Panchayats/Gram Shikshan Samities by annual grant for teacher salaries and management) and Ashram Shalas (schools managed by recognized voluntary agencies working for the welfare of the tribal. Grants are given by Social Welfare Department to voluntary agencies for the purpose of opening and maintenance of Ashram School) ◆ The existing contracts and agreements with NGOs will be terminated and a transparent procurement process of competitive bidding is to be undertaken to select NGOs to take over the management of such schools and improve the quality of education. ◆ The Concession Period for this structure is envisaged to be between 5-10 years
3. Establishment of new schools at Greenfield locations	<ul style="list-style-type: none"> ◆ In this structure the private partner is expected to design, build, manage, finance, and operate the schools at Greenfield locations where there are no or inadequate number of schools. ◆ The location of new schools should be based upon strong socio-economic factors and the 'Access' targets as prescribed by RTE ◆ There are two offshoots to the structure: <ul style="list-style-type: none"> • DBFOT [Design-Build-Finance-Operate-Transfer] where Government provides land at a long term nominal lease and all assets revert back to government at the end of concession period and • DBFO [Design-Build-Finance-Operate] where private partner purchases land at market prices there is no transfer of land or assets at the termination of contract
4. Management Contracts at existing schools	<ul style="list-style-type: none"> ◆ In this structure, an existing government school is handed over to the private partner to manage and run the school by appointing its own staff ◆ The Concession Period could be around 5-10 years ◆ This structure could have two offshoots: <ul style="list-style-type: none"> • Annual reimbursement: Government will reimburse the fee of sponsored students based on an appropriate comparator • Second shift in schools: Private partner manages second shift in existing schools



Structure Name	Summary
5. Build and manage hostels for students	<ul style="list-style-type: none">◆ This structure seeks to develop hostels to provide affordable accommodation to students in rural towns and cities where there is a large out-migration of labourers, which results in continuity issues for their children who are enrolled in government schools.◆ The private partner is required to design, build, finance and operate new hostels at Greenfield locations.◆ There could be two offshoots namely,<ul style="list-style-type: none">• Design-Build-Manage-Finance-Operate-Transfer (DBFOT) structure (land and space is provided by government) and,• Design-Build-Manage-Finance-Operate (DBFO) structure (land is procured by private partner)◆ 50% of the capacity of the hostel is sponsored by government at pre-decided rates using resident student vouchers, while the rest can be allotted from the open market providing a market determined fee

3. Measures to facilitate the implementation of PPP Structures

3.1. Support structures

The task of utilising the potential of PPP for improving school education in Maharashtra is challenging. While this potential of PPP in schools can be developed by conceptualising and articulating bankable project structures, some additional enabling measures should also be taken to create a more conducive environment for the same. This would help attract the best available skill and finance from the private sector to create and refurbish capacity and to improve quality of delivery of education

Some of these measures may not be classified as typical PPP transactions but may necessary to improve school education in the state by engaging the private sector. These measures can complement the PPP structures discussed in earlier sections of this chapter. Some of the measures are:

- a. VGF policy: There could be a VGF policy in line with the VFG scheme of the Department of Economic Affairs, Ministry of Finance, Government of India that provides support to different projects in school education that require capital investments and upfront government support.
- b. Education Fund: An education fund can be set up with the initial corpus being provided by government and subsequently regular inflows coming from philanthropic funding, government provisions through a cess and success fee of 3% to be paid by private partner for each PPP. This education fund would help in channelling all the philanthropic funding into a collective fund which complements and supports government initiatives to meet overall objectives of capacity addition and quality up-gradation of school education system. The common fund gives scale and direction to funding in education rather than sporadic efforts. It gives more flexibility to planners and decision makers to utilise the funds in the best possible manner.

A foundation could be set up by the local authorities and the private sector, which is managed privately in terms of prioritising the spending from the fund across different initiatives of the government and reporting utilisation. The foundation can focus on assisting children of disadvantaged sections of the society in accessing school education and retaining them in schools. Some of initiatives that the fund can promote include:



- i. providing financial assistance (through scholarships) to meritorious students or supporting a mentoring program for meritorious students over the higher secondary school years;
 - ii. providing schools one-off financial assistance on developing supporting infrastructure such as science laboratories, playgrounds, gym facilities, hostel facilities;
 - iii. developing and implementing ICT driven infrastructure across the school network;
 - iv. supporting competitions, inter-school activities in sports, science, talent search competition;
 - v. developing a volunteer network to assist in teacher training, mentoring or school management skills to harness the skills from the citizens of the State; and
 - vi. specific teacher training program in languages, presentation techniques and teaching aids;
- e. Service Contracts: In existing schools there may be need of specific interventions involving contracting of certain services to the private sector. A private partner may be engaged to provide some services which are not currently provided in schools or to reduce the expenditure of government in providing academic and non-academic support services. The overall management of the schools remains with the government.

Such contracting out encourages the school staff to concentrate on the core academic activities rather than allocating their time in provision for support services for which they have no core competency.

Also, competition among private players is expected to bring down the cost and improve efficiency. For example, a large established caterer would be able to provide school meals to a school or a group of schools more efficiently and at lower cost than if the services are arranged by the school in-house.

The contracts would have well laid out Key Performance Indicators (KPIs) to measure the services. The achievement of the KPIs will be linked to incentives and deductions from annuity payment. There will be a provision in the concession that in extreme circumstances, the non-achievement of KPIs over a sustained period can lead to contract termination.

Some of the services that could be contracted out to a private partner are:

Academics related services such as:

- i. Teacher training
- ii. Curriculum development
- iii. Supply of text books
- iv. Deploy librarian and run a library
- v. Provision of IT services including setting up IT labs
- vi. Sports training
- vii. Vocational education
- viii. Furnish and maintain school laboratories

Support non-academic services such as:

- i. Security
- ii. Catering and canteen management in schools (providing mid-day meals)
- iii. Transport services
- iv. Housekeeping and Maintenance



3.2. Voucher Payment Mechanism

Payment process in PPP projects is arguably one of the most contentious issues in the entire process flow. In order to streamline the payment process and bring more transparency and autonomy to any PPP structure, a voucher mechanism is proposed.

The voucher payment mechanism can be used in the following ways:

- a. This payment mechanism can be combined with any of the PPP structures and provides the student with flexibility in choosing the school of his/her liking. The financial assistance for students and residents can be distributed in form of such vouchers, that the individual beneficiary submits to the school or hostel authorities as payment. These vouchers can be reimbursed by the private partner from the government at a pre-determined comparator (average per student expenditure of government/ULBs in similar schools). This provides the individual with the flexibility to switch schools or hostels in case of sub standard service by the private partner. Thus it also acts as a school choice instrument that provides the private partner with additional rationale to maintain the performance standards under any PPP structure.
- b. This mechanism can also be used to target out-of-school students belonging to poor and disadvantaged sections of students so that they get access to quality education. Certain identified beneficiaries such as Below Poverty Line (BPL) students, girls and/or SC/ST students, out-of-school, drop-out students are allowed to study in existing neighbourhood private schools by reserving some seats for them, for which the government pays the fees through vouchers. These vouchers can be reimbursed by the private school on a periodic basis. This structure thus helps the government to make quality education available to many students, without incurring any up-front expenditure on constructing and managing new schools.

This initiative has the scope of having the maximum impact in minimum time and no waiting time for infrastructure construction or refurbishment. This is a very important intervention particularly for a country like India. However, the government has to ensure that the agreements are honoured and no discrimination is made against the students. The district education authority and/or the city municipal commissioner has to develop a master plan identifying existing schools and new Greenfield schools which can be registered for the voucher scheme. The eligibility of school will depend on objective factors such as compliance to CBSE guidelines, RTE 'Norms and Standards' etc.

The authorities have to similarly identify the beneficiaries under this structure and give them vouchers that they can use in any of the 'eligible schools' in their neighbourhood. The 'eligible schools' in the neighbourhood can not deny admission to the Government sponsored students unless their capacity is full and they have reported the same to the respective authority. The voucher beneficiaries can use the vouchers in any of the empanelled voucher schools. This school choice will bring in better quality education.

4. Guiding Principles of PPP Structures

4.1 Ideal sharing of Risk:

The risk sharing between government and private sector for a successful PPP should always be in a way that the party best suited to manage a particular risk assumes the



same. Effective risk sharing reduces the costs of the project over the life of the project and makes the project more feasible. Proper allocation of risk and communication of the same during the pre-procurement stages allays the apprehensions of private sector and ensures their participation in PPP projects. This is particularly relevant for a sector like school education in India where PPP is a relatively new procurement process. Depending upon the roles and responsibilities under a particular structure risk allocations may vary but the overall framework is that the party that assumes the responsibility for a particular service or activity assumes the risk for the same.

Some of the key risks, their description, sub-risks are discussed in Table 3.

4.2 Standardisation of School Specifications – KV and CBSE Specifications:

One of the major problems in school education is lack of standardisation among schools with respect to infrastructure and delivery of education services. The Kendriya Vidyalaya schools (affiliated to CBSE) are generally accepted as high quality government schools and run all across the country with effective standardization. There is a demand

Table 3 KEY RISKS FOR SUCCESSFUL PPPS

S. No	Risk	Sub-risk/Explanation
1	Regulatory Risk	<p>Pre-commissioning</p> <ul style="list-style-type: none"> ◆ Delays in gaining access to sites and obtaining a No Objection Certificate (NOC) from Government of Maharashtra ◆ Delays in getting permits and approval of plan from local development authorities for construction, approval of Municipal Councils of cities for site development and getting utilities such as electricity and water to the sites. ◆ Another important risk is getting affiliation and approval from State government board and CBSE. ◆ There is a risk of delay in project inception, site development and obstruction of construction by legal notices by government and/or non-government parties. <p>During Operations</p> <ul style="list-style-type: none"> ◆ There are many risks that could arise during the operations such as private partner not adhering to standards and specifications mentioned in this document. ◆ The school(s) could lose its affiliation and accreditation if it deviates for highest standards of quality and this will have adverse impact on the demand and hence on revenue. ◆ Change in taxation laws also affect the project financials
2	Design Risk	<ul style="list-style-type: none"> ◆ Failure to translate the requirements of the project into the design ◆ Additional design and construction costs due to continuing development of design and changes ◆ Misinterpretation of design or failure to build to specification construction may lead to additional design and construction costs
3	New Construction and Development Risk	<ul style="list-style-type: none"> ◆ Time overruns ◆ Cost overruns ◆ Unforeseen ground/site conditions ◆ Weather variations and inefficiencies ◆ Third party liabilities
4	Refurbishment and Repair Risk	<ul style="list-style-type: none"> ◆ Latent or unforeseen defects in the existing buildings not identified during contracting ◆ Time overruns ◆ Cost overruns ◆ Third party liabilities



S. No	Risk	Sub-risk/Explanation
5	Performance Risk	<ul style="list-style-type: none">◆ There is a risk of education service provision not being of acceptable/agreed standard◆ School(s) could lose its affiliation and accreditation of CBSE and other boards if it deviates for standards of quality and this will have adverse impact on reputation of school hence on demand◆ Performance of sub-contractors - Default by contractor or sub-contractor
6	Availability Risk	<ul style="list-style-type: none">◆ Availability of infrastructure and manpower for providing services is critical to the success of the project. Risk may arise due to:<ul style="list-style-type: none">• Non-availability of infrastructure such as proper classrooms, separate toilets for boys and girls, science laboratories, water facility, computers, books etc. due to not procuring adequate equipments or break down.• Non-availability of manpower such as teachers and support staff for services due to inadequacy or poor planning.• Planned capacity not being able to meet demand
7	Demand Risk	<ul style="list-style-type: none">◆ There is a risk of the actual demand being less than the estimated demand. This gap could be attributed to optimistic estimates of demand, site location, poor service/infrastructure or external factors such as new schools in the vicinity etc.◆ There is a risk of decreased revenue due to less demand.◆ There is a risk of demand being low because of existing reputation of schools (if a school is taken up for refurbishment/reconstruction)
8	Pricing Risk	<ul style="list-style-type: none">◆ The school education sector is classified as not-for-profit sector. Regulated prices affect restrict the option to revise the prices and hence the revenue◆ The sponsorship amount to be reimbursed to the private partner for sponsored students is decided by government.◆ The percentage of open market and government sponsored students also affects the overall pricing and revenue for the private partner for both schools and hostels
9	Force Majeure Risk	<ul style="list-style-type: none">◆ There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project.◆ This would result in time/cost overruns.
10	Residual Value Risk	<ul style="list-style-type: none">◆ As per the PPP frameworks the private partner usually transfers the asset back to the government after the concession period.◆ There is a risk of the decreased residual value of the assets post-transfer being very low or incommensurate.
11	Termination Risk	<ul style="list-style-type: none">◆ There is risk that the government defaults on its financial and/or non-financial commitments, leading to contract termination and compensation for the private partner.◆ The risk that the private partner or individual service providers default and financier step-in leading to higher costs than agreed in the contract.◆ The risk that the private partner defaults and step-in rights are exercised by financiers but that they are unsuccessful leading to contract termination.

for CBSE affiliated schools as well. The KVS and CBSE guidelines prescribe guidelines for affiliation, character of management, syllabus, infrastructure, PTR, classrooms, labs, teacher qualification, service conditions, salaries, admission, examination etc. All schools under this scheme are to be made compliant with KVS and CBSE guidelines. The infrastructure specifications in these guidelines relating to number and size of classrooms, design of schools, quality of construction, additional space such as library, playground etc should be adhered to. In case of conflict in specifications, the higher norm should be followed.

The guidelines are detailed in Annexure III norms and standards for schools], Annexure IV [KVS guidelines] and Annexure V [CBSE guidelines].



4.3 Monitoring Mechanism and KPIs:

Continuous monitoring and evaluation of performance of the private partner and linking of payments to performance is a key feature of PPP. The private partner would prepare and submit periodic reports to ensure proper monitoring. Reporting formats and reporting frequencies have to be detailed out and agreed upon by the appropriate committees at the time of contracting. The government/ULBs can undertake project monitoring and supervision themselves or appoint an external agency to undertake this activity.

All government reimbursements and payments will be linked to performance. The total payment to the private partner can be divided into base payment which is based on basic availability and regularity of services and performance linked payments which are linked to achievement of certain pre-decided qualitative and quantitative Key Performance Indicators (KPIs). The achievement of the KPIs will be linked to incentives and deductions from government payments. There will be a provision in the concession agreement that in extreme circumstances, the non-achievement of KPIs over a sustained period can lead to contract termination.

These KPIs would be related to infrastructure activities (in projects that involve availability and maintenance infrastructure, construction or up gradation work by the private partner), education service delivery aspects such as attendance of students and teachers, qualification of teachers, reduction in drop-out rates, achievement in learning outcome of students, examination results and quality satisfaction surveys or both. The KPIs for different structures are discussed in Chapter 9 'Details of Recommended Structures'.

4.4 Establishing Value for Money (VFM)

The authorities willing to undertake PPP projects need to establish the VFM for the projects before the bid process. The VFM test establishes that the private sector participation in provision of services and infrastructure is actually expected to result in cost saving to the government over the whole lifecycle of the project. One of the approaches to undertake VFM analysis is to compare two cases – (i) government expenditure (which is the cost of the project if undertaken by the government which may include construction/refurbishment and running the school with government staff) and, (ii) government payment to private partner (in which the private partner undertakes all the project activities and the government pays the private partner for the services rendered). The final decision may be based upon the per student cost that is incurred by government in both the cases mentioned above. If the 'per student payment' that the government pays to the private partner in the latter case is less than the 'per student expenditure' in government's own set up, then VFM is established and the authorities should proceed with the project.

Moreover, under no situation the government reimbursement amount should be more than the actual free market fee charged to free market students. Therefore, the per student reimbursement amount paid by the government will be the lower of existing per student expenditure of government and free market fee charged by the private partner.

The process of deciding to procure services or infrastructure through PPP or public route by undertaking VFM analysis is further detailed in subsequent section.

6 Project Preparation and Approval

I. Activities to be undertaken and responsibilities

The PPP process is to be driven and executed in a decentralised manner at district (for government schools) and city level (for municipal schools). The authorities have to prepare district/city plans identifying the locations, schools and PPP structures that should be used for addressing the gaps in school education in their district/city. They are advised to use this toolkit for identifying the projects and understanding the steps to be undertaken for procurement of private partner under PPP process.

The PPP process in school education should start with pilot projects to test the market, incorporate learning from the pilot projects to state wide roll-out and build institutional capacity to manage the PPP projects.

The pilot projects could be managed by a centralised PPP cell for education on the lines of Maharashtra Urban Infrastructure Development Company Limited (MUIINFRA). This cell should have PPP expertise (financial, procurement and legal) and experience of managing PPP process in the state.

The TAs will prepare the Detailed Project Reports (DPR) for all the identified pilot projects in both cities and districts for municipal and government aided schools. After the DPRs are approved by an empowered committee the DPRs will be sent to standing committee of ULBs (for cities) and line department for further approval of VGF and other financial support. The bid processes for the approved projects will be conducted with the help of TAs and contracts will be signed with selected bidders.

After the pilot stage and during the roll-out across the state, the relevant authority i.e. district education officer (District Project Officer of SSA) for districts and Municipal Commissioner for the city would have to manage the process on their own. They should take in-principle approvals; Detailed Project Report approvals from appropriate authority i.e. line department(s) (for government schools) and standing committees (for municipal schools). They will also manage the bid processes for individual transactions and subsequently send the bid evaluations and recommendations for selection of bidders to an empowered committee at state level for approval.

An empowered committee is to be constituted at state level for approval of the locations, bundling of locations, DPRs, PPP structures, bid documents and nature and amount of VGF and other financial support. This committee is proposed to be comprised of;

1. Secretary – School Education and Sports Department – Member-Convener
2. Secretary – Urban Development Department
3. Secretary – Rural Development Department
4. Secretary – Planning Department



5. Secretary – Finance Department
6. Director – Municipal Affairs
7. Director – School Education (secondary)

2. Public Procurement Vs PPP: Establishing VFM

It is to be noted that PPPs involve complex arrangements that require detailed policy design, as well as financial and institutional management capability. The government needs to assess the role of PPP, the desired scale and structure of PPP projects and undertake a qualitative as well as quantitative assessment of VFM. This provides the initial rationale for developing the project under a PPP format.

A project may be taken up under PPP framework when:

- ▶ There is a major capital investment need, requiring effective management of risks associated with construction and delivery;
- ▶ The nature of the service allows the government to define its needs as service outputs that can be adequately contracted for in a way that ensures effective and accountable delivery of services over the long term and where risk allocation between the government and private sectors can be clearly made and enforced;
- ▶ Procurement costs are not disproportionate to the cost of the project;
- ▶ Planning horizons are long-term and there is confidence that the assets and services provided are intended to be used for a long period into the future;
- ▶ VFM is established based on quantitative and qualitative assessments.

3. Value for Money analysis

The government aims to meet its infrastructure and service needs in education in the most effective and efficient manner. The VFM appraisal process is therefore a key step in decision making. Once a decision is taken to undertake a project, procuring authorities must assess what is the most appropriate structure and assess VFM for that structure. A VFM analysis can be a combination of both qualitative and quantitative methods.

3.1 Qualitative Test

Qualitative analysis is generally across three sets of broad parameters of viability, desirability and achievability. Each of which is explained below:

Box 2 VIABILITY TEST

Objectives and outputs

- ◆ Can requirements be stated in clear and objective output-based terms?
- ◆ Can the effectiveness of service delivery be measured and monitored?

Operational Flexibility

- ◆ Can operational flexibility be maintained over the lifetime of the contract?

Regulation and legislation

- ◆ Are there any regulatory issues in providing the service through PPP?
- ◆ Are there any legal issues in providing the service through PPP?

Source: HM Treasury

Risk management

- ◆ Does the project involve the purchase of land?
- ◆ Does the project involve handing over of capital assets?
- ◆ Is the risk of cost and time overruns likely to be significant?

Innovation

- ◆ Is there likely to be scope for innovation in service delivery?

Service provision

- ◆ Are there good strategic reasons to retain services in government domain?
- ◆ Are their socio-political issues in transfer of services to private sector?
- ◆ Is incentivisation (provision of incentives and disincentives) likely to result in enhanced service delivery?

Source: HM Treasury

Government capacity

- ◆ Is there sufficient government side capability to manage the procurement?
- ◆ Can appropriately skilled procurement be teams be created?

Private sector capacity

- ◆ Is there evidence that the private sector can deliver the required outputs?
- ◆ Is there likely to be sufficient market appetite for the project?

Source: HM Treasury

3.2 Quantitative Test

The authorities need to establish the VFM in quantitative terms as well. The quantitative test establishes that the PPP procurement of services and infrastructure is actually expected to result in cost saving to the government. One of the approaches to undertake VFM analysis is to develop and compare two cases i.e. Public Sector Comparator Case and PPP Case which helps to establish the value for money in present value terms. It is also to be noted that, VFM can be defined as the optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement, and does not always mean choosing the lowest cost bid. While VFM is often a function of the delivery model and the contractual structure used, the procurement process itself, and the way in which it is managed and undertaken, can also have a major impact on delivering value for money.

Public Sector Comparator (PSC): The PSC assumes that all the activities in the envisaged projects are undertaken by the government. It is assumed that government will undertake the designing of the schools, construction and maintenance of the building and facilities, staffing and management. This can be visualised as the traditional model of infrastructure and service delivery adopted by most governments. The funding is entirely from government budget. The government assumes all risks associated with the project. This option would also serve as the reference case to undertake the VFM analysis.

PPP case: The PPP case replicates the project implementation and prepares a complete financial plan if a private partner were to undertake the project. This is similar to a shadow bid which essentially is the charge the private partner would expect from the government for undertaking this project after taking into account all the revenues it will be able to collect from the users and any supplementary income that may accrue to it.



The final decision may be based upon the per student cost that is incurred in both the cases mentioned above. If the per student payment that the government pays to the private partner in the PPP case is less than the 'per student spend' in PSC case then VFM is established.

4. Elements of financial analysis

There are some key variables to the financial analysis to be undertaken for the quantitative test. These elements would be common to both the PSC and PPP cases. The actual costs or revenue figures may differ for the two cases thereby demonstrating the differences in the two approaches to procurement of infrastructure and services. The users are required to fill in the suggested table for comparing the two cases and finally take a preliminary decision on whether to undertake the PPP process based on the amount of support required from government. In all cases, the PPP option should be undertaken to achieve the intended objectives, only if it delivers value and results in cost savings to the government/ULB.

Table 4 FINANCIAL ANALYSIS FOR PPP AND PSC MODELS

(Input values for different cases)		PPP Model	PSC Model
	<i>units</i>		
Capital costs			
Land development			
Construction of building			
Repair/renovation estimates			
New construction (for additional capacity)			
New construction for supplementary activities			
Furniture			
Miscellaneous			
Net Capital Costs [C]			
VGf		[40-50] % of Capital Cost	NA
Operating costs			
Teacher salaries			
Non-Teaching staff salaries			
Administrative expenses			
Cost of utilities			
Third party payments			
Miscellaneous Payments			
Net Operating Costs [O]			
Revenue			
Fees from Free Market Students [X1]			NA
Fees of Sponsored Students (through a comparator) [X2]		(as quoted by private player)	(actual spent now)
Supplementary activities [X3]			
Net Revenues [R]			
Duration of contract [N]			
Total support required from government over the life cycle of the project		$S (PPP) = VGf + (O - R) \times N$	$S (PSC) = C + (O - R) \times N$

For a financially viable project*

Net Revenues > Net Operating Expenses



Now a PPP Model is more appropriate when it requires minimum financial assistance from Government, while still achieving goals of quality education to all sections of the society.

This means that if: $S(PPP) < S(PSC)$

then it makes more economic sense for the government/ULB to adopt a PPP route for the school.

However a detailed assessment of the project would involve careful evaluation of the private partner on other parameters as well. This include the amount of VGF requested for, and intangible metrics such as quality of education imparted etc.

It is to be noted that when a particular PPP structure is applied then the PSC and PPP cases for it may not have all the elements to the VFM analysis as mentioned above or it may have some other elements. Thus a project specific analysis should be undertaken for each project during its approval.



Procurement Process

7

The government or the Urban Local Bodies (ULBs) have to undertake sound, transparent and efficient procurement process to select the appropriate private partner. Competitive bidding is the only way to safeguard public interests by reducing the risk of corruption and misuse of dominant position by the private party.

There are two facets of procurement that the line department or the ULBs will need to sharpen in the context of procuring schools:

- a. There will be participants who are registered as Not-for-Profit Trusts and Societies. The standard bidding documents of the Planning Commission, and customised versions of the same cannot be utilised to procure these NPOs (Not for Profit Organisations) adjustments for subsidy provisions because they follow different accounting formats and charter documents in comparison to companies.
- b. The government will need to engage with the private sector on an ongoing basis to market potential projects and to structure these projects well during the project preparation period.

I. Bidding Process

The procurement of the appropriate private partner under any structure could be undertaken through a single or a two stage bid process depending on the complexity of the transaction. The eligibility criteria should be such that organisations that have experience and capability of providing education services can participate in the process. The selection could be solely on the basis of financial bid (LI bidder being the most preferred bidder) or solely on the basis of technical bid (related to capacity and experience in providing education services) or a combination of both (for example 70% weight age to technical bid of the bidder and 30% to the financial bid). Such an arrangement is needed to provide flexibility for different structures, to account for the sector specific project structures where operation and management costs over the contract duration are higher. The final decision is to be taken at transaction level when specific projects-locations are bid out.

The most common process of procurement is two-stage bidding where the request for expression of interest will be issued and the short listed firm will be requested to submit the technical and financial proposal. The two-stage bidding process is detailed for illustration purposes below:

Stage I: Qualification Stage: The first stage of the process involves qualification of interested parties/consortia who respond to the Request for Qualification (RFQ) against pre-determined technical and financial eligibility criteria.



Stage II: RFP/Bidding Stage: At the end of this Qualification Stage, the government or the Urban Local Bodies (ULBs) is expected to announce a short-list of up to 6-8 suitable qualified applicants for each Project(s) who shall be eligible for participation in the second stage of the Bidding Process comprising Request for Proposals. Only those Applicants that are qualified and short-listed by the government or the Urban Local Bodies (ULBs) shall be invited to submit their Bids for the Project(s).

During the Bid Stage, Instructions to Bidders, PIM and Draft Concession Agreement are issued to the qualified bidders. The bidders are expected to undertake a comprehensive scrutiny of the Bid documents and provide their observations, comments and suggestions to the Authority. A pre-bid discussion may be organized with the qualified bidders for this purpose.

Based on the pre-bid discussions, the Bid documents may be modified, revised and re-issued to the bidders. The bidders are expected to undertake a comprehensive scrutiny of the Bid documents and submit their final technical and financial proposals.

The bids received will be evaluated by a Bid Evaluation Committee (BEC). The technical proposals will be evaluated for their responsiveness to the scope of services, against pre-determined criteria and scores will be given to bidders. Then, financial proposals of only those bidders who get a score higher than the minimum qualifying score will be opened. The financial proposals of bidders who do not get minimum technical qualifying score will be returned unopened.

Scores will be given to bidders based on the financial proposal. The final selection criteria for selecting the bidder will be the support required from government and ULB and as quoted by the bidder.

Generally, the Bidder seeking lowest financial grant/support from government or the Urban Local Bodies (ULBs) shall be the Selected Bidder.

In accordance with the provisions of the Bidding Documents, the remaining Bidders shall be kept in reserve and may, in accordance with the process specified in the RFP, be invited to match the Bid submitted by the Bidder requesting the lowest financial grant in case such Bidder withdraws or is not selected for any reason. In the event that none of the other Bidders match the Bid of the lowest financial grant Bidder, the government or the Urban Local Bodies (ULBs) may, in its discretion, invite fresh Bids from all Bidders or annul the Bidding Process, as the case may be.

2. Clustering of locations in one bid

To ensure balanced regional development a single minimum bid could be a combination of one location in Tier I corporations (Municipal Corporation, category A and B) and district headquarters and one location in Tier II corporations (Municipal Corporation, category C and D) and rural areas.

There should be one contract for a cluster of both the locations i.e. the performance of the private partner will be measured against KPIs for both the locations (with focus on Tier II cities and rural areas) and in case of under-performance or termination of contract the whole contract gets terminated. This will ensure that the commercially unattractive locations (mostly in rural areas) also get the benefit of private sector participation and are not neglected by the private partner in favour of the commercially attractive locations in urban areas.

Mechanisms to Manage and Monitor the PPP Projects

8

It is very important to outline the institutional mechanism for undertaking PPPs in school education in Maharashtra on account of three reasons 1) significant capacity building measures need to be undertaken for developing the capacity of government to handle such projects 2) standardise the project preparation and approval process 3) allocate specific responsibilities related to project management and supervision after the procurement is done and private partner has been contracted.

Table 5 COMMITTEE STRUCTURE

S.No.	Level of Monitoring	Composition
1	State Level – State PPP management committee	<ul style="list-style-type: none"> ◆ Chief Secretary, Government of Maharashtra (Chairman) ◆ Secretary – School Education and Sports Department (Member-Convener) ◆ Secretary – Urban Development Department ◆ Secretary – Rural Development Department ◆ Secretary – Planning Department ◆ Secretary – Finance Department ◆ Director – Municipal Affairs ◆ State Project Officer of SSA ◆ Representative(s) of each district/city where PPP projects are undertaken (both from the government and the private partners who are involved in the projects) ◆ External experts ◆ PPP expert ◆ Education sector expert
2	District/City Level – District/City PPP management committee	<ul style="list-style-type: none"> ◆ District Magistrates/District Project Officer of SSA (Chairman) ◆ City Municipal Commissioner (for city) ◆ Principals or Head Masters of the schools under PPP framework ◆ Representative(s) of all private partners involved in execution of PPP projects in schools of the district/city ◆ External experts ◆ PPP expert ◆ Education sector expert
3	School level project management committee	<ul style="list-style-type: none"> ◆ Principal or Head Master of the school (Chairman) ◆ Representative(s) of Teachers ◆ Representative(s) of Parents ◆ Representative from School Management Committee ◆ Representative from a local NGO/civil society working in education field in that area ◆ Representative(s) of all private partners involved in execution of PPP projects in schools of the school



1. Post-procurement project management and supervision

For the PPP projects in school education in Maharashtra, a three-tier project monitoring system is proposed to provide overall guidance and management to PPP projects after award of contracts to private partner(s). Within the different levels of monitoring the district or city level monitoring is the most critical as it has most of the payment and performance evaluation responsibilities. The committees are expected to step-in in case of any exception or non-adherence to any provision in the contracts between the project sponsoring authority and the private partner.

The committees and their suggested composition are in Table 5.

2. Roles and Responsibilities

It is to be noted that these reports and monitoring requirements are indicative in nature and this list is not exhaustive. All the reporting requirements, formats and frequencies

STATE PPP MANAGEMENT COMMITTEE	
Activity	Frequency
Give directions and guidelines for PPP in school education and facilitate mechanisms in state government to manage the projects	During project approvals and procurement
Prioritise the PPP structures and the cities and/or districts to be taken up as pilot projects under PPP framework	During project approvals and procurement
Give directions and guidelines for setting up district/city PPP management committees	During project approvals and procurement
Consider any budgetary allocation needed for the PPP projects including all types of supports and subsidies such as VGF, revenue subsidy in form of vouchers or cash transfers, annuity support etc.	At the commencement of project or as per request made by District/ City level committee
Allow private partner (s) to continue and expand their operations or terminate their Agreement on the basis of performance appraisal and feedback	Yearly or as per request made by District/City level committee

DISTRICT/CITY PPP MANAGEMENT COMMITTEE	
Activity	Frequency
Inspect the progress made against construction activities and certify completion of the agreed milestones	As per milestones agreed upon
Process payments for construction	As per milestones agreed upon
Periodic inspection of schools working under PPP framework (services rendered, condition of infrastructure, staff, and other facilities), residential schools, teacher training institutes (as the case may be)	Monthly/Quarterly
Evaluate the performance of the private partner and process payments towards operating expenses	Monthly/Quarterly
Periodic review and approval of the activities carried out for supplementary income generation and commercial usage of plot	Quarterly
Engage local NGOs/CSOs to help monitor quality of service delivery	Half-yearly
Conduct or engage external agencies to conduct a customer satisfaction survey	Yearly
Consider any changes in consortium/sub-contractors involved in PPP projects	At the commencement of project or as per request made by school level committee
Consider any changes in scope/structure of services	Yearly or as per request made by school level committee



are to be decided upon and be a part of the agreement with the private partner. Non-compliance with reporting and supervisory requirements would invite penalties and repeated non-compliance would lead to termination of contract.

The state and district level committees have to function as oversight committees and check if any reports have not been submitted or there are any complaints and public grievances to be addressed. The private partner is expected to keep the committees abreast of any such developments and provide clarification whenever asked for.

The project sponsoring authorities may seek external help to undertake the project management and monitoring for a short while. But, in the long run, capacities must be built within the government/ULB to undertake the project monitoring post award of contract to the bidder.

Table 8 SCHOOL PROJECT MANAGEMENT COMMITTEE

Activity	Frequency
Conduct benchmarking studies and baseline surveys to have a base to measure the performance of the private partner	Before the commencement of the project
Examine and verify the records and reporting formats on a regular basis.	Quarterly
Supervision and verification of information recorded by the private partner	Monthly
Assistance in processing and release of payments	Monthly/Quarterly
Suggest local level strategies for improvement of services	Half-yearly
Engage local NGOs/CSOs to help monitor quality of service delivery	Half-yearly

9 Details of Recommended PPP Structures

Five PPP structures have been proposed for improving the school education scenario in Maharashtra by private sector participation. This Chapter details out all the five structures in a uniform format. The format has the following sections which are discussed below:

- a. **Structure Summary:** This section summarises the structure and gives schematic depiction of the structure involving all the stakeholders.
- b. **Narrative description of the structure:** The structure is explained in detail in this section including the background, need and intervention area of the structure.
- c. **Financial Assistance from Government:** This section highlights the nature and amount of government support required to make a particular structure feasible.
- d. **Applicability of the Structure:** This section provides guidelines on identifying the appropriate structure to address the gaps and issues observed in schools in a particular city and/or district and how can they be addressed by a particular structure.
- e. **Risk Allocation:** This section identifies the key risks of the structure and makes an ideal allocation between government/ULB and private partner.
- f. **Key Performance Indicators (KPIs):** This section details the KPIs for the private partner to be achieved during the implementation of projects under the structure. These KPIs can be project milestones for construction/refurbishment of infrastructure and achievement of education outcomes for students of the school.
- g. **Viability Enhancers:** This section details out activities that can be undertaken to increase the financial viability of the projects under a particular structure.
- h. **Other Structure Details:** This section provides additional information on
 - **Project Type:** Whether the project is expected to be in a Greenfield location or Brownfield or a combination of both
 - **Target Bidder:** Whether the Corporate sector or NGOs are envisaged as potential bidders for projects to be bid out under this structure
 - **Need for Capital Investment:** This mentions if the project involves any capital expenses.
 - **Affiliating board:** This explains the need for affiliation of the new schools and schools handed over to private partners
 - **Need for teacher rehabilitation:** Whether there is a need to reallocate existing teachers of a school where a PPP structure is envisaged. The treatment of existing teachers in Brownfield projects is an important point to consider due to many socio-political issues.



I. Refurbish/Reconstruct Finance Operate and Transfer (RFOT)

I.1 Structure Summary

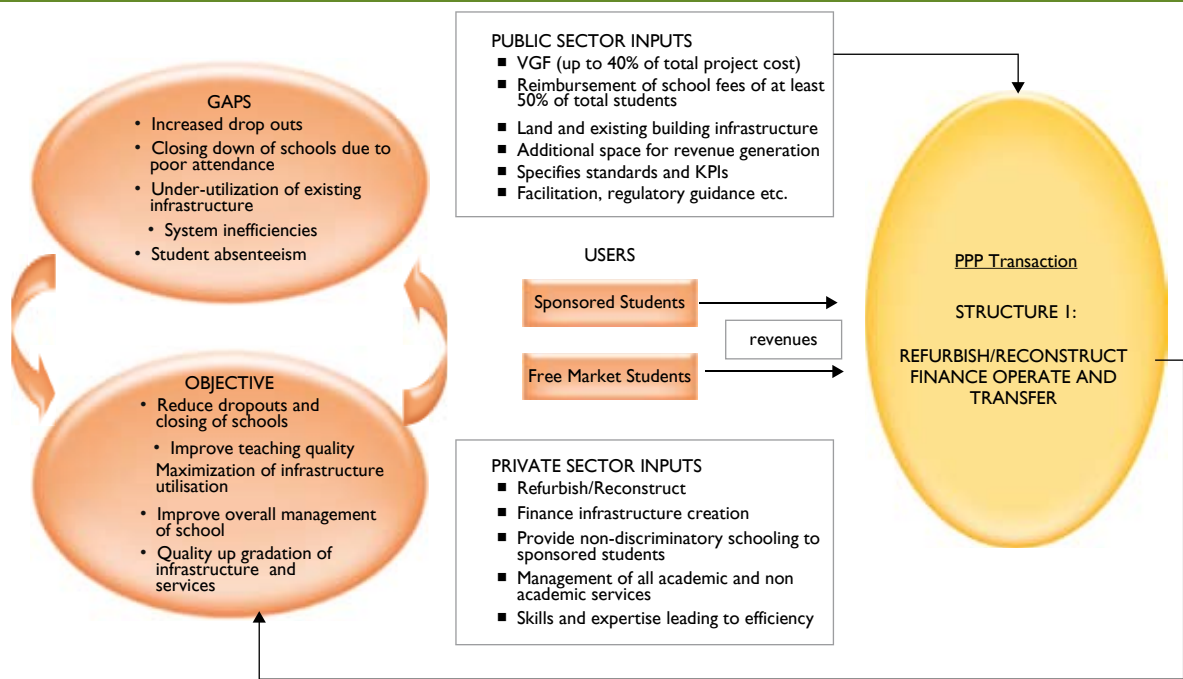
- a. This structure envisages the private partner to design, refurbish, finance, operate and transfer the schools at the end of the concession period after taking over the school assets on as-is-where-is basis.
- b. There could be two offshoots of this structure namely,
 - Refurbish-Finance-Operate-Transfer structure [20 year contract] and,
 - Reconstruct-Finance-Operate-Transfer structure [30 year contract]
- c. The decision to undertake refurbishment or re-construction of the existing school infrastructure should be based upon
 - Current capacity utilization and,
 - A Technical Assessment Report (TAR) on economic life of the asset
- d. At least, 50% of the total capacity of the school will be reserved for government/ ULB.
- e. Acceptable market determined fee can be charged by the private partner from the rest 50% of the capacity.
- f. Financial support to the project will be in the form of Viability Gap Funding (VGF) up to 40% of total project cost (or to be capped at a particular value based on project financial analysis) and reimbursement of fees of sponsored students.

I.2 Structure Narrative

Background

There are many municipal schools some of which are in prime locations in cities such as Mumbai and Pune which are witnessing a large number of dropouts and hence are on the

Figure 6 REFURBISH/RECONSTRUCT FINANCE OPERATE AND TRANSFER





verge of closing down. These schools suffer from poor or under utilised infrastructure and inefficient management. The students migrate to other government schools or private schools in the city.

The good location of these schools and ready catchments of students make a strong economic case for private sector participation. This structure seeks to address this situation revive the existing municipal schools by handing over the management of such schools to the private partner.

Structure Objective

The immediate objective of this structure is to reduce the number of drop outs from existing municipal schools and subsequently stop the closing down of such schools. This structure seeks to improve the overall management of schools in cities/municipalities by involving the private sector to bring innovative pedagogy, qualified and trained teachers, better administration and efficient systems and process. The overall improvement in the quality of education imparted to students would also help to create demand for such schools.

Offshoots

There could be two offshoots of this structure namely,

- a. Refurbish -Finance-Operate-Transfer structure (20 year contract) and,
- b. Reconstruct-Finance-Operate-Transfer structure (30 year contract)

The decision to undertake refurbishment or re-construction of the existing school infrastructure should be based upon (i) Current capacity utilisation (if more than 50% then consider re-construction) and, (ii) A technical assessment report on economic life of the assets/buildings (if the economic life is less than 20 years then undertake refurbishment).

The technical assessment report should also provide the details of refurbishment/reconstruction activities to be carried out, specifications, timelines, and suitability of refurbishment/reconstruction and cost estimates. The inputs from the Technical assessment report would also help to decide the contract duration.

Scope of Work

This structure envisages the private partner to design, refurbish or reconstruct (as per the process described above) finance, operate and transfer the schools at the end of the concession period. The private partner would assume the asset on an as-is-where-is basis and refurbish or reconstruct the asset to one that befits a good school and is compliant to the higher of Kendriya Vidyalaya or CBSE norms and subsequently manage the school to improve the quality of education. The private partner would transfer the assets back to the project sponsoring authority at the end of the agreement.

Student mix in school and fees

50% of the total capacity of the school will be reserved for government/ULB. Out of the 50% of reserved seats, 10% will be reserved under discretion of the local authority but for which the full fees will be paid by the parents. The remaining 40% of seats will be reserved for certain sections of the society and the government will reimburse the private partner the school fees of such students in the following manner:

- ▶ 25 % of the students (belonging to disadvantaged sections such as BPL) will be provided free education by the private partner,



- ▶ Fees of 7.5 % of students (categories to be defined by the government) will be reimbursed up to 75% of total reimbursable amount with remainder being paid by parents,
- ▶ Fees of rest 7.5 % of students (categories to be defined by the government) will be reimbursed up to 50% of total reimbursable amount with the remainder being paid by parents

The differential arrangement for fees is expected to cross-subsidise the fees collected from sponsored students.

The amount of reimbursement should be based on an appropriate comparator (average per student expenditure of government/ULB in similar schools).

In case of shortfall in demand and the private partner being unable to get students for 50% of the school capacity, the government/ULB will fill up these seats and reimburse the private partner. No discrimination should be made between students for any academic and non-academic services. Any kind of discrimination in provision of services to the government sponsored students vis-à-vis the free market students will lead to penalties and subsequently termination of contract.

1.3 Applicability of the Structure

The gaps and issues faced by a city and/or district would need to be individually analyzed in order to find out specific reasons for the same, this structure is particularly relevant and should be applied if one or more of the gaps and possible reasons are observed in table 9:

1.4 Financial Assistance from Government

The financial support to the project will be in the form of:

- a. Viability Gap Funding (VGF) up to 40% of total project cost (exact nature and amount of support to be determined by financial analysis to be conducted by Transaction Advisor or government/ULB at the time of bidding out the project) and,
- b. Reimbursement of fees of sponsored students

The support for projects under this structure will come from the budgets of Municipal Corporation of the respective city (under the “Maharashtra Sovran Ajanta Nagarotthan Maha-abhiyaan” scheme) funded by the Urban Development department.

Table 9 IDENTIFIED GAP AND POSSIBLE REASONS

S.No.	Identified Gap	Possible Reasons
1	Increased number of drop outs from school	<ul style="list-style-type: none"> ◆ Poor overall management of schools & processes for administration ◆ Poor quality of teaching ◆ Poor results of students
2	Closing down of existing schools due to poor attendance	Poor overall management of schools and under capacity
3	Under-utilization of existing infrastructure of municipal schools at good locations	Lack of a framework for utilization of existing space
4	System inefficiencies – increased expenditure, high per pupil spend	Poor management of school
5	Student absenteeism and low motivation among students	Teaching quality, lack of overall development programme



The VGF (one-time) and advance of reimbursement for sponsored students for 3 months would be provided as seed capital. An amount equal to reimbursement amount for sponsored students for 3 months is to be maintained and replenished at regular intervals in an “Escrow account”.

There will be a first charge on a particular revenue stream of Municipal Corporation such as the property tax to mitigate payment risk.

1.5 Viability Enhancers

The prime location schools need to have adequate design and market outreach budgets in the project preparation phase to develop a list of potential supplementary activities, with high revenue potential, especially in a location such as Mumbai. The revenue generated from such activities could further reduce the financial support required from the government.

The viability and financial feasibility of the proposed structure would be facilitated by the incorporation of the following viability enhancers:

- a. **Alternative revenue streams:** Utilization of allotted land for the school for acceptable supplementary activities such as adult education, running a local tuition centre, etc. The permitted supplementary activity should not interfere with the ethos and functioning of a school and will be subject to government approvals. The private partner must inform the government/ULB and wait for approval before undertaking any new activity. An indicative list of activities that are not permissible is given in Annexure [7].
- b. **Additional FSI:** Additional FSI permission at prime location schools can help generate revenue by making more space available for revenue generating activities highlighted above.
- c. **Capacity expansion permissions:** The government can allow capacity expansion of the schools during the concession period (time share or additional infrastructure).
- d. **Fee potential from non-government school seats:** The private partner can maximize revenue from the non government sponsored seats in prime locations if the quality of education provided is good and there is demand for free market seats.
- e. **Increasing Concession Period:** Increasing the concession period would allow the private partner additional buffer for recovering the capital investment.

1.6 Risk Allocation

The various types of risks associated with this particular structure are allocated with reference to the risks discussed in previous Chapters. The risk allocation matrix for this structure is as follows:

1.7 Procurement Process

The procurement process for selection of private partner through a competitive bidding process is detailed out in the Term Sheets [10.1 Structure # 1; Point No- 11 onwards]. This covers the three most important sections, namely

- a. Bid Process
- b. RFQ Criterion
- c. Bid Criterion

The same would help and assist in providing guidance on preparation of the Concession Agreement.



I.8 Monitoring Mechanisms

a. Monitoring Requirements: High

Explanation: The proposed structure involves active collaboration between the government and private sector. All payments to the private partner will be based upon pre-decided KPIs for the private partner. As such, the monitoring

Table 10 RISK ALLOCATION MATRIX OF RFOT

S. No.	Type of Risk	Allocation	Comments
1	Regulatory Risk	Pre-commissioning Government Operations Private partner	There is a risk of time and cost overruns affecting the handover of the schools due to delays in gaining access to sites, obtaining a No Objection Certificate (NOC), getting permits and approval of plan from local development authorities for construction, approval of Municipal Councils of cities for site development and getting utilities such as electricity and water to the sites. Government of Maharashtra/ULBs can best manage and facilitate such activities and should assume this risk. There are many risks that could arise during the operations such as private partner not adhering to standards and specifications which private partner should assume. This risk is to be assumed by the private partner as it is solely responsible for management of the school.
2	Design Risk	Shared	This risk is partly transferred to private partner in refurbishment and wholly transferred in reconstruction. In refurbishment the private partner has to build on the existing design and construction of the school and bring it to minimum specifications. Whereas it has complete independence and no encumbrances in reconstruction.
3	Refurbishment and Repair Risk	Shared	The handover condition of existing assets is the responsibility of the Government. Time overruns, cost overruns and inefficiencies and third party liabilities after the handover of assets are some of the major risks for construction that accrue to the private partner that undertakes construction activity and are transferred to private partner.
4	Performance Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
5	Availability Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
6	Demand Risk	Shared	Demand risk is shared equally between the government and the private partner. The total number of students in the school should be a mix of government sponsored students and free market students. Such a mix with the fee of free market students being market determined will induce a performance discipline on the school structure.
7	Pricing Risk	Shared	The risk of any unfavourable effect on the revenue due to change in price should be assumed by government as the value of per student reimbursements are determined by the government. The government has also a scope for escalation linked to CPI. However the private partner also has a role to play as operations efficiency would contribute a long way in pricing profitability.
8	Force Majeure Risk	Shared	There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project.
9	Residual Value Risk	Private partner	As per the agreement and PPP framework the private partner has to transfer the asset back to the government after the concession period. The private partner has to maintain the infrastructure for the duration of the agreement so that it can transfer the asset at a proper value at the end of agreement.
10	Termination Risk	Shared	Termination on account of unforeseen performance defaults, payment defaults etc. would have to be accounted for by both parties.



requirements for the PPP scheme would be high, in order to keep in check any abuse of management control by the private partner.

b. KPIs for Construction

- i. **General:** Completion of the refurbishment/reconstruction works in accordance with the terms of the minimum specifications and the quality parameters within the schedule set out by the project milestones statement.
- ii. **Monitoring & supervision during the Refurbishment/Reconstruction Period:** During the refurbishment/reconstruction period, a monthly progress report on the status of the works would be submitted to the district level committee. An independent engineering consultant would be procured for preparing the report and the fee for the same will be borne in equal measure by the authority and the private partner.
- iii. **Certification of the Works and the Commercial Operation Date (COD):** The authority would be notified upon the completion of every project milestone. Upon the receipt of each milestone completion notice, the authority would issue a certificate in relation thereto, based on the report of the engineering consultant. Upon the receipt of the final milestone completion notice, the authority would issue a COD certificate, based on the report of the engineering consultant.
- iv. **Quality Assurance:** Within 10 (ten) business days following the issuance of the COD certificate, the private partner shall submit to the authority a quality assurance certification for the completed works, stating that the works (as far as relevant) comply with the National Building Code.
- v. **Corrective measures in relation to the works:** At any time during the refurbishment/reconstruction period, the authority shall have the right to direct the private partner with regard to corrective measures in relation to the works if they are being carried out in a manner that does not comply with the applicable law or industry best practice.

Linkage between achievement of Construction KPIs, debt and capital grant: Disbursement of debt and capital grant would be linked to the attainment of project milestone completion certificates.

c. KPIs for Service Delivery

- i. **Education imparted to all students of the school:** The pass rate of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- ii. **Education imparted to sponsored students of the school:** The pass rate of the sponsored students of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.



- iii. Dropout rate of sponsored students of the school: The average dropout rate (as defined below) of the sponsored students in the school will be compared with the average dropout rate of sponsored students across all Municipal schools. Initially, the schools will be required to attain [70%] of the average.

For the purposes of calculating this KPI, the dropout students are defined as $\text{Dropout Students} = \text{Number of sponsored students in the class who appeared for the final examination in the previous academic year} + \text{any addition of sponsored students in the class during the current academic year} - \text{Number of sponsored students in the class who appeared for the final examination in the current academic year}$

- iv. English reading and comprehension skills of sponsored students of the school: The average marks scored by sponsored students of the school in the subject of English will be compared with a benchmark average of marks scored in English. The benchmark could be the national average marks for English in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- v. Quantitative and logical reasoning skills of sponsored students : The average marks scored by sponsored students of the school in the subject of Mathematics will be compared with a benchmark average of marks scored in Mathematics. The benchmark could be the national average marks for Mathematics in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- vi. Computer Awareness skills of sponsored students: The average marks scored by sponsored students of the school in the subject of Computers & IT will be compared with a benchmark average of marks scored in Computers & IT. The benchmark could be the national average marks for Computers & IT in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark. For measuring this KPI, an annual ability examination will be conducted for Computers & IT subject.
- vii. Comparison of the average marks scored by sponsored and non sponsored students in the school: The average marks scored by sponsored students of the school in the examinations will be compared with the average marks scored by non sponsored students of the school in the corresponding examinations. Initially, the voucher students in the school, on an average will be required to attain 70% of the average marks scored by non-voucher students. This percentage should gradually increase over the concession period.



I.9 Other Structure Details

a. Project Type: Brownfield Project

Explanation: All locations would have existing schools that would be refurbished or reconstructed and subsequently operated by the private partner.

b. Target Bidder: Corporate and NGOs

c. Need for Capital Investment: Yes

Explanation: Private partner would invest in modifying the existing infrastructure in order to match/exceed the KVS/C.B.S.E norms. The extent and value of such investment would be assessed by TAR.

d. Affiliating Board: CBSE or State Board

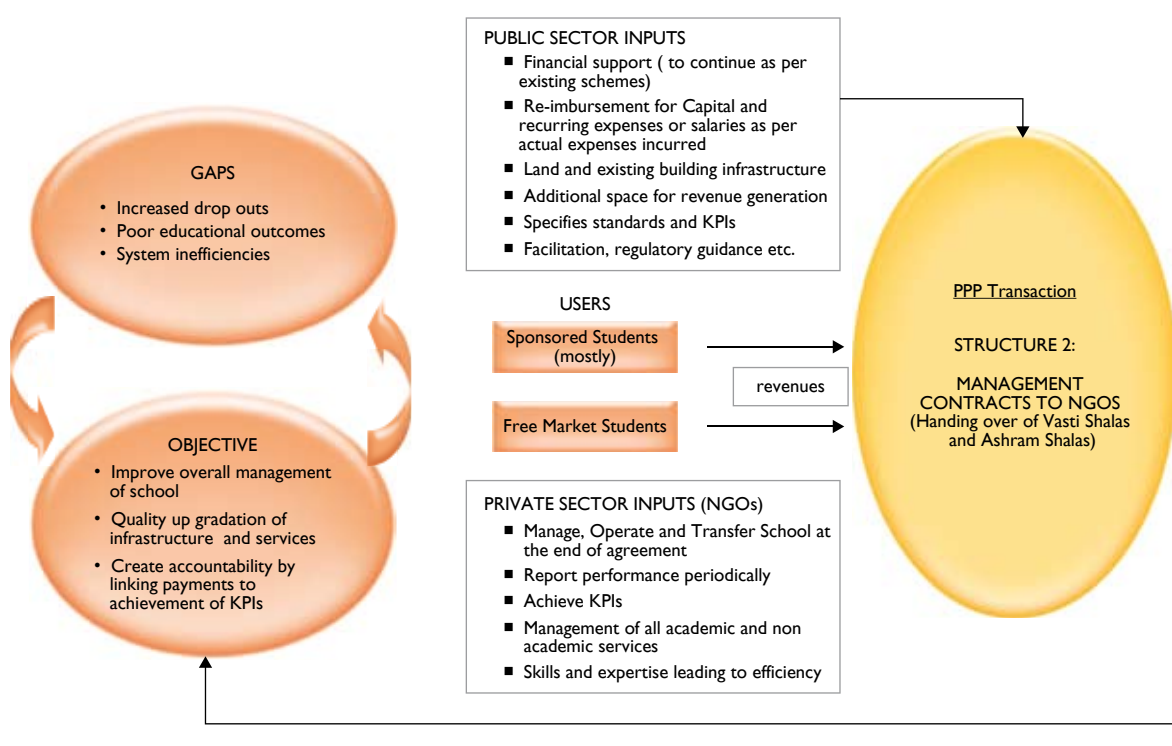
Explanation: School affiliation is a necessary condition for securing quality education. The school should maintain its existing affiliation, and in case it has no current affiliation, it should get affiliated to the CBSE or State Board.

e. Teacher and Student Rehabilitation: Yes

The private partner would have full autonomy in recruitment and deployment of staff in the school. The first option would remain with the private partner to absorb the teachers after taking over the management of the school under its own service conditions. Else, the existing teachers and non-teaching staff at the school could be re-allocated to other schools or they have the option to undergo the recruitment process of the private partner and work under private sector service conditions.

The continuity of education of existing students should not be affected in any way during the process of refurbishment/reconstruction and handover

MANAGEMENT CONTRACT TO NGOS Figure 7





of management. They should be re-allocated to other schools during the handover time or any other available infrastructure/space in the school may be utilised for their classes during the refurbishment/reconstruction stage.

2. Management Contracts to NGOs (Handing over of Vasti Shalas and Ashram Shalas)

2.1 Structure Summary

- a. This structure proposed to handover schools (Vasti Shalas and Ashram Shalas) to NGOs under management contracts to run these schools and get reimbursements for capital and recurring expenses from the existing budget provisions of State Government from respective departments.
- b. The Concession Period for this structure is envisaged to be between 5-10 years.
- c. The existing contracts and agreements with NGOs will be terminated and a transparent procurement process of competitive bidding is to be undertaken to select NGOs for the schools.
- d. The critical focus of this structure would be to actively monitor the NGOs selected for running these schools through Key Performance Indicators (KPIs) to bring in performance discipline.
- e. The NGO can be compensated at actual expenses with a ceiling at an appropriate comparator (average per student expenditure of government/ Urban Local Bodies (ULBs) in similar schools).

2.2 Structure Narrative

Background

There are many schools called Vasti Shalas (schools in rural areas run by Gram Panchayats/ Gram Shikshan Samities by annual grant for teacher salaries and management) and Ashram Shalas (schools are managed by recognized voluntary agencies working for the welfare of the tribal) that are managed by NGOs with government assistance. Grants are given by different departments such as Social Welfare Department for Ashram Shalas to voluntary agencies for the purpose of operation and management of these schools. The performance of such schools is not monitored and there are no KPIs that are defined. As a result the education outcomes of these schools are poor and they witness large number of drop-outs.

Structure Objective

This structure is targeted to improve the overall quality of education in the Vasti Shala and Ashram Shala schools. There is no or very little monitoring of the performance of NGOs and voluntary organizations that manage these schools.

There is no linkage between the performance of the schools and the payments or reimbursements. One of the key objectives of this structure is to bring accountability and enforce performance discipline by linking any payments or support from government to achievement of KPIs.

Scope of Work

This structure proposes to handover such schools to NGOs under management contracts to run these schools and get reimbursements for recurring expenses from the existing budget provisions of State Government.



Major construction or refurbishment activities are not envisaged in this structure. Though some locations may involve minor repair and refurbishments, the cost of such activities shall be assessed by the government and reimbursed to the private partner on actual expenses incurred. The focus of the structure is on efficient management of the schools and improvement of education outcomes.

Student Mix and Fees

The Government assumes the demand risk completely in this structure if the schools are already running at full capacity. If there is spare capacity, the government can allocate the unfilled seats to other students as per criteria but if it fails to do so, the private partner is free to choose more students to fill up the remaining seats from free market and get reimbursement of school fees from the government at an appropriate comparator (average per student expenditure of government/Urban Local Bodies (ULBs) in similar schools).

2.3 Applicability of the Structure

This structure is particularly relevant and should be applied if one or more of the following gaps and possible reasons are observed:-

2.4 Financial Assistance from Government

The financial assistance from government towards this structure will be in the form of

- a. Recurring expenses at actual with a ceiling at appropriate comparator (average per student expenditure of government/Urban Local Bodies (ULBs) in similar schools)
- b. Cost of minor repairs activities shall be assessed by the government and reimbursed to the private partner.

2.5 Viability Enhancers

The viability and financial feasibility of the proposed structure would be facilitated by the incorporation of the following viability enhancers:

- a. Alternative revenue streams: Utilization of allotted land for the school during outside school hours for acceptable supplementary activities such as adult education, running a local tuition centre, etc. The permitted supplementary activity should not interfere with the ethos and functioning of a school and will be subject to government approvals. The private partner must inform the government/ULB and wait for approval before undertaking any new activity. An indicative list of activities that are not permissible is given in Annexure [7].

IDENTIFIED GAP AND POSSIBLE REASONS		
S.No.	Identified Gap	Possible Reasons
1	Increased number of drop outs from school	Poor overall management of schools & poor quality of teaching
2	Closing down of existing schools due to poor attendance	Poor overall management of schools
3	Presence and willingness of NGOs and companies to participate in PPP process	School location is good, but poor management is bothering the performance
4	System inefficiencies – increased expenditure, high per pupil spend	Poor management of school

Table 11



- b. Bid Lot: Grouping many schools in a manner that provides for a base minimum viability to attract private sector interest. The contract for management of Vasti Shalas and Ashram Shalas could be combined with project under any other structure and bidders can be asked to make a bid for projects under both structures.

2.6 Risk Allocation

Table 12 MATRIX OF MANAGEMENT CONTRACTS TO NGOS

S. No.	Type of Risk	Allocation	Comments
1	Regulatory Risk	Operations Private partner (NGO)	There are many risks that could arise during the operations such as private partner not adhering to standards and specifications which NGO should assume.
2	Performance Risk	Private partner(NGO)	As the NGO is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the NGO.
3	Availability Risk	Private partner(NGO)	As the NGO is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the NGO.
4	Demand Risk	Government	Demand risk is shared completely by the government. All the students in the school would be government sponsored students.
5	Pricing Risk	Government	The risk of any unfavourable effect on the revenue due to change in price should be assumed by government as the reimbursement charges are determined by the government. The government has also a scope for escalation linked to CPI.
6	Force Majeure Risk	Shared	There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project.
7	Termination Risk	Shared	Termination on account of unforeseen performance defaults, payment defaults etc. would have to be accounted for by both parties.

2.7 Procurement Process

The procurement process for selection of private partner through a competitive bidding process is detailed out in the Term Sheets [10.2 Structure # 2; Point No- 11 onwards]. This covers the three most important sections, namely

- a. Bid Process
- b. RFQ Criterion
- c. Bid Criterion

The same would help and assist in providing guidance on preparation of the Concession Agreement.

2.8 Monitoring Mechanisms

- a. Monitoring Requirements: High

Explanation: The proposed structure involves active collaboration between the government and the private sector. Moreover this structure seeks to address the non-performing schools under the Vasti Shalas and Ashram Shalas. With entire management control with the NGO, monitoring becomes a vital component of efficient implementation of structure.



- b. **KPIs for Service Delivery**
- i. **Education imparted to all students of the school:** The pass rate of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
 - ii. **Dropout rate of sponsored students of the school:** The average dropout rate (as defined below) of the sponsored students in the school will be compared with the average dropout rate of sponsored students across all Vasti Shala and Ashram Shala schools. Initially, the schools will be required to attain [70%] of the average.

For the purposes of calculating this KPI, the dropout students are defined as

$$\text{Dropout Students} = \text{Number of sponsored students in the class who appeared for the final examination in the previous academic year} + \text{any addition of sponsored students in the class during the current academic year} - \text{Number of sponsored students in the class who appeared for the final examination in the current academic year}$$
 - iii. **English reading and comprehension skills of sponsored students of the school:** The average marks scored by sponsored students of the school in the subject of English will be compared with a benchmark average of marks scored in English. The benchmark could be the national average marks for English in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
 - iv. **Quantitative and logical reasoning skills of sponsored students:** The average marks scored by sponsored students of the school in the subject of Mathematics will be compared with a benchmark average of marks scored in Mathematics. The benchmark could be the national average marks for Mathematics in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.

2.9 Other Project Details

a. **Project Type: Brownfield Project**

Explanation: All locations would have existing schools that would need only minor repairs or refurbishment subsequently operated by the private partner (NGO).

b. **Target Bidder: NGOs**

The selection of NGOs will be through a single stage process with technical evaluation only. No financial proposals will be invited under this structure.



c. Need for Capital Investment: No

Explanation: Minor repairs/refurbishment only would be needed without any major construction.

d. Affiliating Board: CBSE or State Board

Explanation: School affiliation is a necessary condition for securing quality education. The school should maintain its existing affiliation, and in case it has no current affiliation, it should get affiliated to the CBSE or State Board.

e. Need for Teacher Rehabilitation: Yes

Explanation: The NGOs would have full autonomy in recruitment and deployment of staff in the school. The first option would remain with the NGO to absorb the teachers after taking over the management of the school under its own service conditions. Else, the existing teachers and non-teaching staff at the school could be re-allocated to other schools or they have the option to undergo the recruitment process of the NGO and work under private sector service conditions.

The continuity of education of existing students should not be affected in any way during the process of refurbishment/reconstruction and handover of management. They should be re-allocated to other schools during the handover time or any other available infrastructure/space in the school may be utilised for their classes during the refurbishment/reconstruction stage.

3. Establishment of new schools at Greenfield locations

3.1 Structure Summary

- a. This structure seeks to develop schools in locations where few or no schools exist, by providing a judicious mix of subsidy and a risk structure that evenly balances the profit motive with social good.
- b. The DBFOT variant envisages the government providing land at a long term nominal lease whereas the DBFO variant requires the private partner to purchase land at market prices.
- c. The DBFO structure can also be utilised to attract private partners who own suitable tracts of land and would like to combine the profit motive with philanthropy. From the Government's perspective, an Expression of Interest advertising the DBFO route should be followed by advancing the DBFOT structure to locations which did not receive an encouraging response with the former route. This will ensure that the State finances are optimised by leveraging private capital.
- d. The location of new schools should be based upon strong socio-economic factors and the 'Access' targets as prescribed by RTE.
- e. The Demand Risk in both variants is shared between government and private partner with the school having 50% government sponsored students and 50% free market students at most locations. The government can sponsor more students in locations where it is not easy for the private partner to attract free market students due to low paying capacity of the population in the catchments area.
- f. The contract duration is proposed to be 30 years.



- g. An upfront construction subsidy in the nature of a viability gap fund up to 50% of the project cost should be provided on a case-to-case basis based on financial analysis.

3.2 Structure Narrative

Background

The data analysis conducted at district level indicates that in Maharashtra, almost 9% and 22% of habitations do not have easy access to primary schools and upper primary schools, respectively. Further RTE Prescribes stringent ‘Access’ targets for primary and upper primary schools. The ‘Access’ to secondary schools is further expected to be lesser than Upper primary as per trends across the country. Hence there is a need to build new schools at specific locations to improve ‘Access’.

Structure Objective

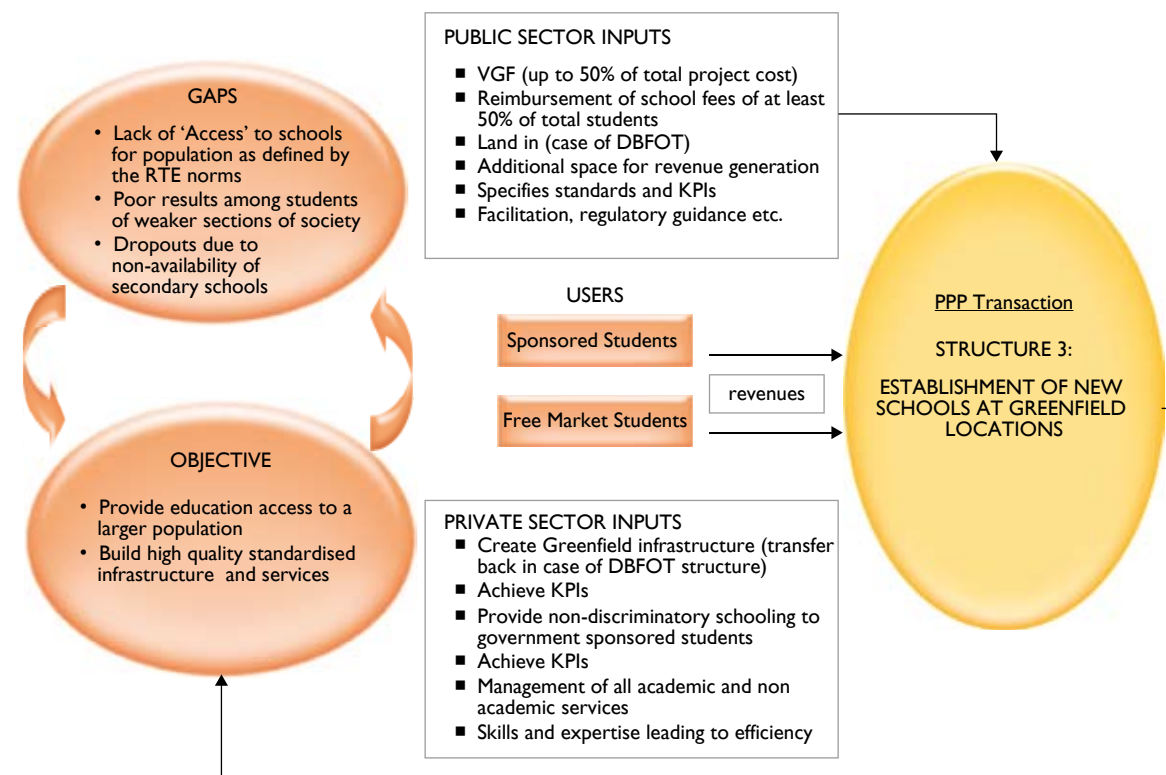
This structure aims to construct schools at locations where none or inadequate number of schools exist. This structure envisages construction of new schools at Greenfield locations by providing a judicious mix of subsidy and a risk structure that evenly balances the profit motive with social good. The location of new schools should be based upon strong socio-economic factors and the ‘Access’ targets as prescribed by RTE.

Offshoots

There are two offshoots to the structure

- ▶ DBFOT (30 year contract) and
- ▶ DBFO

ESTABLISHMENT OF NEW SCHOOLS AT GREENFIELD LOCATIONS Figure 8





The DBFOT offshoot envisages the government providing land at a long term nominal lease or the government reimbursing the private partner the market rates for land acquisition. Though land acquisition by government and subsequent hand over to private partner is a cumbersome process, it is necessary to ensure the viability of this structure.

The DBFO offshoot requires the private partner to purchase land at market prices and then construct and manage the school. In this structure, the land has to be procured by the private partner and there will be no transfer of land or assets at the termination of contract.

However, a variant of DBFO structure can be one where organizations that own the assets (land and building) and manage an existing school (private/aided/non-grant) come under this scheme to get recognition and support from the government for reimbursement of fees of 50% of students. The schools that apply for recognition under this structure would have to undergo strict evaluation of their existing infrastructure and services. They have to confirm to all specifications related to infrastructure, number of teachers, teacher qualification and trainings etc (such as KVS and CBSE guidelines). All previous financial support/grant provided to the school will be discontinued once the school receives support under appropriate structure under this scheme. Though this structure may not technically fall under a Greenfield scheme, yet owing to the similarity with the concept of private partner bringing assets (land and building) and government aid, this is considered a logical extension of the DBFO scheme.

Scope of Work

The private partner is further expected to design, construct, manage, finance, and operate the schools at the end of the concession period. The private partner will have to construct the asset to one that befits a good school and is compliant to the higher of Kendriya Vidyalaya or CBSE norms and subsequently manage the school and provide quality education. The concession period could be around 30 years. The minimum bid lot for a Project is recommended at 5 schools in a district. This is required to give the private partner minimum economic size and thereby achieve economies of scale.

The private partner can also run education related supplementary revenue generation activities such as hostel in the school subject to government approvals.

Student Mix and Fees

The financial support to the project will be in the form of an upfront construction subsidy in the nature of a VGF up to 50% of the project cost could be provided on a case-to-case basis based on financial analysis and reimbursement of fees of sponsored students in an annuity model based on an appropriate comparator (average per student expenditure of government/ULBs in similar schools).

The percentage students receiving government support may vary from location to location and has to be decided at a transaction level by detailed project preparation. For e.g. in far flung rural areas where there exists no free market students the government may have to sponsor all the students and in cities/district headquarters 50% of the students are sponsored while the rest capacity is to filled up from the free market by the private partner.

3.3 Applicability of the Structure

This structure is particularly relevant and should be applied if one or more of the following gaps and possible reasons are observed:



3.4 Financial Assistance from Government

The financial assistance to this structure would be in the form of:

- a. Upfront construction subsidy in the nature of a VGF up to 50% of the project cost could be provided (or to be capped at a particular value based on project financial analysis to be carried out by Transaction Advisor at a later stage)
- b. Reimbursement of fees of sponsored students in an Annual Reimbursement model based on an appropriate comparator (average per student expenditure of government in similar schools)

3.5 Viability Enhancers

The viability and financial feasibility of the proposed structure would be facilitated by the incorporation of the following viability enhancers:

- a. Land pricing: Land can be provided by the government free or at subsidised rates for construction of schools in areas where there are access problems.
- b. Alternative revenue streams: Utilization of land for the school for acceptable supplementary activities such as adult education, running a local tuition centre, etc. The permitted supplementary activity should not interfere with the ethos and functioning of a school and will be subject to government approvals. The private partner must inform the government/ULB and wait for approval before undertaking any new activity. An indicative list of activities that are not permissible is given in Annexure [7].
- c. Capacity expansion permissions: The government can allow capacity expansion of the schools during the concession period (time share or additional infrastructure).
- d. Fee potential from non-government school seats: The private partner can maximize revenue from the non- government sponsored seats.
- e. Combining sites to increase viability: Bulk contracting of many schools in a designated may result in economies of scale and some cost savings to the project as it results in economies of scale. This also encourages the private partner to develop common infrastructure, such as hostels and teacher training facilities catering to five schools in a district.
- f. Increasing Concession Period: Increasing the concession period would allow the private partner additional buffer for recovering the capital investment.

3.6 Risk Allocation

3.7 Procurement Process

The procurement process for selection of private partner through a competitive bidding process is detailed out in the Term Sheets [10.3 Structure # 3; Point No- 11 onwards]. This covers the three most important sections, namely

IDENTIFIED GAP AND POSSIBLE REASONS Table 13		
S.No.	Identified Gap	Possible Reasons
1	Lack of 'Access' for population as defined by the RTE norms	Inadequate number of schools
2	Poor results among students of weaker sections of society	◆ Barrier of high fee for admission in private schools ◆ Lack of public schools in neighbourhood

Table 14 RISK ALLOCATION MATRIX

S.No.	Type of Risk	Allocation	Comments
1	Regulatory Risk	Pre-commissioning Government Operations Private partner	There is a risk of time and cost overruns affecting the handover of the schools due to delays in gaining access to sites, obtaining a No Objection Certificate (NOC), getting permits and approval of plan from local development authorities for construction, approval of Municipal Councils of cities for site development and getting utilities such as electricity and water to the sites. Government of Maharashtra can best manage and facilitate such activities and should assume this risk. There are many risks that could arise during the operations such as private partner not adhering to standards and specifications which private partner should assume. The school(s) could lose its affiliation and accreditation if it deviates for highest standards of quality and this will have adverse impact on the demand and hence on revenue.
2	Design Risk	Private partner	This risk is wholly transferred to private partner as it is completely responsible for construction since inception and hence has full control over design.
3	Construction Risk	Private partner	Time overruns, cost overruns and inefficiencies and third party liabilities are some of the major risks for construction that accrue to the private partner that undertakes construction activity.
4	Performance Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
5	Availability Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
6	Demand Risk	Shared or Government	Demand risk is shared equally between the government and the private partner. The total number of students in the school should be an equal mix of government sponsored students and free market students. However, it is to be noted that there may be locations which are not economically attractive and private partner may not be willing to share the demand risk. In such locations the government may need to undertake up to 100% of demand risk. An example is Educationally Backward Blocks (EBBs) of the State.
7	Pricing Risk	Shared	The risk of any unfavourable effect on the revenue due to change in price should be assumed by government as the reimbursement charges are determined by the government. The government has also a scope for escalation linked to CPI. However the private partner also has a role to play as operations efficiency would contribute a long way in pricing profitability.
8	Force Majeure Risk	Shared	There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project.
9	Residual Value Risk	Private partner	As per the agreement and PPP framework the private partner has to transfer the asset back to the government after the concession period. The private partner has to maintain the infrastructure for the duration of the agreement so that it can transfer the asset at a proper value at the end of agreement (only in DBFOT offshoot).
10	Termination Risk	Shared	Termination on account of unforeseen performance defaults, payment defaults etc. would have to be accounted for by both parties.



- a. Bid Process
- b. RFQ Criterion
- c. Bid Criterion

The same would help and assist in providing guidance on preparation of the Concession Agreement.

3.8 Monitoring Mechanisms

a. Monitoring Requirements: Moderate

Explanation: This structure involves private participation from the inception of the school. The involvement of the private partner is hence much more and the consequences of the school not providing high quality education would adversely affect project financials as it would not be able to attract the free market students and may lose the Government sponsored students sponsored by government to other PPP schools that are managed well. The entire control of construction and operations of the school lies with the private partner, the government's role is limited to providing financial aid and supervising.

b. KPIs for Construction

- i. General: Completion of the construction works in accordance with the terms of the minimum specifications and the quality parameters within the schedule set out by the project milestones statement.
- ii. Monitoring & supervision during the Construction Period: During the construction period, a monthly progress report on the construction status of the works would be submitted to the district level committee. An independent engineering consultant would be procured for preparing the report and the fee for the same will be borne in equal measure by the authority and the private partner.
- iii. Certification of the Works and the Commercial Operation Date (COD): The authority would be notified upon the completion of every project milestone. Upon the receipt of each milestone completion notice, the authority would issue a certificate in relation thereto, based on the report of the engineering consultant. Upon the receipt of the final milestone completion notice, the authority would issue a COD certificate, based on the report of the engineering consultant.
- iv. Quality Assurance: Within 10 (ten) business days following the issuance of the COD certificate, the private partner shall submit to the authority a quality assurance certification for the completed works, stating that the works (as far as relevant) comply with the National Building Code.
- v. Corrective measures in relation to the works: At any time during the construction period, the authority shall have the right to direct the private partner with regard to corrective measures in relation to the works if they are being carried out in a manner that does not comply with the applicable law or industry best practice.
- vi. Linkage between achievement of Construction KPIs, debt and capital grant: Disbursement of debt and capital grant would be linked to the attainment of project milestone completion certificates.



c. Service Delivery

- i. Education imparted to all students of the school: The pass rate of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- ii. Education imparted to sponsored students of the school: The pass rate of the sponsored students of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- iii. Dropout rate of sponsored students of the school: The average dropout rate (as defined below) of the sponsored students in the school will be compared with the average dropout rate of sponsored students across all new Greenfield schools. Initially, the schools will be required to attain [70%] of the average.

For the purposes of calculating this KPI, the dropout students are defined as

Dropout Students = Number of sponsored students in the class who appeared for the final examination in the previous academic year + any addition of sponsored students in the class during the current academic year – Number of sponsored students in the class who appeared for the final examination in the current academic year.

- iv. English reading and comprehension skills of sponsored students of the school: The average marks scored by sponsored students of the school in the subject of English will be compared with a benchmark average of marks scored in English. The benchmark could be the national average marks for English in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- v. Quantitative and logical reasoning skills of sponsored students: The average marks scored by sponsored students of the school in the subject of Mathematics will be compared with a benchmark average of marks scored in Mathematics. The benchmark could be the national average marks for Mathematics in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- vi. Computer Awareness skills of sponsored students: The average marks scored by sponsored students of the school in the subject of Computers & IT will be compared with a benchmark average of marks scored in Computers



& IT. The benchmark could be the national average marks for Computers & IT in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark. For measuring this KPI, an annual ability examination will be conducted for Computers & IT subject.

- vii. Comparison of the average marks scored by sponsored and non sponsored students in the school: The average marks scored by sponsored students of the school in the examinations will be compared with the average marks scored by non sponsored students of the school in the corresponding examinations. Initially, the voucher students in the school, on an average will be required to attain 70% of the average marks scored by non-voucher students. This percentage should gradually increase over the concession period.

3.9 Other Structure Details

a. **Project Type: Greenfield Project**

Explanation: All locations would have built new schools that would be constructed and subsequently operated by the private partner.

b. **Target Bidder: Corporate and NGOs**

Explanation: Though the primary targets are companies working in education sector, NGOs and trusts might form consortiums to bid for such projects that complement their skills and strengths.

c. **Need for Capital Investment: Yes**

Explanation: Private partner would invest in creating new and modern infrastructure in order to match/exceed the KVS/C.B.S.E norms.

d. **Affiliating Board: CBSE or State Board**

Explanation: School affiliation is a necessary condition for securing quality education. The school should get affiliated to the CBSE or State Board.

e. **Need for Teacher Rehabilitation: No**

Explanation: The school being a Greenfield project would necessarily involve hiring of new teachers and staff and additionally admitting new students into the attendance rolls.

4. Management Contracts at existing schools

4.1 Structure Summary

- a. In this structure, an existing government school is handed over to the private partner to manage and run the school by appointing its own staff.
- b. The Concession Period could be around 5-10 years.
- c. This structure could have two offshoots:
 - i. Annual reimbursement
 - ii. Second shift in schools
- d. As there are no major construction activities no VGF backing is envisaged in this structure.



- e. Annual reimbursement model is envisaged for locations where there is low demand or low paying capacity of the market or locations that have difficult terrain and private sector presence and participation is unlikely.
- f. Second shift is envisaged for schools in relatively better locations where there is demand for new schools.
- g. This model requires high monitoring and evaluation linked to the performance of the private partner and achievement of KPIs.

4.2 Structure Narrative

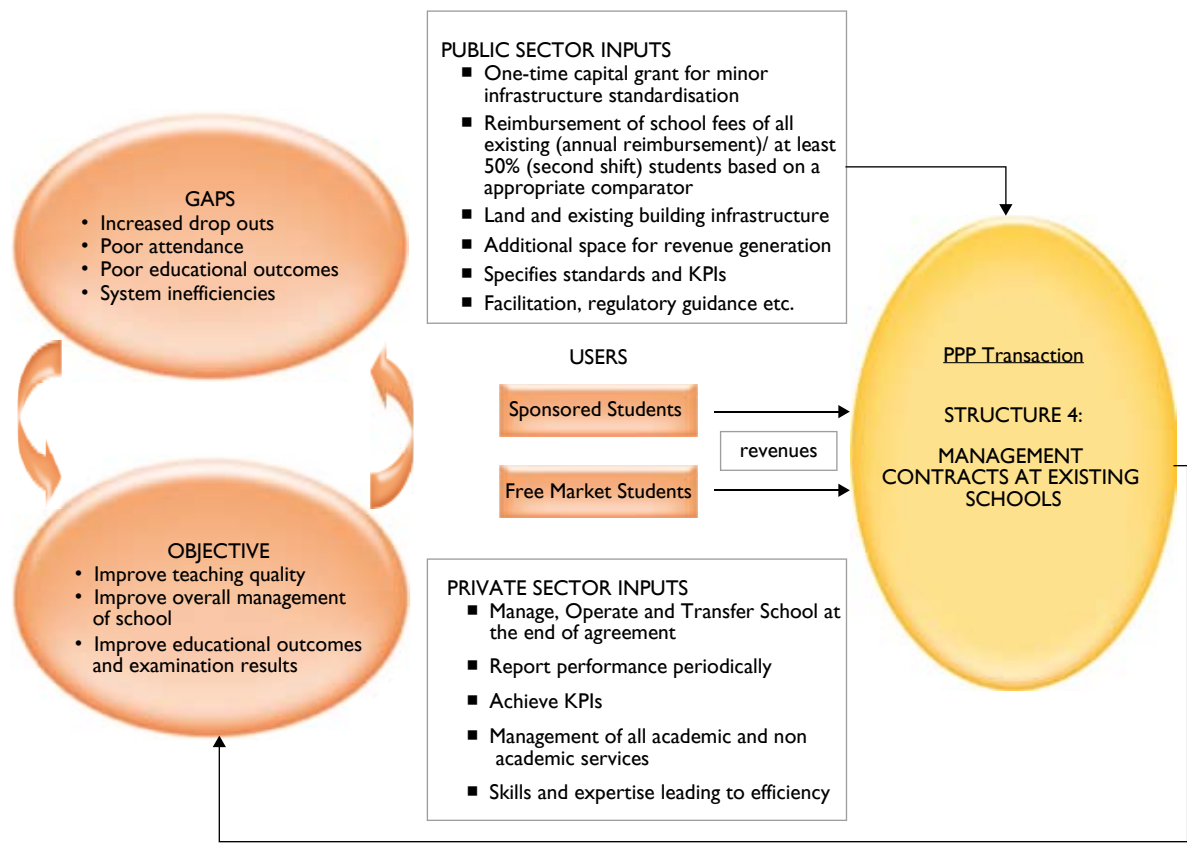
Background

Many schools in the state are facing the problem of teacher absenteeism, under qualified teachers and poor results, indicating the poor service delivery at these schools. This is resulting in large drop outs from schools. Construction of new schools is a time consuming process involving land acquisition and approvals and hence handing over of management of existing schools should be used as a timely measure to stop drop outs from school or closing down of existing schools due to poor attendance.

Structure Objective

This structure seeks to improve the quality of education of the school by targeting improvement in teaching quality through appointment of well qualified and trained teachers and better pedagogy. This also reduces system inefficiencies such as increased expenditure, high per pupil spend. The overall objective is to achieve significant improvements in education outcomes and results of students.

Figure 9 MANAGEMENT CONTRACTS AT EXISTING SCHOOLS





Offshoots

This structure could have two offshoots:

Annual reimbursement – All students of the existing school will be government sponsored students and the government will reimburse the fee of these students based on an appropriate comparator (average per student expenditure of government/ULBs in similar schools). This offshoot is envisaged for locations where there is low demand or low paying capacity of the market or locations that have low paying capacity of parents and private sector presence and participation is unlikely.

Second shift in schools – This offshoot is suitable for schools in relatively better locations where there is high demand for new schools. The private partner manages second shift in existing schools. Overall management of school and management of one shift remain with the government/ULB. The private partner would have full autonomy in recruitment and deployment of staff in the school.

Scope of Work

The private partner in this structure is responsible for the maximization of educational and economic value from the existing infrastructure. The private partner is expected to recruit and deploy its own staff at the school and manage the school till the end of the contract. The private partner may admit more students to the existing school if the existing strength is less than the total capacity or continue with the existing students.

In the Annual reimbursement, all students are government sponsored and hence the private partner must focus on operational efficiency in management.

The second shift system on the other hand presents the private partner with an opportunity to implement time management and potentially double the capacity of the school.

Student Mix and Fees

In the annual reimbursement, if the school taken over by the private partner is not running at full capacity then the private partner is free to fill in the remaining seats from the free market and charge market based fees to them.

However in the second shift model, the private partner will have to reserve 50% of the school capacity for government sponsored students. The private partner will be free to charge a market determined fee from the balance 50% of the students which would come from the free market.

4.3 Applicability of the Structure

This structure is particularly relevant and should be applied if one or more of the following gaps and possible reasons are observed:

4.4 Financial Assistance from Government

The financial support to the project will be in the form of

- a. All students of the existing school (in Annual Reimbursement model) will be sponsored students and the government will reimburse the fee of these students based on an appropriate comparator (average per student expenditure of government/ULBs in similar schools)
- b. In second shift off-shoot at least 50% of total students will be sponsored based on appropriate comparator



- c. Reimbursement of minor repair expenses (cost of which shall be assessed by a Technical Assessment Report) on actual expenses incurred

4.5 Viability Enhancers

The viability and financial feasibility of the proposed structure would be facilitated by the incorporation of the following viability enhancers:

- a. Fee potential from non-government school seats: The private partner can maximize revenue from the non-government sponsored seats.
- b. Bid Lot: Group schools in a manner that provides for a base minimum viability to attract private sector interest.
- c. Alternative revenue streams: Utilization of allotted land for the school for acceptable supplementary activities such as adult education, running a local tuition centre, etc. The permitted supplementary activity should not interfere with the ethos and functioning of a school and will be subject to government approvals. The private partner must inform the government/ULB and wait for approval before undertaking any new activity. An indicative list of activities that are not permissible is given in Annexure [7].

4.6 Risk Allocation

The various types of risks associated with this particular structure are allocated with reference to the risks discussed in previous Chapters. The risk allocation matrix for this structure is as follows:

4.7 Procurement Process

The procurement process for selection of private partner through a competitive bidding process is detailed out in the Term Sheets [10.4 Structure # 4; Point No- 11 onwards]. This covers the three most important sections, namely

- a. Bid Process
- b. RFQ Criterion
- c. Bid Criterion

The same would help and assist in providing guidance on preparation of the Concession Agreement.

Table 15 RISK ALLOCATION MATRIX

S.No.	Identified Gap	Possible Reasons
1	Increased number of drop outs from school	<ul style="list-style-type: none"> ◆ Poor overall management of schools & administration ◆ Poor quality of teaching
2	Closing down of existing schools due to poor attendance	Poor overall management of schools
3	System inefficiencies – increased expenditure, high per pupil spend	Poor management of school
4	Student absenteeism and low motivation among students	Teaching quality, lack of overall development programmes
5	Teacher absenteeism – low motivation among teachers	No skills up gradation or continuous training and capacity building of teachers



4.8 Monitoring Mechanisms

a. Monitoring Requirements: High

Explanation: The proposed structure involves active collaboration between the government and the private sector. As the private partner is specifically brought in to improve the educational outcomes, the progress made against the pre-decided KPIs will need constant monitoring and all payments to the private partner would be based upon the KPIs.

b. KPIs for Service Delivery

- i. Education imparted to all students of the school: The pass rate of the school will be compared with a benchmark pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- ii. Education imparted to sponsored students of the school: The pass rate of the sponsored students of the school will be compared with a benchmark

RISK ALLOCATION MATRIX Table 16

S. No.	Type of Risk	Allocation	Comments
1	Regulatory Risk	Private partner	There are many risks that could arise during the operations such as private partner not adhering to standards and specifications which private partner should assume. The school(s) could lose its affiliation and accreditation if it deviates for highest standards of quality and this will have adverse impact on the demand and hence on revenue.
2	Performance Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
3	Availability Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the school this risk should be assumed by the private partner.
4	Demand Risk	Annual reimbursements Government Second Shift Shared	In annual reimbursements all students are sponsored by the government and hence the risk lies with it only. Demand risk is shared equally between the government and the private partner for second shifts as the total number of students in the school are a mix of government sponsored students and free market students. The private partner would be free to charge a market determined fee from half of the students which would come from the open market. The fee of balance 50% of the seats (second shift) will be reimbursed by the government based on a suitable comparator (average per student expenditure of government in similar schools).
5	Pricing Risk	Shared	The risk of any unfavourable effect on the revenue due to change in price should be assumed by government as the reimbursement charges are determined by the government. The government has also a scope for escalation linked to CPI. However the private partner also has a role to play as operations efficiency would contribute a long way in pricing profitability.
6	Force Majeure Risk	Shared	There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project.
7	Termination Risk	Shared	Termination on account of unforeseen performance defaults, payment defaults etc would have to be accounted for by both parties.



pass rate. The benchmark pass rate could be the national pass rate in the CBSE examination or pass rate in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark pass rate. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.

- iii. Dropout rate of sponsored students of the school: The average dropout rate (as defined below) of the sponsored students in the school will be compared with the average dropout rate of sponsored students across all schools under PPP scheme. Initially, the schools will be required to attain [70%] of the average.

For the purposes of calculating this KPI, the dropout students are defined as

Dropout Students = Number of sponsored students in the class who appeared for the final examination in the previous academic year + any addition of sponsored students in the class during the current academic year – Number of sponsored students in the class who appeared for the final examination in the current academic year

- iv. English reading and comprehension skills of sponsored students of the school: The average marks scored by sponsored students of the school in the subject of English will be compared with a benchmark average of marks scored in English. The benchmark could be the national average marks for English in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- v. Quantitative and logical reasoning skills of sponsored students : The average marks scored by sponsored students of the school in the subject of Mathematics will be compared with a benchmark average of marks scored in Mathematics. The benchmark could be the national average marks for Mathematics in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark.
- vi. Computer Awareness skills of sponsored students: The average marks scored by sponsored students of the school in the subject of Computers & IT will be compared with a benchmark average of marks scored in Computers & IT. The benchmark could be the national average marks for Computers & IT in the CBSE examination or in all schools affiliated to the state board. Initially, the schools will be required to attain a certain percentage, for e.g. [70%] of the benchmark marks. This percentage should gradually increase over the concession period and the schools should eventually attain 100% of the benchmark. For measuring this KPI, an annual ability examination will be conducted for Computers & IT subject.
- vii. Comparison of the average marks scored by sponsored and non sponsored students in the school: The average marks scored by sponsored students



of the school in the examinations will be compared with the average marks scored by non sponsored students of the school in the corresponding examinations. Initially, the voucher students in the school, on an average will be required to attain 70% of the average marks scored by non-voucher students. This percentage should gradually increase over the concession period.

4.9 Other Structure Details

a. **Project Type: Brownfield Project**

Explanation: All locations would have existing schools that would be handed over to the private partner.

b. **Target Bidder: Corporate and NGOs**

c. **Need for Capital Investment: No**

Explanation: Minor repairs/refurbishment only would be needed without any major capital investment.

d. **Affiliating Board: CBSE or State Board**

Explanation: School affiliation is a necessary condition for securing quality education. The school should maintain its existing affiliation, and in case it has no current affiliation, it should get affiliated to the CBSE or State Board.

e. **Need for Teacher Rehabilitation: Yes**

Explanation: In the second shift offshoot, there is no need for reallocation of teachers. In the annual reimbursement model, the first option would remain with the private partner to absorb the teachers after taking over the management of the school under its own service conditions. Else, the existing teachers and non-teaching staff at the school could be re-allocated to other schools or they have the option to undergo the recruitment process of the private partner and work under private sector service conditions.

The continuity of education of existing students should not be affected in any way during the process of minor refurbishment and handover of management. Other available infrastructure/space in the school may be utilised for their classes during the minor refurbishment stage.

5. Build and manage hostels for students

5.1 Structure Summary

- a. This model seeks to develop hostels to provide affordable accommodation to students in rural towns and cities where there is a large out-migration of labourers which results in continuity issues (students need to shift schools in the middle of the academic year) for the children of these labourers who are enrolled in government schools.
- b. The private partner is required to design, build, finance and operate new hostels at Greenfield locations.
- c. There could be two offshoots namely,
 - Design-Build-Finance-Operate-Transfer (DBFOT) structure, and
 - Design-Build-Finance-Operate (DBFO) structure



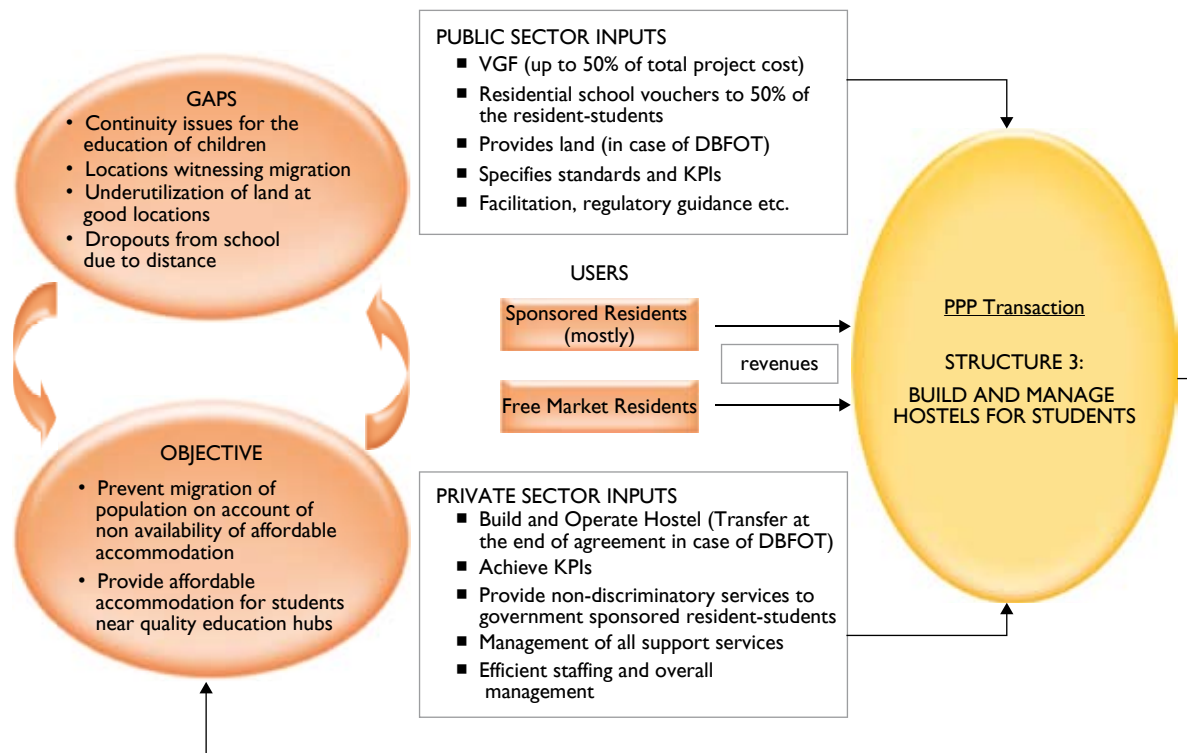
- d. The DBFOT variant envisages the government providing land at a long term nominal lease whereas the DBFO variant requires the private partner to purchase land at market prices.
- e. The objective is to provide affordable accommodation to students in two types of locations
 - Rural towns where there is a large out-migration of labourers
 - Cities such as Mumbai/Pune, which have more number of good quality schools
- f. The hostels will be fully residential and only students will be allowed to stay in the hostel.
- g. The Concession Period could be around 30 years.
- h. 50% of the capacity of the hostel is sponsored by government at pre-decided rates using resident student vouchers, while the rest can be allotted from the open market providing a market determined fee.
- i. The financial support to the project will be in the form of Viability Gap Funding (VGF) up to 50% of total project cost and reimbursement of recurring expenses for hostel services of sponsored student-residents through resident vouchers.

5.2 Structure Narrative

Background

There is a need of affordable accommodation for students in two types of locations i.e. (i) in rural towns where there is a large out-migration of labourers which results in

Figure 10 BUILD AND MANAGE HOSTELS FOR STUDENTS





continuity issues for the children who are enrolled in government schools there and, (ii) in cities such as Mumbai/Pune, which have more number of good quality schools and hence, parents want to send their children to such cities to access quality education but face constraints of affordable accommodation. The parents can not afford the accommodation and as a result the students are forced to drop-out of schools.

Structure Objective

The objective of this structure is to provide affordable accommodation to students of all sections of the society (especially the disadvantaged sections) and reduce socio-economic barriers to quality education.

The construction and management of hostel(s) could be bundled with the management of a school(s) in the school premises (if there is space available) or some other location in the same city/district. This arrangement ensures retention and continuity of education of students by providing a good living environment to them. The hostels also reduce the demand risk for the school.

Offshoots

There could be two offshoots namely

- ▶ DBFOT: Government provides land at a long term nominal lease. All assets revert back to government at the end of concession period (30 year)
- ▶ DBFO: Private partner purchases land at market prices. There is no transfer of land or assets at the termination of contract (30 years)

Scope of Work

The private partner has to design and build affordable hostel facilities for providing accommodation. It is expected that the private partner would adhere strictly to the timelines laid down and incorporate future expansion plans in the design. The private partner should also allow some flexibility in design to help the hostel generate additional revenue from related supplementary activities.

The hostels will be fully residential and only students will be allowed to stay in the hostel. The private partner constructs the hostel and recruits and deploys its own staff to manage and run the hostel. The private partner has to provide boarding, food, security and basic healthcare services to the residents. The concession period could be around 30 years.

There should be no discrimination between the government sponsored student residents and free market resident students for any of the services provided in the hostel. However only students should be admitted in the hostels and any violation of this rule would invite penalties. Repeated violations would lead to termination of the contract.

Student Mix and Fees

The expenses of 50% of the capacity of the hostel are sponsored by government at pre-decided rates for disadvantaged sections of the society. The rest 50% of the capacity can be allocated to students from the open market where parents pay the market fees charged by the private partner.

The government sponsored students in the school will have the first right of admission in the hostel meant for the school. The fees for such students may be reimbursed by the government through resident vouchers. The recurring charges collected as revenues from the free market residents are expected to cross-subsidise the government grants.



5.3 Applicability of the Structure

This structure is particularly relevant and should be applied if one or more of the following gaps and possible reasons are observed

5.4 Financial Assistance from Government

The financial support to the project will be in the form of

- a. Viability Gap Funding (VGF) up to 50% of total project cost (or to be capped at a particular value based on project financial analysis to be carried out by Transaction Advisor at a later stage) through an upfront construction subsidy will be considered for each transaction on a case to case basis
- b. Reimbursement of running expenses of sponsored student-residents through resident vouchers

5.5 Viability Enhancers

The viability and financial feasibility of the structure would be facilitated by the incorporation of the following viability enhancers:

- a. Alternative revenue streams: Utilization of allotted land for the hostel for acceptable supplementary activities such as adult education, running a local tuition centre, etc. The permitted supplementary activity should not interfere with the ethos and functioning of a school and will be subject to government approvals. The private partner must inform the government/ULB and wait for approval before undertaking any new activity. An indicative list of activities that are not permissible is given in Annexure [7].
- b. Land pricing: Land can be provided by the government free or at subsidized rates.
- c. Residential schools: To ensure balanced regional development, a single minimum bid could be a combination of one school and one hostel. The option of bundling the construction and management of new hostels with management of existing schools could add synergies to the entire structure. The performance of the private player will be measured against KPIs for both the school as well as the hostel and in case of under-performance or termination of contract in one, the whole contract gets terminated.
- d. Increasing Concession Period: Increasing the concession period would allow the private partner additional buffer for recovering the capital investment.

5.6 Risk Allocation

Table 17 RISK ALLOCATION MATRIX

S.No.	Identified Gap	Possible Reasons
1	Locations witnessing out migration	Lack of affordable hostel facilities
2	Continuity issues for the education of children of some sections of society	Large population of poorer section of society, unable to afford hostel accommodation
3	Underutilization of land at good locations	Lack of a framework for utilisation of existing space.
4	Dropouts from school	Students have to travel long distances to come to school



5.7 Procurement Process

The procurement process for selection of private partner through a competitive bidding process is detailed out in the Term Sheets [10.5 Structure # 5; Point No- 11 onwards]. This covers the three most important sections, namely

- a. Bid Process
- b. RFQ Criterion
- c. Bid Criterion

The same would help and assist in providing guidance on preparation of the Concession Agreement.

MATRIX FOR BUILD, MANAGE HOSTELS Table 18

S. No.	Type of Risk	Allocation	Comments
1	Regulatory Risk	Pre-commissioning Government Operations Private partner	The regulatory and policy changes related risks are usually assumed by the government. Facilitating clearances/ permits etc. can be expedited by the Government of Maharashtra. There are many risks that could arise during the operations such as private partner not adhering to standards and specifications which private partner should assume.
2	Design Risk	Private partner	This risk is wholly transferred to private partner as it is involved in the design of the infrastructure from inception
3	Construction	Private partner	Time overruns, cost overruns and inefficiencies and third party liabilities are some of the major risks for construction that accrue to the private partner that undertakes construction activity
4	Performance Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the hostel this risk should be assumed by the private partner
5	Availability Risk	Private partner	As the private partner is given the sole responsibility of recruitment and management of staff and has the overall management of the hostel this risk should be assumed by the private partner
6	Demand Risk	Shared	Demand risk is shared equally between the government and the private partner. The private partner would be free to charge a market determined fee from half of the students which would come from the open market. The fee of balance 50% of the seats will be reimbursed by the government based on a suitable comparator.
7	Pricing Risk	Shared	The risk of any unfavourable effect on the revenue due to change in price should be assumed by government as the reimbursement charges are determined by the government. The government has also a scope for escalation linked to CPI However the private partner also has a role to play as operations efficiency would contribute a long way in pricing profitability
8	Force Majeure Risk	Shared	There maybe external/natural/political events of which might not be foreseen by both parties and which affect the construction and/or the operation of the project
9	Residual Value Risk	Private partner	As per the agreement and PPP framework the private partner has to transfer the asset back to the government after the concession period (DBFOT). The private partner has to maintain the infrastructure for the duration of the agreement so that it can transfer the asset at a proper value at the end of agreement.
10	Termination Risk	Shared	Termination on account of unforeseen performance defaults, payment defaults etc. would have to be accounted for by both parties.



5.8 Monitoring Mechanisms

a. Monitoring Requirements: Moderate

Explanation: This structure involves private participation from the inception of the school. The involvement of the private partner is hence much more and the consequences of the hostel not providing quality affordable accommodation would adversely affect project financials as it would not be able to attract the free market students and may lose the resident Government sponsored students sponsored by government. The entire control of construction and operations of the hostel lies with the private partner, the government's role is limited to providing financial aid and supervising.

b. KPIs for Construction:

- i. **General:** Completion of the construction works in accordance with the terms of the minimum specifications and the quality parameters within the schedule set out by the project milestones statement.
- ii. **Monitoring & supervision during the Construction Period:** During the construction period, a monthly progress report on the construction status of the works would be submitted to the district level committee. An independent engineering consultant would be procured for preparing the report and the fee for the same will be borne in equal measure by the authority and the private partner.
- iii. **Certification of the Works and the Commercial Operation Date (COD):** The authority would be notified upon the completion of every project milestone. Upon the receipt of each milestone completion notice, the authority would issue a certificate in relation thereto, based on the report of the engineering consultant. Upon the receipt of the final milestone completion notice, the authority would issue a COD certificate, based on the report of the engineering consultant.
- iv. **Quality Assurance:** Within 10 (ten) business days following the issuance of the COD certificate, the private partner shall submit to the authority a quality assurance certification for the completed works, stating that the works (as far as relevant) comply with the National Building Code.
- v. **Corrective measures in relation to the works:** At any time during the construction period, the authority shall have the right to direct the private partner with regard to corrective measures in relation to the works if they are being carried out in a manner that does not comply with the applicable law or industry best practice.
- vi. **Linkage between achievement of Construction KPIs, debt and capital grant:** Disbursement of debt and capital grant would be linked to the attainment of project milestone completion certificates.

c. KPIs for Service Delivery

- i. **Dropout rate of sponsored residents of the school:** The proportion of sponsored residents who drop out in any year vis-à-vis the total number of sponsored residents in the hostel. This would be measured semi-annually, as applicable.
- ii. **Additional KPIs can be developed to detect the hygiene and security environment of the hostel by measuring sickness records, instances of security breaches etc.**



- iii. **Quality Satisfaction Surveys:** Quality satisfaction surveys can be conducted at the end of each year to measure the overall quality of services provided to resident students. This could be facilitated by surveys, focused discussions, interviews etc. among the resident students. The parameters for evaluation could include quality of food, hygiene, security etc. The final payment of the fees of sponsored students can be increased or decreased based upon the results of the survey.

5.9 Other Structure Details

a. **Project Type: Greenfield Project**

Explanation: Government will allocate land for construction of new hostels.

b. **Target Bidder: Corporate and NGOs**

Explanation: NGOs and trusts might form consortiums to bid for such projects that complement their skills and strengths.

c. **Need for Capital Investment: Yes**

Explanation: The construction of hostels would require capital investments.

Term Sheets 10

Table 19 REFURBISH/ RECONSTRUCT FINANCE OPERATE AND TRANSFER (RFOT)

SN	Particular	Details
1	Scope of the Structure	<ol style="list-style-type: none"> In this structure, the Concessionaire (private partner) would assume the school asset on an as-is-where-is basis and refurbish or reconstruct the asset to one that befits a good school and is compliant to the higher of Kendriya Vidyalaya or CBSE norms for school infrastructure and subsequently manage the school to improve the quality of education. The Concessionaire would transfer the assets back to the Authority (government/Urban Local Bodies (ULBs)) at the end of the agreement.
2	Offshoots	<p>There could be two offshoots of this structure namely,</p> <ul style="list-style-type: none"> ◆ Refurbish, Finance, Operate and Transfer structure and, ◆ Reconstruct, Finance, Operate and Transfer structure
3	Duration of the Contract	<p>Refurbish-Finance-Operate-Transfer structure - [20 years] Reconstruct- Finance-Operate-Transfer structure - [30 years]</p>
4	Conditions Precedent	<p>Concessionaire (private partner)</p> <p>Conditions Precedent required to be satisfied by the Concessionaire prior to the appointed date shall be deemed to have been fulfilled when the Concessionaire shall have:</p> <ol style="list-style-type: none"> Signed the contract within ____ days of acceptance of letter of award Submitted a performance security of an amount of Rs. ____ in the form of a Bank Guarantee Delivered to the Authority, to its satisfaction, a legal opinion from its legal counsel confirming that the Concessionaire is duly constituted and this Agreement is binding and enforceable against the Concessionaire and wherever applicable against each of its Members Delivered a certificate undertaking that it will be, at all times, in compliance with the PPP scheme and laws of the state Provided evidence in a manner reasonably acceptable to Authority that the Concessionaire has the funds available (whether by debt or equity) to undertake the project. Such evidence may include, but not be limited to, an executed loan agreement or a letter of commitment from the members Ensured that the re-construction/refurbishment contracts have been executed Achieved financial closure Entered into an escrow agreement for each school Ensured that all representations and warranties provided by all consortium members are true and correct <p>Sponsoring Authority</p> <p>The Conditions Precedent required to be satisfied by the Authority shall be deemed to have been fulfilled when the Authority shall have:</p> <ol style="list-style-type: none"> Granted concession to access to the school premises for undertaking activities as per project milestones within [30 days] of signing of contract Handed over the land and all assets of the school including all buildings, classrooms, furniture and other infrastructure with right to use within [60 days] of signing of contract Established the city and state level committees for project management and monitoring Appointed an Independent Engineer or the Sarva Shiksha Abhiyaan, Civil Wing/Rashtriya Madhyamik Shiksha Abhiyan, Civil Wing for the purposes of discharging its obligations of preparing the Technical Assessment report on the existing assets, monitoring and certifying progress against construction milestones



SN	Particular	Details
5	Obligations of Concessionaire (private partner)	<ol style="list-style-type: none"> 1. The Concessionaire shall use the project land and assets only to implement the project and to undertake the supplementary activities permitted under the PPP Scheme or Agreement and approved by appropriate authorities. 2. The Concessionaire will be responsible for preparing design drawings for the refurbishment or reconstruction of schools and seek approvals on them. 3. The Concessionaire will construct the civil assets and incur the all capital expenditure to ensure compliance to Kendriya Vidyalaya and CBSE norms. 4. The Concessionaire shall, during the term of this Agreement, operate and manage the project facilities according to good industry practice, in good working condition such that they operate in accordance with their respective maintenance manual, and ensures that the project facilities when transferred to Authority upon expiry of the Concession Period or earlier termination, are in good condition subject to normal wear and tear. 5. The Concessionaire shall, at its own cost, plan for replacement of the necessary equipment well ahead of the end of the useful life thereof and replace such equipment in accordance with the maintenance manual and good industry practices. The Concessionaire shall, at its own cost, promptly and diligently repair, replace or restore any portion of the project facilities that may be lost, damaged or destroyed. 6. The Concessionaire will manage all the academic and non-academic services of the school. The Concessionaire shall ensure that it operates each school in a manner so as to ensure that the key performance indicators (specified in the Toolkit for this structure) are achieved. 7. The Concessionaire will conduct awareness and marketing campaigns in the neighbourhood to attract new students (in case of spare capacity being available in school). 8. The overall management of the schools will rest with the Concessionaire and it will have autonomy to decide on matters relating to planning, budgeting, staffing and management of the school. 9. The Concessionaire will be responsible for important activities such as training and capacity building of teachers. 10. The Concessionaire can either provide the support services such as sponsoring, catering, security itself or outsource it to a third party. 11. The Concessionaire can run supplementary activities subject to Authority approvals. 12. The Concessionaire is responsible to ensure that there is no discrimination between Authorities sponsored students and free market students.
6	Obligations of Sponsoring Authority (Government/ ULB)	<ol style="list-style-type: none"> 1. The Authority will provide the Concessionaire the concession to refurbish and operate identified existing schools with overall responsibilities for management of the school premises and buildings including all the academic and non-academic services. 2. The Authority will assist the private partner in obtaining all regulatory clearances and approvals. 3. The Authority will provide associated utilities and make any infrastructure provisions for them. 4. The Authority will provide the No Objection Certificate for CBSE affiliation or other required certificate and documentation support for state board affiliation (in case the school is not affiliated). 5. The Authority will process the payments (one time and recurring) and release performance linked Authority reimbursements to the Concessionaire for the fees for sponsored students. 6. The Authority will administer an annual exam either through itself or through a third party to measure KPIs. 7. The Authority will monitor and supervise the project on an ongoing basis.
7	Payment Mechanisms	<p>All payments to the Concessionaire will be based upon pre-decided KPIs for the Concessionaire. There would be three modes of payment to the Concessionaire</p> <ol style="list-style-type: none"> 1. VGF (amount to be determined and agreed upon based on financial and technical assessment) will be provided by the Authority on a case-to-case basis subject to completion of project construction milestones and as certified by a Technical Assessment report 2. Monthly/Quarterly reimbursement of fees of sponsored students by student voucher scheme or by direct reimbursement to Concessionaire 3. Payment of performance linked incentives or deductions will be adjusted with the monthly/ quarterly payment due after the monitoring and evaluation of performance



SN	Particular	Details
8	Risk Mitigation Strategies	<ol style="list-style-type: none"> 1. The government/ULB should provide evidence documents, legal papers and legal support to the Concessionaire in any disputes/cases that are attributed to this cause. 2. Design risk is partly transferred to Concessionaire in as it has independence in design after adhering to minimum design specifications if the present condition of the buildings permits the same. 3. The standardisation of the specifications to well accepted CBSE and KVS norms reduces this risk. 4. Risks arising out of third party liabilities could be mitigated by taking insurance cover. 5. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an "Escrow account". There can also be a first charge on any particular revenue source of government/ULB. The education of students should not be jeopardised due to default on reimbursements. 6. Performance risk related to providing education services is covered well by prescribing affiliation to CBSE or State Board. 7. Proper maintenance of assets under asset management contracts availing insurance cover reduces performance risk. 8. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an "Escrow account". There can also be a first charge on any particular revenue source of government/ULB. The education of students should not be jeopardised due to default on reimbursements. 9. Most of the KPIs for the Concessionaire are linked to performance of sponsored students. This covers the risk of discrimination as most of the concession payments are linked to these KPIs. 10. The risk of demand is mitigated to a large extent by the good location of the sites in major municipalities where there is a large demand for affordable schools that deliver high quality education.
9	Events of Default	<p>Concessionaire's (private partner's) Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by the Concessionaire of its obligations under the Agreement to be signed with project sponsoring Authority which is not cured within a period of 120 (one hundred twenty) business days from being given written notice by Authority including: <ul style="list-style-type: none"> • Non-submission of Project Management Plan to relevant authorities • Non-compliance to the performance standards • Non-adherence to construction milestones • Non-adherence to safety norms more than [thrice] in a row • Change or addition in services provided by Concessionaire at school premises allotted to Concessionaire without permission of the sponsoring Authority • Variation in student mix ratio different from that set by structure guidelines • Refusal to handover the premises to the sponsoring Authority towards completion of contract 2. A breach of any express representation or warranty by the Concessionaire where such breach is not remedied within 120 (one hundred twenty) business days of receipt of written notice from Authority specifying such breach and requiring the Concessionaire to remedy the same or, if such breach is incapable of cure and such express representation and warranty is material, immediately upon being given written notice by Authority 3. A breach of the terms of the Escrow Agreement 4. Failure of Concessionaire to achieve a minimum threshold score (to be defined in Agreement with government/ULBs) against identified KPIs for a period of 3 (three) consecutive years (based on simple average) during the Concession Period 5. The Concessionaire has been, or is in the process of being liquidated, dissolved, wound up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of Authority, a Material Adverse Effect; and 6. Repudiation of the Agreement by the Concessionaire.



SN	Particular	Details
		<p>Sponsoring Authority's Event of Default</p> <ol style="list-style-type: none"> A Material Breach by Authority of its obligations, which in each such case is not cured within a period of 120 (one hundred twenty) business days from being given written notice by the Concessionaire including <ul style="list-style-type: none"> Failure in handing over of school premises to Concessionaire despite satisfaction of all conditions precedent by it Failure in reimbursement of fees of sponsored students for a period greater than three months Repudiation of the Agreement by the Sponsoring Authority
10	Penalties and Termination	<p>During Construction Period</p> <p>If the Agreement is terminated at any time during Construction Period, then:</p> <ol style="list-style-type: none"> Where the termination is on account of Authority's Event of Default, the Concessionaire shall be entitled to receive Debt Due and [150% (one hundred fifty percent)] of the Base Termination Payment (to be defined as equity contribution of the Concessionaire) Where the termination is on account of Concessionaire's Event of Default the Authority shall be entitled to receive Debt Due and [50% (fifty percent)] of the Base Termination Payment <p>During Operation Period</p> <ol style="list-style-type: none"> Where the termination is on account of Authority's Event of Default, then the Concessionaire shall be entitled to receive Debt Due and a multiple/ fraction (depending on duration/timing of default) of the Base Termination Payment Where the termination is on account of Concessionaire's Event of Default, then the Concessionaire shall be entitled to receive [90% (ninety percent)] the Debt Due only
11	Bid Process	<p>Two stage process</p> <ol style="list-style-type: none"> RFQ stage for short-listing of bidders RFP stage with technical evaluation and then final selection through lowest cost bidder (LI)
12	RFQ Criterion	<p>Technical Qualification</p> <ol style="list-style-type: none"> Must have owned and managed eligible education institutions/projects such as managing schools, residential schools, colleges, universities, technical education institutes, coaching centres etc Must have minimum [...] years of experience of managing any or more of the above mentioned institutions Must have minimum [...] years of past experience in development of infrastructure and undertaking construction and related activities Must have collected and appropriated revenues from relevant projects as mentioned above <p>Financial Qualification</p> <p>Applicant shall have a minimum Net Worth (the "Financial Capacity") of Rs. [...] or minimum average revenue for the last three years of Rs. [...]at the close of the preceding financial year</p> <p>Consortiums</p> <ol style="list-style-type: none"> In case of a Consortium, the combined Technical Capability and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% (twenty six percent) each in the Concessionaire, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 2 (two) years from the date of commercial operation of the Project(s), hold equity share capital of not less than: (i) 26% (twenty six percent) of the subscribed and paid up equity of the Concessionaire; and (ii) 5% (five percent) of the Total Project Cost as specified in the Concession Agreement Number of members in a consortium shall not exceed [...] members
13	Bid Criterion	VGF + Present value of annual reimbursements sought during Concession Period for the government sponsored students

Table 20 MANAGEMENT CONTRACTS TO NGOS

SN	Particular	Details
1	Scope of the Structure	<ol style="list-style-type: none"> 1. This structure proposed to handover schools (Vasti Shalas and Ashram Shalas) to private partners (mostly NGOs) under management contracts to run these schools and get reimbursements for capital and recurring expenses from the existing budget provisions of state government from respective departments. 2. The existing contracts and agreements with NGOs will be terminated and a transparent procurement process of competitive bidding is to be undertaken to select NGOs for the schools.
2	Offshoots	None
3	Duration of the Contract	The Concession Period for this structure is envisaged to be between [5-10] years
4	Conditions Precedent	<p>Concessionaire (private partner, NGO)</p> <p>Conditions Precedent required to be satisfied by the Concessionaire prior to the appointed date shall be deemed to have been fulfilled when the Concessionaire shall have:</p> <ol style="list-style-type: none"> 1. Signed the contract within ____ days of acceptance of letter of award 2. Submitted a performance security of an amount of Rs. ____ in the form of a Bank Guarantee 3. Delivered to the Authority, to its satisfaction, a legal opinion from its legal counsel confirming that the Concessionaire is duly constituted and this agreement is binding and enforceable against the Concessionaire and wherever applicable against each of its members 4. Delivered a certificate undertaking that it will be, at all times, in compliance with the PPP scheme and laws of the state 5. Ensured that all representations and warranties are true and correct <p>Sponsoring Authority</p> <p>The Conditions Precedent required to be satisfied by the Authority shall be deemed to have been fulfilled when the Authority shall have:</p> <ol style="list-style-type: none"> 1. Handed over the land and all assets of the Ashram Shalas and Vasti Shalas including all buildings, classrooms, furniture and other infrastructure with right to use within [30 days] of signing of contract 2. Ensured that all contractual obligations with the NGOs that were managing the schools are completed before signing of the contract with NGOs selected under this structure through competitive bidding
5	Obligations of Concessionaire (private partner, NGO)	<ol style="list-style-type: none"> 1. The Concessionaire shall use the project land only to implement the project and to undertake the supplementary activities permitted under the PPP Scheme or Agreement and approved by appropriate authorities. 2. The Concessionaire shall, during the term of this Agreement, operate and manage the project facilities according to good industry practices, in good working condition such that they operate in accordance with their respective maintenance manual, and ensures that the project facilities when transferred to Authority upon expiry of the Concession Period or earlier termination, are in good condition subject to normal wear and tear. 3. The Concessionaire shall, at its own cost, plan for replacement of the necessary equipment well ahead of the end of the useful life thereof and replace such equipment in accordance with the maintenance manual and good industry practices. The Concessionaire shall, at its own cost, promptly and diligently repair, replace or restore any portion of the Project Facilities that may be lost, damaged or destroyed. 4. The Concessionaire will manage all the academic and non-academic services of the school. The Concessionaire shall ensure that it operates each school in a manner so as to ensure that the key performance indicators (specified in the Toolkit for this structure) are achieved. 5. The Concessionaire will conduct awareness and marketing campaigns in the neighbourhood to attract new students. 6. The overall management of the schools will rest with the Concessionaire and it will have autonomy to decide on matters relating to planning, budgeting, staffing and management of the school. 7. The Concessionaire will be responsible for important activities such as training and capacity building of teachers. 8. The Concessionaire can either provide the support services such as sponsoring, catering, security itself or outsource it to a third party.



SN	Particular	Details
6	Obligations Sponsoring Authority (Government/ ULB)	<ol style="list-style-type: none"> 1. The Authority provides the Concessionaire the concession to operate the existing school with overall responsibilities for management of the school premises and buildings including all the academic and non-academic services. 2. The Authority will provide associated utilities and make any infrastructure provisions for them. 3. Cost of minor repairs undertaken will be provided by the Authority after they are accessed subject to a ceiling of actual incurred expenses 4. The Authority will process the payments (one time and recurring) and release performance linked reimbursements to the Concessionaire for the fees for sponsored students. 5. The Authority will administer an annual exam either through itself or through a third party to measure KPIs. 6. The Authority will appoint an administrator during the periods of contract suspension or early termination to ensure uninterrupted functioning of these schools. 7. The Authority will monitor and supervise the project on an ongoing basis.
7	Payment Mechanisms	<p>All payments to the Concessionaire will be based upon pre-decided KPIs for the Concessionaire. There would be three modes of payment to the Concessionaire</p> <ol style="list-style-type: none"> 1. Cost of minor repairs activities shall be assessed by the Authority and reimbursed to the Concessionaire (NGO). 2. Monthly/Quarterly reimbursement of fees of sponsored students by student voucher scheme or by direct reimbursement to Concessionaire. 3. Payment of performance linked incentives or deductions will be adjusted with the monthly/ quarterly payment due after the monitoring and evaluation of performance.
8	Risk Mitigation Strategies	<ol style="list-style-type: none"> 1. The Authority should also terminate the contracts with NGOs that are currently managing the schools and complete all legal and financial obligations to ensure smooth handover. 2. Risks arising out of third party liabilities could be mitigated by taking insurance cover. 3. Performance risk related to providing education services is covered well by prescribing affiliation to CBSE or State Board. 4. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an “Escrow account”. There can also be a first charge on any particular revenue source of government/ULB. The education of students should not be jeopardised due to default on reimbursements. 5. The Authority has to enforce proper maintenance and insurance by the Concessionaire. 6. A detailed survey and assessment of all the assets should be done regularly and any discrepancies or poor practices should be penalized.
9	Events of Default	<p>Concessionaire’s (private partner’s) Event of Default</p> <ol style="list-style-type: none"> 1. A material breach by the Concessionaire of its obligations under the Agreement to be signed with project sponsoring Authority which is not cured within a period of [120 (one hundred twenty)] business days from being given written notice by Authority including: <ul style="list-style-type: none"> • Non-submission of Project Management Plan to relevant authorities • Non-compliance to the performance standards • Change or addition in services provided by Concessionaire at school premises allotted to Concessionaire without permission of the sponsoring Authority • Refusal to handover the premises to the sponsoring Authority after completion of contract 2. A breach of any express representation or warranty by the Concessionaire where such breach is not remedied within [120 (one hundred twenty)] business days of receipt of written notice from Authority specifying such breach and requiring the Concessionaire to remedy the same or, if such breach is incapable of cure and such express representation and warranty is material, immediately upon being given written notice by Authority. 3. Failure of Concessionaire to achieve a minimum threshold score (to be defined in Agreement with government/ULBs) against identified KPIs for a period of [3 (three)] consecutive years (based on simple average) during the Concession Period. 4. The Concessionaire has been, or is in the process of being liquidated, dissolved, wound up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of Authority, a Material Adverse Effect. 5. Repudiation of the Agreement by the Concessionaire.



SN	Particular	Details
		<p>Sponsoring Authority Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by Authority of its obligations, which in each such case is not cured within a period of 120 (one hundred twenty) business days from being given written notice by the Concessionaire including <ul style="list-style-type: none"> • Failure in handing over of school premises to Concessionaire despite satisfaction of all conditions precedent by it • Failure in reimbursement of fees of sponsored students for a period greater than six months 2. Repudiation of the Agreement by the Sponsoring Authority.
10	Penalties and Termination	<p>During Operation Period</p> <ol style="list-style-type: none"> 1. Where the termination is on account of Authority's Event of Default, then the Concessionaire shall be entitled to receive payments equalling reimbursement of school fees of sponsored students for a quarter 2. Where the termination is on account of Concessionaire's Event of Default, then Authority shall invoke the Performance Security and the Concessionaire shall be responsible manage the school till the handover the school to a new private partner
11	Bid Process	Single stage process - RFP stage with technical evaluation for final selection of bidder
12	RFQ Criterion	<p>Technical Qualification</p> <ol style="list-style-type: none"> 1. Must have owned and managed eligible education institutions/projects such as managing schools, residential schools, colleges, universities, technical education, coaching centres 2. Must have minimum [...] years of experience of managing any or more of the above mentioned institutions <p>Financial Qualification</p> <p>Applicant shall have a minimum Net Worth (the "Financial Capacity") of Rs. [...] or minimum average revenue for the last three years of Rs. [...]at the close of the preceding financial year.</p> <p>Consortiums</p> <ol style="list-style-type: none"> 1. In case of a Consortium, the combined Technical Capability and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% (twenty six percent) each in the Concessionaire, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 2 (two) years from the date of commercial operation of the Project(s), hold equity share capital of not less than: (i) 26% (twenty six percent) of the subscribed and paid up equity of the Concessionaire; and (ii) 5% (five percent) of the Total Project Cost as specified in the Concession Agreement 2. Number of Members in a Consortium shall not exceed [...] members
13	Bid Criterion	<ol style="list-style-type: none"> 1. Highest technical score based on pre-determined technical evaluation criteria. 2. The technical evaluation criteria would be based upon the demonstrated ability of bidder of managing educational institutes such as schools, residential schools, colleges, universities etc. and 'Project Plan' (detailing the approach to manage the schools)

ESTABLISHMENT OF NEW SCHOOLS AT GREENFIELD LOCATIONS Table 21

SN	Particular	Details
1	Scope of the Structure	<ol style="list-style-type: none"> In this structure the Concessionaire (private partner) is expected to design, construct, finance, and operate new schools at specified Greenfield locations in the state. The Concessionaire will have to construct the asset to one that befits a good school and is compliant to the higher of Kendriya Vidyalaya or CBSE norms and subsequently manage the school and provide quality education.
2	Offshoots	<p>There are two offshoots to the structure</p> <ol style="list-style-type: none"> DBFOT - Design, Build, Finance, Operate and Transfer (The concessionaire transfers the assets back to the Authority (Government/ULB) at the end of Concession Period) DBFO - Design, Build, Finance and Operate (No transfer of assets)
3	Duration of the Contract	The Concession Period shall commence from the effective date (fulfilment of Conditions precedent) and continue for a period of [30 (thirty) years]
4	Conditions Precedent	<p>Concessionaire (private partner)</p> <p>Conditions Precedent required to be satisfied by the Concessionaire prior to the appointed date shall be deemed to have been fulfilled when the Concessionaire shall have:</p> <ol style="list-style-type: none"> Signed the contract within ____ days of acceptance of letter of award Submitted a performance security of an amount of Rs. ____ in the form of a Bank Guarantee Delivered to the Authority, to its satisfaction, a legal opinion from its legal counsel confirming that the Concessionaire is duly constituted and this Agreement is binding and enforceable against the Concessionaire and wherever applicable against each of its members Delivered a certificate undertaking that it will be, at all times, in compliance with the PPP scheme and laws of the state Provided evidence in a manner reasonably acceptable to Authority that the Concessionaire has the funds available (whether by debt or equity) to undertake the project. Such evidence may include, but not be limited to, an executed loan agreement or a letter of commitment from the members Ensured that the construction contracts have been executed Achieved financial closure Entered into an Escrow Agreement for each school Ensured that all representations and warranties provided by all consortium members are true and correct <p>Authority (Government/ULB)</p> <p>The Conditions Precedent required to be satisfied by the Authority shall be deemed to have been fulfilled when the Authority shall have:</p> <ol style="list-style-type: none"> Allotted the project land to the Concessionaire Executed the project land agreements with the Concessionaire for each school and delivering unencumbered peaceful possession of the Project land Established the district and state level committees for project management and monitoring Appointed an Independent Engineer or the Sarva Shiksha Abhiyaan, Civil Wing/Rashtriya Madhyamik Shiksha Abhiyan, Civil Wing for the purposes of discharging its obligations of monitoring and certifying progress against construction milestones
5	Obligations of concessionaire (private partner)	<ol style="list-style-type: none"> The Concessionaire shall ensure that the project land is kept free from encroachment and the Authority shall support the Concessionaire in fulfilling this obligation. The Concessionaire shall use the project land only to implement the project and to undertake the supplementary activities permitted under the PPP Scheme or Agreement and approved by appropriate authorities. The Concessionaire will be responsible for preparing design drawings for the schools and seek Authority approvals on them. The Concessionaire will construct the civil assets and incur the all capital expenditure to ensure compliance to Kendriya Vidyalaya and CBSE norms. The Concessionaire shall, during the term of this Agreement, operate and manage the project facilities according to good industry practices, in good working condition such that they operate in accordance with their respective maintenance manual, and ensures that the project facilities when transferred to Authority upon expiry of the Concession Period or earlier termination, are in good condition subject to normal wear and tear.



SN	Particular	Details
		<ol style="list-style-type: none"> 6. The Concessionaire shall, at its own cost, plan for replacement of the necessary equipment well ahead of the end of the useful life thereof and replace such equipment in accordance with the maintenance manual and good industry practices. The Concessionaire shall, at its own cost, promptly and diligently repair, replace or restore any portion of the project facilities that may be lost, damaged or destroyed. 7. The Concessionaire will manage all the academic and non-academic services of the school. The Concessionaire shall ensure that it operates each school in a manner so as to ensure that the key performance indicators (specified in the Toolkit for this structure) are achieved. 8. The Concessionaire will conduct awareness and marketing campaigns in the neighbourhood to attract new students. 9. The overall management of the schools will rest with the Concessionaire and it will have autonomy to decide on matters relating to planning, budgeting, staffing and management of the school. 10. The Concessionaire will be responsible for important activities such as training and capacity building of teachers. 11. The Concessionaire can either provide the support services such as sponsoring, catering, security itself or outsource it to a third party. 12. The Concessionaire can run supplementary activities subject to Authority approvals. 13. The Concessionaire is responsible to ensure that there is no discrimination between Authority sponsored students and free market students.
6	Obligations of Sponsoring Authority Government/ ULB)	<ol style="list-style-type: none"> 1. The Authority would facilitate the Concessionaire in expediting the process for acquiring permits/approvals necessary for civil construction. 2. The Authority (in DBFOT scheme) would hand over an encumbrance free land to the Concessionaire, with clear title rights. 3. The Authority provides the Concessionaire the concession to operate the existing school with overall responsibilities for management of the school premises and buildings including all the academic and non-academic services. 4. The Authority provides students for the government sponsored seats and assumes the demand risk in case these seats remain vacant. 5. The Authority will facilitate provision of associated utilities and make any infrastructure provisions for them. 6. The Authority will provide the No Objection Certificate for CBSE affiliation or other required certificate and documentation support for state board affiliation. 7. The Authority will process the payments (one time and recurring) and release performance linked government reimbursements to the private partner for the fees for sponsored students. 8. The Authority will administer an annual exam either through itself or through a third party to measure KPIs. 9. The Authority will appoint an administrator during the periods of contract suspension or early termination to ensure uninterrupted functioning of these schools. 10. The Authority will monitor and supervise the project on an ongoing basis.
7	Payment Mechanisms	<p>All payments to the Concessionaire will be based upon pre-decided KPIs for the Concessionaire. There would be three modes of payment to the Concessionaire</p> <ol style="list-style-type: none"> 1. VGF (amount to be determined and agreed upon based on financial and technical assessment) will be provided by the Government on a case-to-case basis subject to completion of project construction milestones and as certified by a Technical Assessment report 2. Monthly/Quarterly reimbursement of fees of sponsored students by student voucher scheme or by direct reimbursement to Concessionaire based on an appropriate comparator 3. Payment of performance linked incentives or deductions will be adjusted with the monthly/ quarterly payment due after the monitoring and evaluation of performance
8	Risk Mitigation Strategies	<ol style="list-style-type: none"> 1. The Authority should assure the Concessionaire of hassle free access and operations at the site that arise due to issues of title of land and possession. 2. The Authority should also provide evidence documents, legal papers and legal support to the Concessionaire in any disputes/cases that are attributed to this cause. 3. Design risk is wholly transferred to Concessionaire in as it has complete independence in design after adhering to minimum design specifications.



SN	Particular	Details
		<ol style="list-style-type: none"> 4. Risks arising out of third party liabilities could be mitigated by taking insurance cover 5. Performance risk related to providing education services is covered well by prescribing affiliation to CBSE or State Board. 6. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an “Escrow account”. There can also be a first charge on any particular revenue source of government/ULB. The education of students should not be jeopardised due to default on reimbursements. 7. Most of the KPIs for the Concessionaire are linked to performance of sponsored students. This covers the risk of discrimination as most of the concession payments are linked to these KPIs. 8. The risk of demand is mitigated to a large extent by the location of the sites which is based on socio-economic rationale and geographical factors i.e. no school within [5km] radius.
9	Events of Default	<p>Concessionaire’s Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by the Concessionaire of its obligations under the Agreement to be signed with project sponsoring authority which is not cured within a period of [120 (one hundred twenty)] business days from being given written notice by Authority including: <ul style="list-style-type: none"> • Non-submission of Detailed Project Plan to relevant authorities • Non-compliance to the performance standards • Non-adherence to construction milestones • Non-adherence to safety norms more than [thrice] in a row • Change or addition in services provided by Concessionaire at school premises allotted to Concessionaire without permission of the sponsoring Authority • Variation in student mix ratio different from that set by structure guidelines • Refusal to handover the premises to the sponsoring Authority at completion of contract 2. A breach of any express representation or warranty by the Concessionaire where such breach is not remedied within [120 (one hundred twenty)] business days of receipt of written notice from Authority specifying such breach and requiring the Concessionaire to remedy the same or, if such breach is incapable of cure and such express representation and warranty is material, immediately upon being given written notice by Authority. 3. A breach of the terms of the Escrow Agreement. 4. Failure of Concessionaire to achieve a minimum threshold score (to be defined in Agreement with government/ULBs) against identified KPIs for a period of 3 (three) consecutive years (based on simple average) during the Concession Period. 5. The Concessionaire has been, or is in the process of being liquidated, dissolved, wound up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of Authority, a Material Adverse Effect. 6. Repudiation of the Agreement by the Concessionaire. <p>Sponsoring Authority Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by Authority of its obligations, which in each such case is not cured within a period of [120 (one hundred twenty)] business days from being given written notice by the Concessionaire including <ul style="list-style-type: none"> • Failure in handing over of school premises to Concessionaire despite satisfaction of all conditions precedent by it • Failure in reimbursement of fees of sponsored students for a period greater than three months 2. Repudiation of the Agreement by the Sponsoring Authority.
10	Penalties and Termination	<p>During Construction Period</p> <p>If the Agreement is terminated at any time during Construction Period, then:</p> <ol style="list-style-type: none"> 1. Where the termination is on account of Authority’s Event of Default, the Concessionaire shall be entitled to receive Debt Due and [150% (one hundred fifty percent)] of the Base Termination Payment (to be defined as equity contribution of the Concessionaire) 2. Where the termination is on account of Concessionaire’s Event of Default the Authority shall be entitled to receive Debt Due and [50% (fifty percent)] of the Base Termination Payment



SN	Particular	Details
		<p>During Operation Period</p> <ol style="list-style-type: none"> Where the termination is on account of Authority's Event of Default, then the Concessionaire shall be entitled to receive Debt Due and a multiple/ fraction (depending on duration/timing of default) of the Base Termination Payment Where the termination is on account of Concessionaire's Event of Default, then the Concessionaire shall be entitled to receive [90% (ninety percent)] the Debt Due only <p>Termination payments in the event of Force Majeure As per the provisions of the Agreement after classification of the event</p>
11	Bid Process	<p>Two stage process</p> <ol style="list-style-type: none"> RFQ stage for short-listing of bidders RFP stage with technical evaluation and then final selection through lowest cost bidder
12	RFQ Criterion	<p>Technical Qualification</p> <ol style="list-style-type: none"> Must have owned and managed eligible education institutions/projects such as managing schools, residential schools, colleges, universities, technical education institutes, coaching centres etc Must have minimum [...] years of experience of managing any or more of the above mentioned institutions Must have minimum [...] years of past experience in development of infrastructure and undertaking construction and related activities Must have collected and appropriated revenues from relevant projects as mentioned above <p>Financial Qualification Applicant shall have a minimum Net Worth (the "Financial Capacity") of Rs. [...] and/or minimum average revenue for the last three years of Rs. [...]at the close of the preceding financial year</p> <p>Consortiums</p> <ol style="list-style-type: none"> In case of a Consortium, the combined Technical Capability and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% (twenty six percent) each in the Concessionaire, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 2 (two) years from the date of commercial operation of the Project(s), hold equity share capital of not less than: (i) 26% (twenty six percent) of the subscribed and paid up equity of the Concessionaire; and (ii) 5% (five percent) of the Total Project Cost as specified in the Concession Agreement Number of Members in a Consortium shall not exceed [...] members
13	Bid Criterion	<p>VGF + Present value of annual reimbursements sought during the entire Concession Period for the Authority sponsored students</p>

SN	Particular	Details
1	Scope of the Structure	<ol style="list-style-type: none"> In this structure, an existing government school is handed over to the private partner to manage and run the school by appointing its own staff. This structure may involve minor repair and refurbishments, the cost of which shall be assessed by a technical assessment and reimbursed to the Concessionaire on actual expenses incurred.
2	Offshoots	<p>This structure could have two offshoots:</p> <ol style="list-style-type: none"> Annual reimbursement: Annual reimbursement model is envisaged for locations where there is low demand or low paying capacity of the market or locations that have difficult terrain and Concessionaire presence and participation is unlikely. Second shift in schools: Second shift is envisaged for schools in relatively better locations where there is demand for new schools.
3	Duration of the Contract	The Concession Period shall commence from the effective date (fulfilment of Conditions precedent) and continue for a period of [5-10 years]
4	Conditions Precedent	<p>Concessionaire (private partner)</p> <p>Conditions Precedent required to be satisfied by the Concessionaire prior to the appointed date shall be deemed to have been fulfilled when the Concessionaire shall have:</p> <ol style="list-style-type: none"> Signed the contract within ____ days of acceptance of letter of award Submitted a performance security of an amount of Rs. ____ in the form of a Bank Guarantee Delivered to the Authority, to its satisfaction, a legal opinion from its legal counsel confirming that the Concessionaire is duly constituted and this Agreement is binding and enforceable against the Concessionaire and wherever applicable against each of its members Delivered a certificate undertaking that it will be, at all times, in compliance with the PPP scheme and laws of the state Ensured that all representations and warranties are true and correct <p>Sponsoring Authority</p> <p>The Conditions Precedent required to be satisfied by the Authority shall be deemed to have been fulfilled when the Authority shall have:</p> <ol style="list-style-type: none"> Handed over the land and all assets of the schools including all buildings, classrooms, furniture and other infrastructure with right to use within [30 days] of signing of contract
5	Obligations of Concessionaire (private partner)	<ol style="list-style-type: none"> The Concessionaire shall use the project land only to implement the project and to undertake the supplementary activities permitted under the PPP Scheme or Agreement and approved by appropriate authorities. The Concessionaire shall, during the term of this Agreement, operate and manage the project facilities according to good industry practices, in good working condition such that they operate in accordance with their respective maintenance manual, and ensures that the project facilities when transferred to Authority upon expiry of the Concession Period or earlier termination, are in good condition subject to normal wear and tear. The Concessionaire shall, at its own cost, plan for replacement of the necessary equipment well ahead of the end of the useful life thereof and replace such equipment in accordance with the maintenance manual and good industry practices. The Concessionaire shall, at its own cost, promptly and diligently repair, replace or restore any portion of the project facilities that may be lost, damaged or destroyed. The Concessionaire will manage all the academic and non-academic services of the school. The Concessionaire shall ensure that it operates each school in a manner so as to ensure that the key performance indicators (specified in the Toolkit for this structure) are achieved. The Concessionaire will conduct awareness and marketing campaigns in the neighbourhood to attract new students. The overall management of the schools will rest with the Concessionaire and it will have autonomy to decide on matters relating to planning, budgeting, staffing and management of the school. The Concessionaire will be responsible for important activities such as training and capacity building of teachers. The Concessionaire can either provide the support services such as sponsoring, catering, security itself or outsource it to a third party.



SN	Particular	Details
6	Obligations of Sponsoring Authority (Government/ULB)	<ol style="list-style-type: none"> The Authority provides the Concessionaire the concession to operate the existing school with overall responsibilities for management of the school premises and buildings including all the academic and non-academic services. The Authority will provide associated utilities and make any infrastructure provisions for them. Cost of minor repairs undertaken will be provided by the Authority after they are accessed subject to a ceiling of actual incurred expenses. The Authority will process the payments (one time and recurring) and release performance linked reimbursements to the Concessionaire for the fees for sponsored students. The Authority will administer an annual exam either through itself or through a third party to measure KPIs. The Authority will appoint an administrator during the periods of contract suspension or early termination to ensure uninterrupted functioning of these schools. The Authority will monitor and supervise the project on an ongoing basis.
7	Payment Mechanisms	<p>All payments to the Concessionaire will be based upon pre-decided KPIs for the Concessionaire. There would be three modes of payment to the Concessionaire</p> <ol style="list-style-type: none"> Monthly/Quarterly reimbursement of fees of sponsored students by student voucher scheme or by direct reimbursement to Concessionaire (100% in Annual Reimbursement Model and 50% in Second Shift Model) Payment of performance linked incentives or deductions will be adjusted with the monthly/quarterly payment due after the monitoring and evaluation of performance Cost of minor repairs activities shall be assessed by the Authority and reimbursed to the Concessionaire
8	Risk Mitigation Strategies	<ol style="list-style-type: none"> The Authority should provide evidence documents, legal papers and legal support to the Concessionaire in any disputes/cases that are attributed to this cause. Risks arising out of third party liabilities could be mitigated by taking insurance cover. Performance risk related to providing education services is covered well by prescribing affiliation to CBSE or State Board. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an "Escrow account". There can also be a first charge on any particular revenue source of government/ULB. The education of students should not be jeopardised due to default on reimbursements. The Authority has to enforce proper maintenance and insurance by the Concessionaire. A detailed survey and assessment of all the assets should be done regularly and any discrepancies or poor practices should be penalized.
9	Events of Default	<p>Concessionaire's (private partner's) Event of Default</p> <ol style="list-style-type: none"> A Material Breach by the Concessionaire of its obligations under the Agreement to be signed with Project Sponsoring Authority which is not cured within a period of [120 (one hundred twenty)] business days from being given written notice by Authority including: <ul style="list-style-type: none"> Non-submission of Project Management Plan to relevant authorities Non-compliance to the performance standards Change or addition in services provided by Concessionaire at school premises allotted to Concessionaire without permission of the sponsoring Authority Refusal to handover the premises to the sponsoring authority after completion of contract A breach of any express representation or warranty by the Concessionaire where such breach is not remedied within [120 (one hundred twenty)] business days of receipt of written notice from Authority specifying such breach and requiring the Concessionaire to remedy the same or, if such breach is incapable of cure and such express representation and warranty is material, immediately upon being given written notice by Authority. Failure of Concessionaire to achieve a minimum threshold score (to be defined in Agreement with government/ULBs) against identified KPIs for a period of 3 (three) consecutive years (based on simple average) during the Concession Period. The Concessionaire has been, or is in the process of being liquidated, dissolved, wound up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of Authority, a Material Adverse Effect. Repudiation of the Agreement by the Concessionaire.



SN	Particular	Details
		<p>Sponsoring Authority Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by Authority of its obligations, which in each such case is not cured within a period of 120 (one hundred twenty) business days from being given written notice by the Concessionaire including <ul style="list-style-type: none"> • Failure in handing over of school premises to Concessionaire despite satisfaction of all conditions precedent by it • Failure in reimbursement of fees of sponsored students for a period greater than three months 2. Repudiation of the Agreement by the Sponsoring Authority.
10	Penalties and Termination	<p>During Operation Period</p> <ol style="list-style-type: none"> 1. Where the termination is on account of Authority's Event of Default, then the Concessionaire shall be entitled to receive payments equalling reimbursement of school fees of sponsored students for a quarter 2. Where the termination is on account of Concessionaire's Event of Default, then Authority shall invoke the Performance Security and the Concessionaire shall be responsible manage the school till the handover the school to a new private partner
11	Bid Process	<p>Two stage process</p> <ol style="list-style-type: none"> 1. RFQ stage for short-listing of bidders 2. RFP stage with technical evaluation and then final selection through lowest cost bidder (L1) or a combination of technical and financial scores in a 70:30 weight age
12	RFQ Criterion	<p>Technical Qualification</p> <ol style="list-style-type: none"> 1. Must have owned and managed eligible education institutions/projects such as managing schools, residential schools, colleges, universities, technical education institutes, coaching centres etc 2. Must have minimum [...] years of experience of managing any or more of the above mentioned institutions. 3. Must have collected and appropriated revenues from relevant projects as mentioned above <p>Financial Qualification Applicant shall have a minimum Net Worth (the "Financial Capacity") of Rs. [...] or minimum average revenue for the last three years of Rs. [...]at the close of the preceding financial year</p> <p>Consortiums</p> <ol style="list-style-type: none"> 1. In case of a Consortium, the combined Technical Capability and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% (twenty six percent) each in the Concessionaire, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 2 (two) years from the date of commercial operation of the Project(s), hold equity share capital of not less than: (i) 26% (twenty six percent) of the subscribed and paid up equity of the Concessionaire; and (ii) 5% (five percent) of the Total Project Cost as specified in the Concession Agreement. 2. Number of Members in a Consortium shall not exceed [...] members
13	Bid Criterion	Present value of annual reimbursements sought during Concession Period for the government sponsored students

Table 23 BUILD AND MANAGE HOSTELS FOR STUDENTS

SN	Particular	Details
1	Scope of the Structure	<ol style="list-style-type: none"> This structure seeks to develop hostels to provide affordable accommodation to students in rural towns and cities where there is a large out-migration of labourers which results in continuity issues for the children of these labourers who are enrolled in government schools. The Concessionaire is required to design, build, finance, operate and transfer the assets back to the Authority at the end of the Concession Period.
2	Offshoots	<p>There are two offshoots to the structure</p> <ol style="list-style-type: none"> DBFOT - Design, Build, Finance, Operate and Transfer (The concessionaire transfers the assets back to the Authority (Government/ULB) at the end of Concession Period) DBFO - Design, Build, Finance and Operate (No transfer of assets)
3	Duration of the Contract	The Concession Period shall commence from the Effective Date (fulfilment of Conditions precedent) and continue for a period of [30 (thirty) years].
4	Conditions Precedent	<p>Concessionaire (private partner)</p> <p>Conditions Precedent required to be satisfied by the Concessionaire prior to the appointed date shall be deemed to have been fulfilled when the Concessionaire shall have:</p> <ol style="list-style-type: none"> Signed the contract within ____ days of acceptance of letter of award Submitted a performance security of an amount of Rs.____ in the form of a Bank Guarantee Delivered to the Authority, to its satisfaction, a legal opinion from its legal counsel confirming that the Concessionaire is duly constituted and this Agreement is binding and enforceable against the Concessionaire and wherever applicable against each of its members Delivered a certificate undertaking that it will be, at all times, in compliance with the PPP scheme and laws of the state Provided evidence in a manner reasonably acceptable to Authority that the Concessionaire has the funds available (whether by debt or equity) to undertake the project. Such evidence may include, but not be limited to, an executed loan agreement or a letter of commitment from the members Ensured that the construction contracts have been executed Achieved financial closure Entered into an Escrow Agreement for each school Ensured that all representations and warranties provided by all consortium members are true and correct <p>Authority (Government/ULB)</p> <p>The Conditions Precedent required to be satisfied by the Authority shall be deemed to have been fulfilled when the Authority shall have:</p> <ol style="list-style-type: none"> Allotted the project land to the Concessionaire Executed the project land agreements with the Concessionaire for each school and delivering unencumbered peaceful possession of the project land Established the district and state level committees for project management and monitoring Appointed an Independent Engineer or the Sarva Shiksha Abhiyaan, Civil Wing/Rashtriya Madhyamik Shiksha Abhiyan, Civil Wing for the purposes of discharging its obligations of monitoring and certifying progress against construction milestones
5	Obligations of Concessionaire	<ol style="list-style-type: none"> The Concessionaire shall ensure that the project land is kept free from encroachment and the Authority shall support the Concessionaire in fulfilling this obligation. The Concessionaire shall use the project land only to implement the project and to undertake the supplementary activities permitted under the PPP Scheme or Agreement and approved by appropriate authorities. The Concessionaire will be responsible for preparing design drawings for the schools and seek Authority approvals on them. The Concessionaire will construct the civil assets and incur the all capital expenditure to ensure compliance to applicable safety and industry norms including the National Building Code. The Concessionaire will be responsible for the provision of the following services: <ul style="list-style-type: none"> Bedding and lodging: Neat and clean bedding to each resident including minimum number of mattress, pillows, bed-sheets, pillow covers, blankets etc.



SN	Particular	Details
		<ul style="list-style-type: none"> • Food and nutrition: Full balanced meals (break-fast, lunch and dinner), evening tea, snacks, clean and safe drinking water services. • Recreation: Provision for TV, reading and common room • Healthcare: First-aid room with a first-aid kit and trained staff to provide basic first-aid services. • Security: Provide 24 hrs security services <p>6. The Concessionaire shall, during the term of this Agreement, operate and manage the project facilities according to good industry practices, in good working condition such that they operate in accordance with their respective maintenance manual, and ensures that the project facilities when transferred to Authority upon expiry of the Concession Period or earlier termination, are in good condition subject to normal wear and tear.</p> <p>7. The Concessionaire shall, at its own cost, plan for replacement of the necessary equipment well ahead of the end of the useful life thereof and replace such equipment in accordance with the maintenance manual and good industry practices. The Concessionaire shall, at its own cost, promptly and diligently repair, replace or restore any portion of the project facilities that may be lost, damaged or destroyed.</p> <p>8. The Concessionaire will conduct awareness and marketing campaigns in the neighbourhood to attract new residents.</p> <p>9. The overall management of the hostel will rest with the Concessionaire and it will have autonomy to decide on matters relating to planning, budgeting, staffing and management of the hostel.</p> <p>10. The Concessionaire will be responsible to ensure that there is no discrimination between Authority sponsored students and free market student residents.</p>
6	Obligations of Sponsoring Authority (Government/ ULB)	<p>1. The Authority would facilitate the Concessionaire in expediting the process for acquiring permits/approvals necessary for civil construction.</p> <p>2. The Authority (in DBFOT scheme) would hand over an encumbrance free land to the Concessionaire, with clear title rights.</p> <p>3. The Authority provides the Concessionaire the concession to operate the hostel premises and buildings including all the ancillary services.</p> <p>4. The Authority is responsible for maintenance of the access road to the site.</p> <p>5. The Authority provides student residents for the government sponsored seats and assumes the demand risk in case these seats remain vacant.</p> <p>6. The Authority will notify a residential voucher scheme that provides the method of selection of beneficiaries and the voucher amounts.</p> <p>7. The Authority will provide residential school vouchers to the sponsored students for accommodation services in the hostel.</p> <p>8. The Authority will provide associated utilities and make any infrastructure provisions for them.</p> <p>9. Cost of minor repairs undertaken will be provided by the Authority after they are accessed subject to a ceiling of actual incurred expenses.</p> <p>10. The Authority will provide the No Objection Certificate after proper evaluation of construction quality.</p> <p>11. The Authority will process the payments (one time and recurring) and release performance linked government reimbursements to the private partner for the fees for sponsored residents.</p> <p>12. The Authority will administer an annual quality check either through itself or through a third party to measure KPIs.</p> <p>13. The Authority will appoint an administrator during the periods of contract suspension or early termination to ensure uninterrupted functioning of these hostels.</p> <p>14. The Authority will monitor and supervise the project on an ongoing basis.</p>
7	Payment Mechanisms	<p>All payments to the Concessionaire will be based upon pre-decided KPIs for the Concessionaire. There would be three modes of payment to the Concessionaire</p> <ol style="list-style-type: none"> 1. VGF (amount to be determined and agreed upon based on financial and technical assessment) will be provided by the Authority on a case-to-case basis subject to completion of project construction milestones and as certified by a Technical Assessment report 2. Monthly/Quarterly reimbursement of fees of sponsored resident students by resident voucher scheme or by direct reimbursement to private partner 3. Payment of performance linked incentives or deductions will be adjusted with the monthly/ quarterly payment due after the monitoring and evaluation of performance



SN	Particular	Details
8	Risk Mitigation Strategies	<ol style="list-style-type: none"> 1. The Authority should assure the Concessionaire of hassle free access and operations at the site that arise due to issues of title of land and possession. 2. The Authority should also provide evidence documents, legal papers and legal support to the Concessionaire in any disputes/cases that are attributed to this cause. 3. Design risk is wholly transferred to Concessionaire in as it has complete independence in design after adhering to minimum design specifications. 4. Risks arising out of third party liabilities could be mitigated by taking insurance cover. 5. The payment risk from the Authority can be mitigated by maintaining and regularly replenishing an amount equal to reimbursement amount for sponsored students for 3 months in an "Escrow account". There can also be a first charge on any particular revenue source of government/ULB. 6. The risk of demand is mitigated to a large extent by the location of the sites which is based on socio-economic rationale and geographical factors i.e. migration and demand for affordable accommodation. 7. Most of the KPIs for the Concessionaire are linked to performance of sponsored residents. This covers the risk of discrimination as most of the concession payments are linked to these KPIs.
9	Events of Default	<p>Concessionaire's (private partner's) Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by the Concessionaire of its obligations under the Agreement to be signed with Project Sponsoring Authority which is not cured within a period of 120 (one hundred twenty) business days from being given written notice by Authority including: <ul style="list-style-type: none"> • Non-submission of Detailed Project Plan to relevant authorities • Non-compliance to the performance standards • Non-adherence to construction milestones • Non-adherence to safety norms more than [thrice] in a row • Change or addition in services provided by Concessionaire at hostel premises allotted to Concessionaire without permission of the sponsoring authority • Variation in residents mix ratio different from that set by structure guidelines • Refusal to handover the premises to the sponsoring Authority towards completion of contract 2. A breach of any express representation or warranty by the Concessionaire where such breach is not remedied within 120 (one hundred twenty) business days of receipt of written notice from Authority specifying such breach and requiring the Concessionaire to remedy the same or, if such breach is incapable of cure and such express representation and warranty is material, immediately upon being given written notice by Authority. 3. A breach of the terms of the Escrow Agreement . 4. Failure of Concessionaire to achieve a minimum threshold score (to be defined in Agreement with government/ULBs) against identified KPIs or dissatisfactory results in satisfaction survey for a period of 3 (three) consecutive years (based on simple average) during the Concession Period. 5. The Concessionaire has been, or is in the process of being liquidated, dissolved, wound up, amalgamated or reconstituted in a manner that would cause, in the reasonable opinion of Authority, a Material Adverse Effect. 6. Repudiation of the Agreement by the Concessionaire. <p>Sponsoring Authority Event of Default</p> <ol style="list-style-type: none"> 1. A Material Breach by Authority of its obligations, which in each such case is not cured within a period of 120 (one hundred twenty) business days from being given written notice by the Concessionaire including <ul style="list-style-type: none"> • Failure in handing over of school premises to Concessionaire despite satisfaction of all conditions precedent by it • Failure in reimbursement of fees of sponsored students for a period greater than three months 2. Repudiation of the Agreement by the Sponsoring Authority.



SN	Particular	Details
10	Penalties and Termination	<p>During Construction Period</p> <p>If the Agreement is terminated at any time during Construction Period, then:</p> <ol style="list-style-type: none"> Where the termination is on account of Authority's Event of Default, the Concessionaire shall be entitled to receive Debt Due and [150% (one hundred fifty percent)] of the Base Termination Payment (to be defined as equity contribution of the Concessionaire) Where the termination is on account of Concessionaire's Event of Default the Authority shall be entitled to receive Debt Due and [50% (fifty percent)] of the Base Termination Payment <p>During Operation Period</p> <ol style="list-style-type: none"> Where the termination is on account of Authority's Event of Default, then the Concessionaire shall be entitled to receive Debt Due and a multiple/ fraction (depending on duration/timing of default) of the Base Termination Payment Where the termination is on account of Concessionaire's Event of Default, then the Concessionaire shall be entitled to receive [90% (ninety percent)] the Debt Due only
11	Bid Process	<p>Two stage process</p> <ol style="list-style-type: none"> RFQ stage for short-listing of bidders RFP stage with technical evaluation and then final selection through lowest cost bidder
12	RFQ Criterion	<p>Technical Qualification</p> <ol style="list-style-type: none"> Must have owned and managed eligible education institutions/projects such as managing schools, residential schools, colleges, universities, technical education institutes, coaching centres etc Must have minimum [...] years of experience of managing any or more of the above mentioned institutions Must have minimum [...] years of past experience in development of infrastructure and undertaking construction and related activities Must have collected and appropriated revenues from relevant projects as mentioned above <p>Financial Qualification</p> <p>Applicant shall have a minimum Net Worth (the "Financial Capacity") of Rs. [...] or minimum average revenue for the last three years of Rs. [...]at the close of the preceding financial year</p> <p>Consortiums</p> <ol style="list-style-type: none"> In case of a Consortium, the combined Technical Capability and Net Worth of those Members, who have and shall continue to have an equity share of at least 26% (twenty six percent) each in the Concessionaire, should satisfy the above conditions of eligibility; provided that each such Member shall, for a period of 2 (two) years from the date of commercial operation of the Project(s), hold equity share capital of not less than: (i) 26% (twenty six percent) of the subscribed and paid up equity of the Concessionaire; and (ii) 5% (five percent) of the Total Project Cost as specified in the Concession Agreement Number of Members in a Consortium shall not exceed [...] members
13	Bid Criterion	VGF + Present value of resident vouchers sought during Concession Period for the government sponsored residents

Annex I

District Level Data Analysis: Maharashtra

To study the existing structure of school education in Maharashtra, data analysis (using DISE data) at district level was undertaken to understand the performance of districts of Maharashtra against RTE norms and standards as well as against some other significant indicators related to infrastructure and service delivery. The indicators used to conduct the 'As-Is' study of the school education system are tabulated below:

I. RTE Indicators

- a. Model Rules Indicator
 - i. Access to Schools

Table 24 ACCESS TO SCHOOLS

Percentage of habitations having Schooling facility at					
Primary Stage			Upper Primary Stage		
Within them	Within 1 km	Beyond 1 km	Within them	Within 3 km	Beyond 3 km
67.6%	23.5%	8.8%	29.0%	49.2%	21.8%

Note: Above numbers do not include data for Mumbai

Source: NCERT 7th All India School Educational Survey

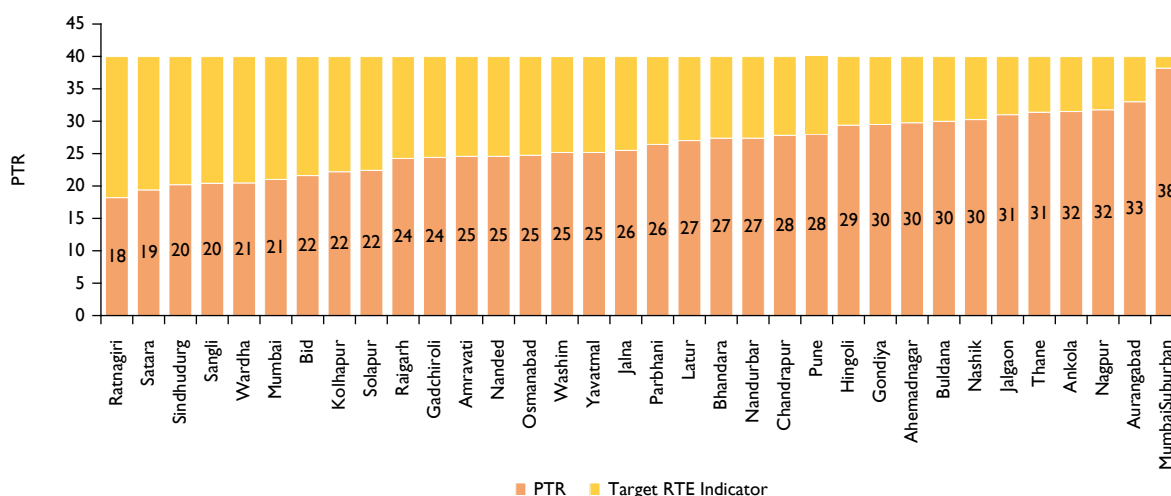
The above data indicates that in Maharashtra, **almost 9% and 22% of habitations do not have easy access to PS and UPS**, respectively. However, access to PS is easier than that to UPS.

- b. Schedule (Norms & Standards) Indicators
 - i. Number of Teachers
 - a.upil-Teacher ratio (PTR): As per RTE norms, PTR requirement varies from 30-40, depending on student strength for primary schools. For UPS, PTR should be 35. For the purpose of this analysis, a target PTR of 40 has been assumed, because of data classification limitations. Therefore the districts that have a PTR of 40 or below are considered as within limits prescribed by RTE Act.
 - b. Single-teacher Schools (STS): RTE Act norms require a minimum of 2 teachers per primary school.
 - ii. Buildings
 - a. All weather building: A pucca building has been defined as an all-weather building and 100 percent of school buildings are expected to be pucca buildings.



- b. Separate Toilet for boys and girls: RTE Act norms and standards require every school to have separate toilets for boys and girls. This is an important facility, especially for girls, who might take into account the

DISTRICTWISE PTR (ALL SCHOOL CATEGORIES) Figure 11



Source: District Report Card 2007-08

PTR FOR PRIMARY AND UPPER PRIMARY SCHOOLS (2008-09) Table 25

PTR for primary & Upper Primary Schools (2008-09)		
School Category	Average PTR	% of schools with PTR >40
PS	27	13%
UPS	30	13%

Note: Data for PTR>40 is unavailable for years prior to 2008-09

Source: DISE Flash Statistics 2008-09

Every district in Maharashtra is sufficiently below the required PTR of 40 across all school categories. However, for PS and UPS, although average PTR remains well within Target RTE Indicator limits, 13 percent of schools across both categories have a PTR>40.

availability of this school facility when deciding on whether to continue with school or drop-out.

- c. Safe and adequate drinking water facility: RTE Act norms and standards require every school to have a safe and adequate drinking water facility

TREND OF SINGLE-TEACHER PRIMARY SCHOOLS Table 26

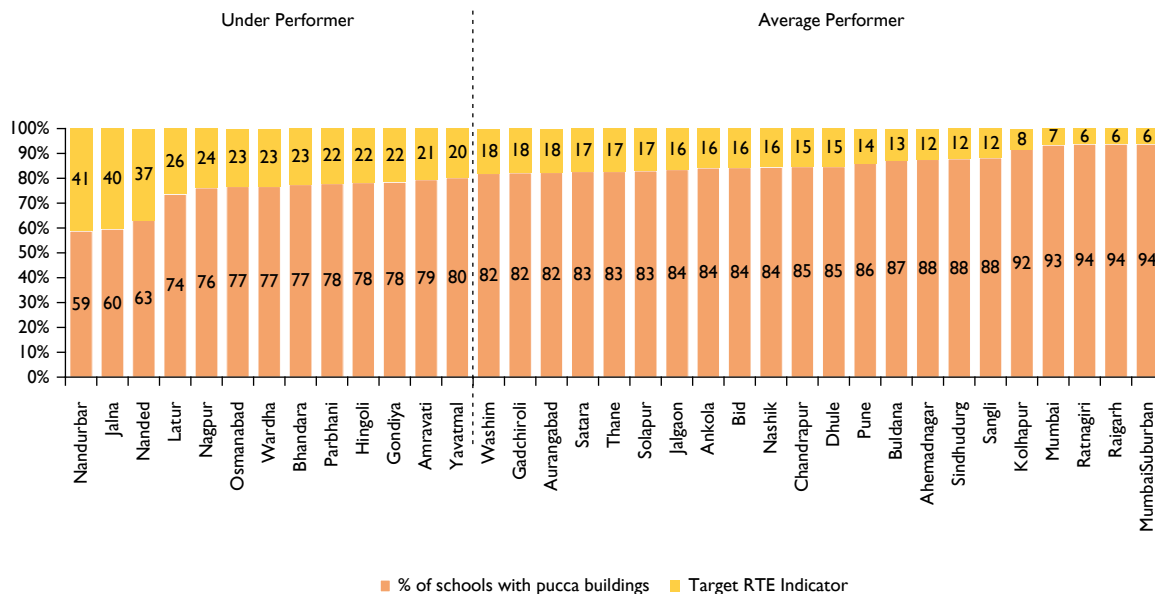
Trend of single-teacher primary schools		
Indicator	2007-08	2008-09
% Single Teacher Primary Schools	7.51%	14.21%

Note: Data for PTR>40 is unavailable for years prior to 2008-09

Source: DISE Flash Statistics 2008-09

Over 14 percent of primary schools in Maharashtra are single-teacher schools indicating deviation from RTE norms.

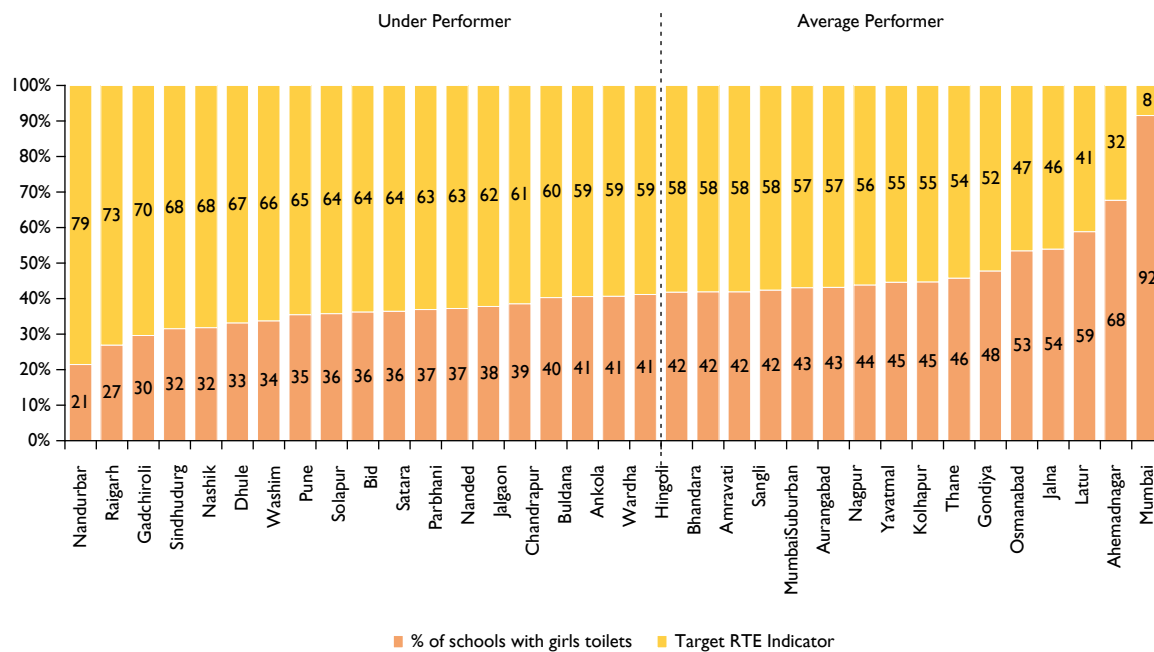
Figure 12 DISTRICT-WISE PERCENTAGE OF PUCCA BUILDINGS (ALL SCHOOL CATEGORIES)



Source: District Report Card, 2007-08

The overall average for Maharashtra for pucca school buildings is 82 percent. Nandurbar, Jalna and Nanded are the underperforming districts for this indicator with only 59-63 percent of their schools having pucca buildings.

Figure 13 DISTRICT-WISE PERCENTAGE OF SCHOOL WITH GIRLS TOILETS (ALL SCHOOL CATEGORIES)

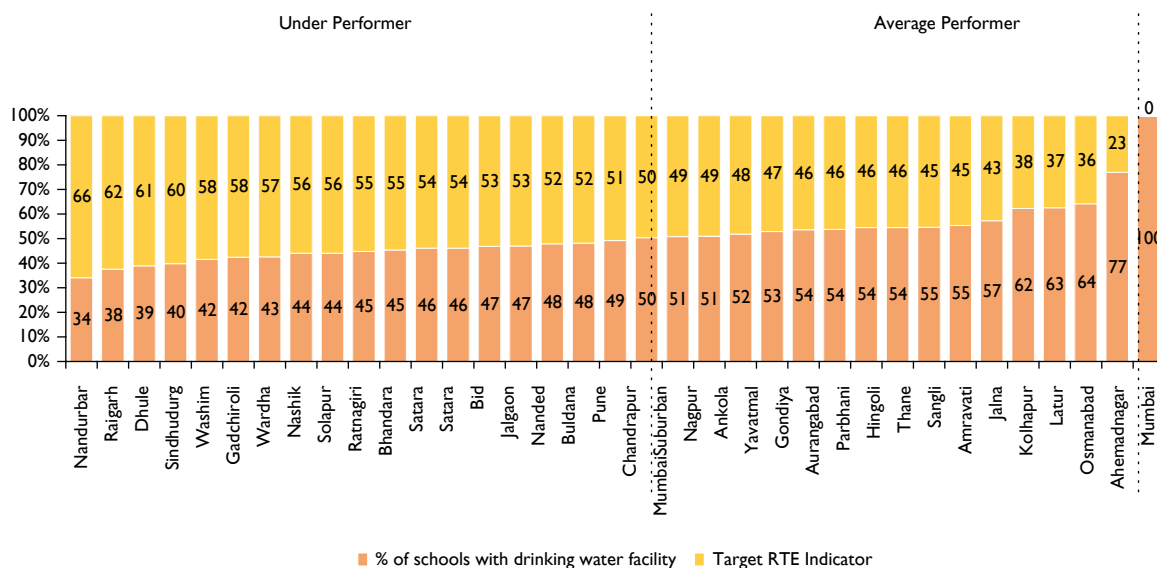


Source: District Report Card, 2007-08



The Maharashtra average for schools with separate toilet for girls is low at 42 percent, showcasing toilet infrastructure as one of the key gaps in Maharashtra's schooling facilities.

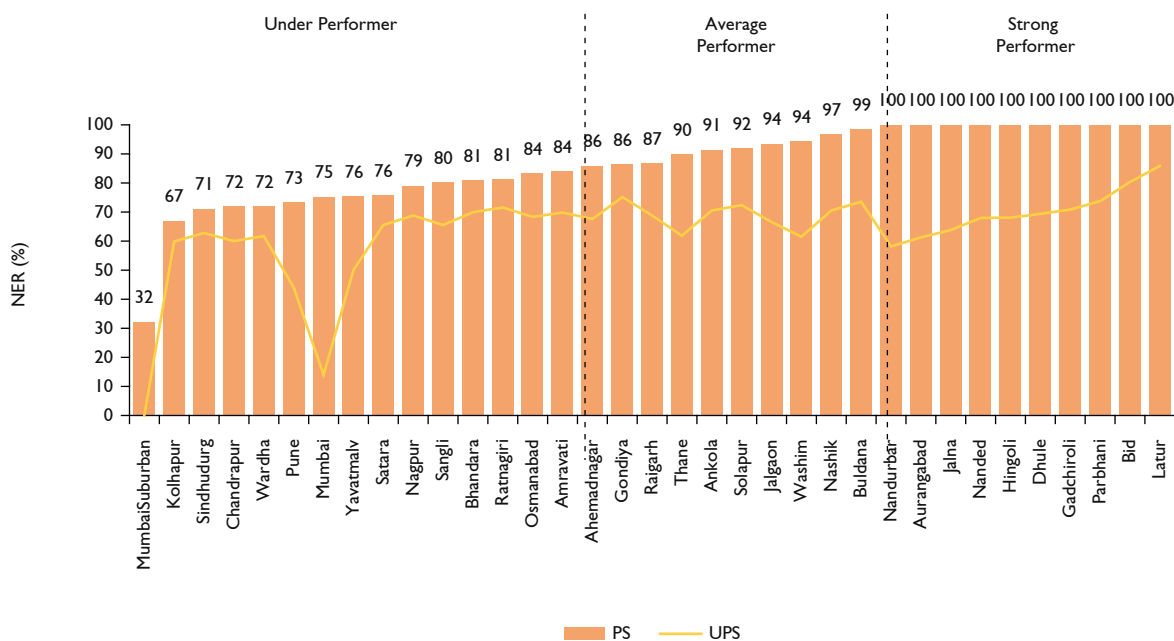
DISTRICT-WISE PERCENTAGE OF SCHOOLS WITH DRINKING WATER FACILITY (ALL SCHOOL CATEGORIES) Figure 14



Source: District Report Card 2007-08

Mumbai is the only district where 100 percent of schools have a drinking water facility. 19 out of the remaining 34 districts have a lower than average percentage (Overall Maharashtra average: 51 percent) of schools with a drinking water facility.

DISTRICT-WISE NER FOR PRIMARY & UPPER PRIMARY SCHOOLS Figure 15



Note: Data for Mumbai Suburban's NER at an Upper Primary level (UPS) was unavailable.

Source: District Report Card, 2007-08



2. Other Indicators

a. Adequacy Indicator

- i. Net enrolment ratio (NER): The ideal NER is 100 percent – it implies that all the children in the school going age group are enrolled into a school level appropriate for their age.

a) Primary Schools: **While 10 districts in Maharashtra have an ideal NER of 100 percent for primary schools, districts like Kolhapur have a NER as low as 67 percent.** Mumbai Suburban's extremely low NER at the primary level could be due to its large slum population (only 31% of slum dwellers are likely to complete 10 years of schooling – Mumbai Human Development Report 2009), large migrant population or large drop out rate (69% in Class IV and 16% in Class I-V). **The overall average for Maharashtra for this indicator is 86 percent.**

b) Upper Primary Schools: Not a single district in the State has an NER of 100 percent at the Upper Primary stage. **NER drops at Upper Primary level, indicating either a large drop out rate or lack of upper primary schools available to the students.**

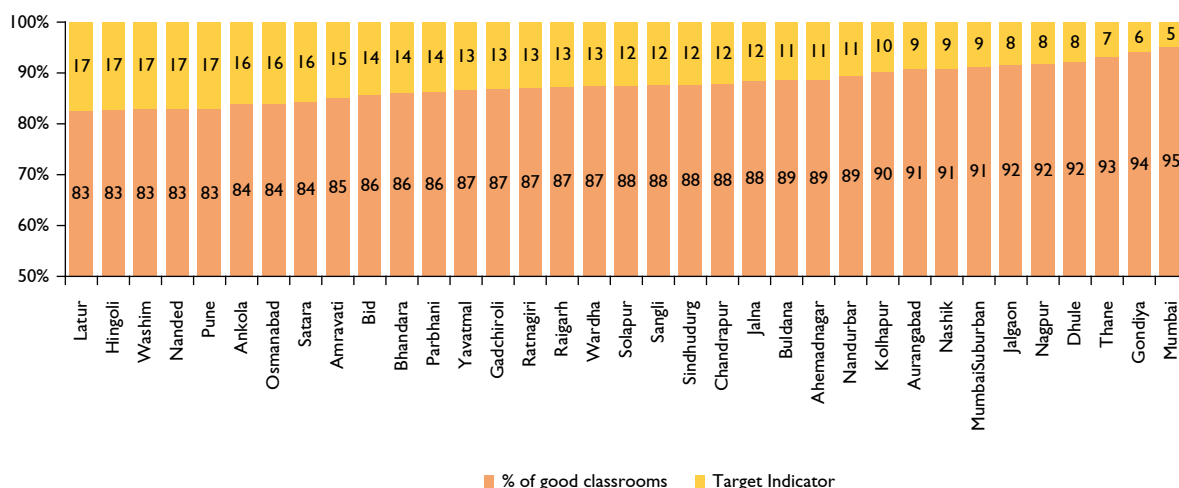
Table 27 STATE LEVEL SCR FOR PRIMARY & UPPER PRIMARY SCHOOLS (2008-09)

State Level SCR for Primary & Upper Primary Schools (2008-09)		
School Category	Average SCR	% of schools with SCR>40
PS	30	16%
UPS	Na	20%

Source: DISE 2008-09: Flash Statistics.

The average percent of schools which have an SCR>40 is 16 percent at PS level and 20 percent at UPS level. This implies that the existing number of classrooms is not enough to comfortably accommodate the current number of students.

Figure 16 DISTRICT-WISE PERCENTAGE OF GOOD CLASSROOMS (ALL SCHOOL CATEGORIES)



Source: District Report Card 2007-08

- ii. Student – Classroom ratio (SCR): SCR signifies the number of students per classroom. According to the RTE Act, a PTR equal to 40 and number



of classrooms per teacher equal to 1 have been stipulated. Since, SCR signifies PTR divided by No. of Classrooms per Teacher, the ideal Target Indicator for SCR is 40.

- b. Quality of Infrastructure
 - i. Good Classrooms: A good classroom is one that is usable and does not need any major or minor repairs. The Target value of this Indicator has been set as 100 percent.
 - ii. Other facilities:
- c. Effectiveness of Delivery
 - i. Examination Results: One of the parameters through which the effectiveness of delivering quality education can be measured is through exam results.
 - a. Passing the exam

The RTE Act mandates that no child should be kept back in a class irrespective of the marks obtained in the exam. With the Act coming into effect, the State has issued a Government Resolution announcing that all students in Maharashtra will be promoted to the next class even if they do not perform well in the exams up to Class 8. Therefore, the pass percentage will not continue to be a useful indicator of effectiveness of delivery.

Classrooms condition in a total of 18 districts lie below the state average of 88 percent target indicator value. Efficient utilization of funds could help build usable classrooms in all state schools.

FACILITIES AVAILABLE IN SCHOOLS (2008-09) Table 28

State Level SCR for Primary & Upper Primary Schools (2008-09)	
Facility	% of schools
Electricity	71
Book-Bank	86
Playgrounds	69

Over 30 percent of schools in the State do not adhere to RTE Act rule of having a playground in the school. Similarly, around 30 percent of schools have no electricity.

DISTRICT-WISE PERCENTAGE OF BOYS WHO PASSED THE EXAM IN PS Figure 17

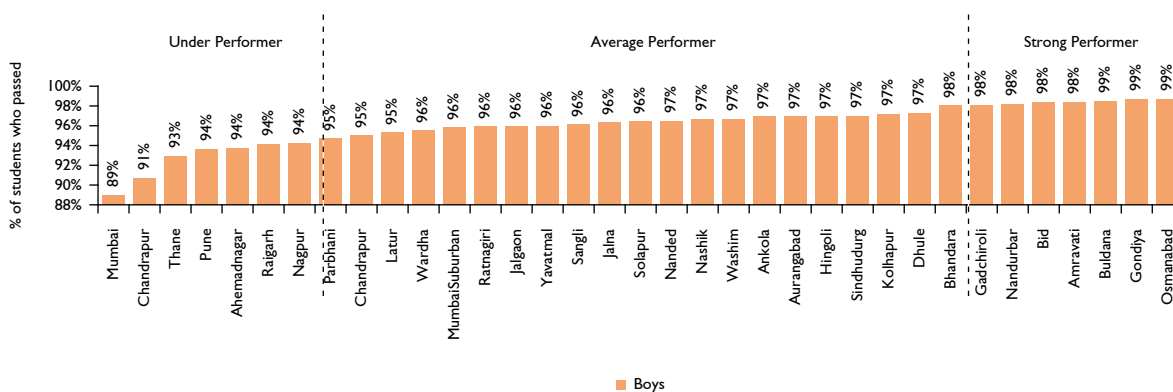


Figure 18 DISTRICT-WISE PERCENTAGE OF GIRLS WHO PASSED THE EXAM IN PS

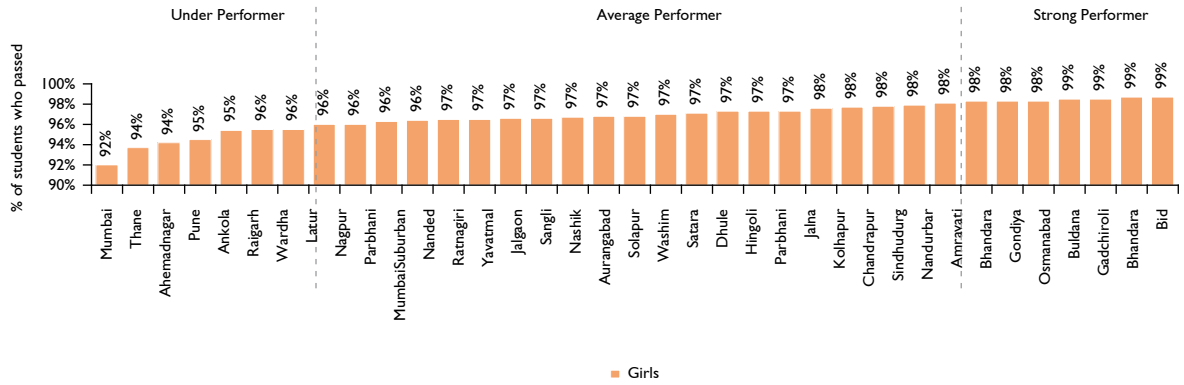


Figure 19 DISTRICT-WISE PERCENTAGE OF BOYS WHO PASSED THE EXAM IN UPS

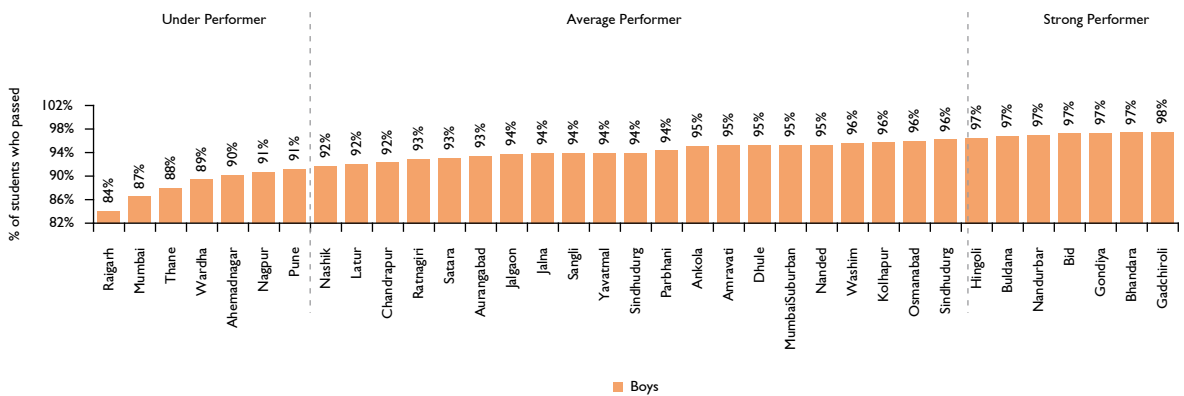
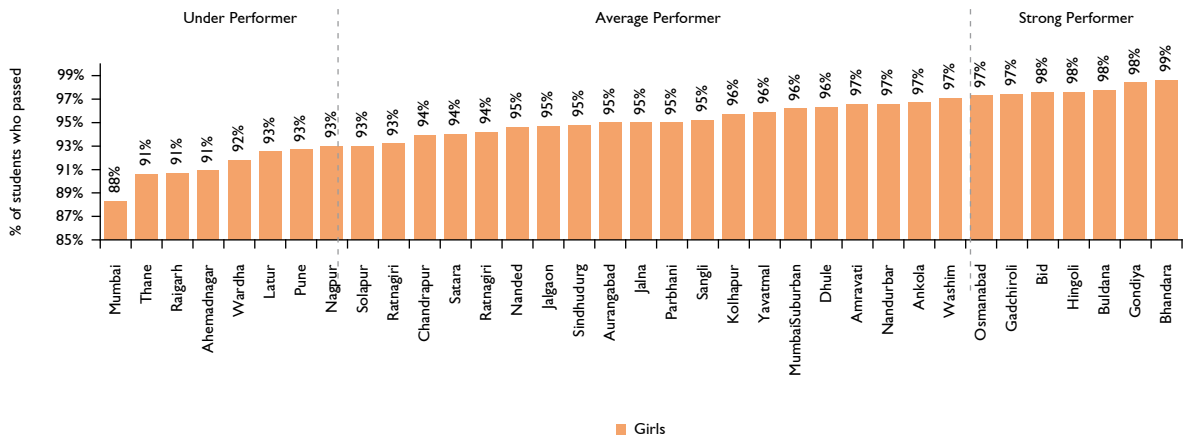


Figure 20 DISTRICT-WISE PERCENTAGE OF GIRLS WHO PASSED THE EXAM IN UPS



Source: District Report Card 2007-08

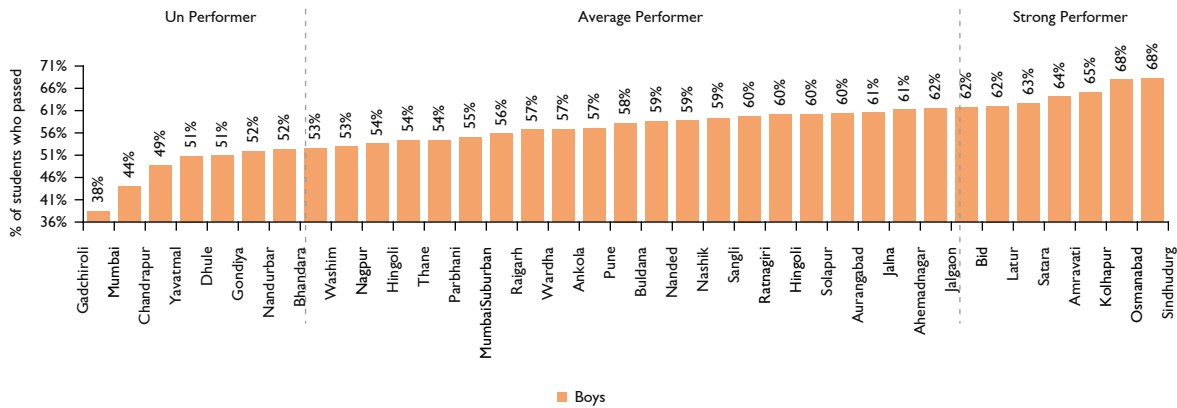
b. Passing the exam with >60 percent marks

Although most of the students are able to pass the examination, the percentage of them who pass with over 60 percent marks gives a better indication of effectiveness of delivery. Higher percentage of students who pass examination with over 60 percent marks indicates more effective is the delivery of education.

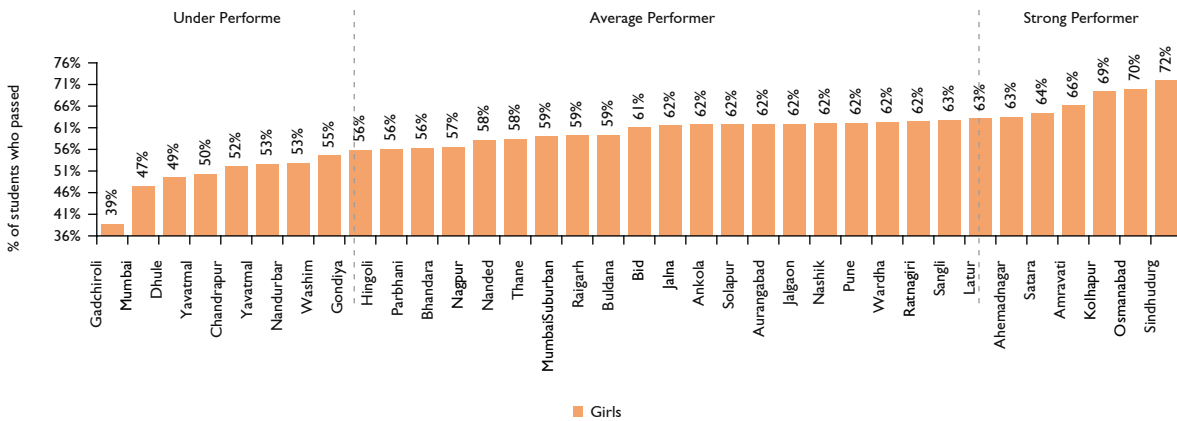


All the districts (except Mumbai where 89 percent of boys passed PS) have over 90 percent of students passing PS. In UPS, the scenario remains more or less the same and most districts have over 90 percent of students who pass the exam.

DISTRICT-WISE PERCENTAGE OF BOYS WITH >60% MARKS IN PS Figure 21



DISTRICT-WISE PERCENTAGE OF GIRLS WITH >60% MARKS IN PS Figure 22



DISTRICT-WISE PERCENTAGE OF BOYS WITH >60% MARKS IN UPS Figure 23

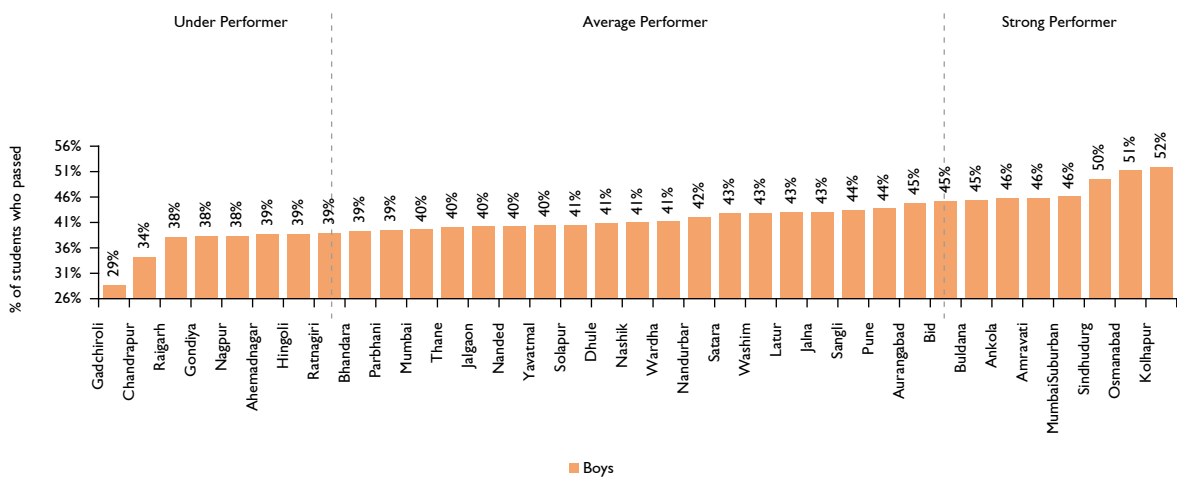
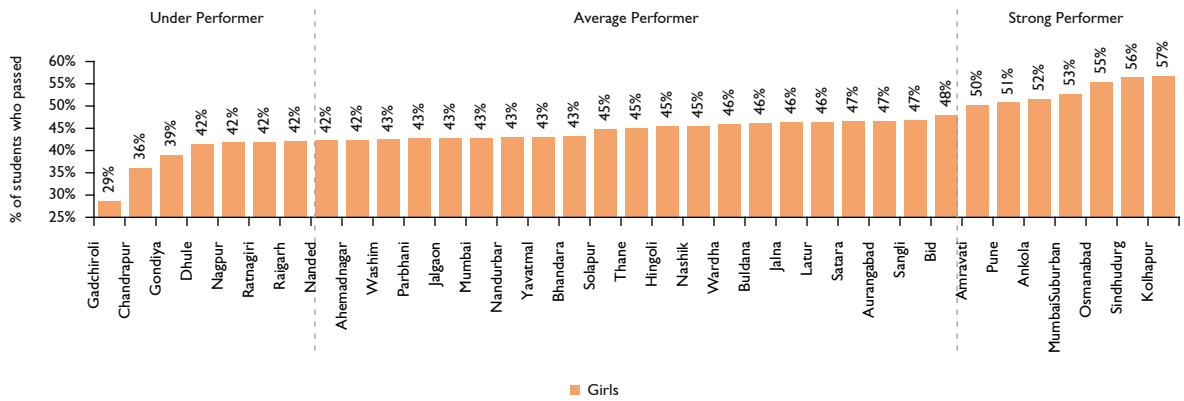
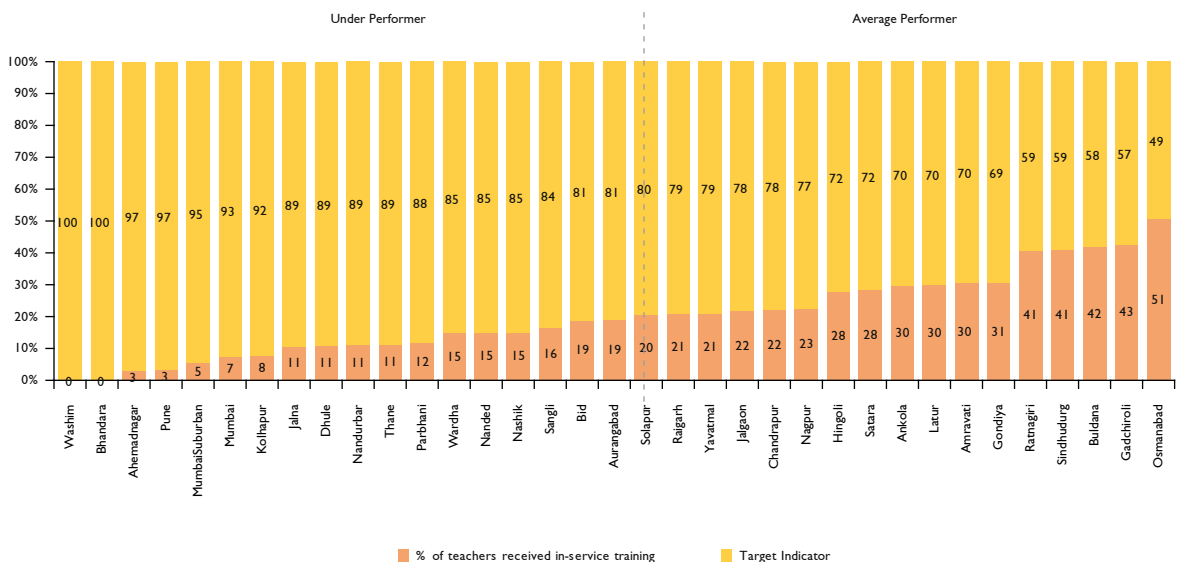


Figure 24 DISTRICT-WISE PERCENTAGE OF GIRLS WITH >60% MARKS IN UPS



Thus, the effectiveness of delivering quality education at UPS level is worse off as compared to PS.

Figure 25 DISTRICT-WISE PERCENTAGE OF TEACHERS WHO RECEIVED IN-SERVICE TRAINING (ALL-SCHOOL CATEGORIES)



Source: District Report Card 2007-08

In all districts except Osmanabad, less than 50 percent of teachers have received in-service training. The average for the State of Maharashtra is low at 20 percent.

In PS category, the average of students scoring over 60 percent for overall Maharashtra is 58 percent (57 percent for boys and 59 percent for girls). Thus, around 42 percent of students are passing the PS exams with marks lower than 60 percent implying a gap in effectiveness of delivery.

In UPS, the percentage of students scoring over 60 percent drops further with the overall average of Maharashtra being 44 percent (42 percent for boys and 45 percent for girls).



ii. Quality of Teachers

- a. In-Service Training: In-service teacher training is expected to improve the quality of education imparted. The target indicator for in-service training is 100 percent of teachers.
- b. Educational Qualification: The quality of teachers has a strong impact on the quality of the education system. Its also affects student enrolments and drop-out rates. The National Council of Teacher Education (Determination of minimum qualifications for recruitment of teachers in schools) Regulations, 2001 states the minimum academic and professional qualification:
 - Primary School teacher should have passed Senior Secondary school or Intermediate or its equivalent; and have a Diploma or certificate in basic teachers’ training of a duration of not less than two years.
 - Upper Primary School teacher - should have passed Senior Secondary school or Intermediate or its equivalent; and have a Diploma or certificate in elementary teachers’ training of a duration of not less than two years.

Other than teacher training, softer issues like maintaining student motivation and creating a secure learning environment should also be focused on.

EDUCATIONAL QUALIFICATION OF SCHOOL TEACHERS (2007-08) Table 29

Educational Qualifications of School Teachers (2007-08)						
School Category	Below Secondary	Secondary	Higher Secondary	Graduate	Post Graduate & above	Others
Primary Only	2%	38%	31%	23%	5%	0%
Primary with Upper Primary	2%	35%	28%	28%	7%	0%
Primary with Upper Primary & Secondary/Higher Secondary	4%	17%	15%	50%	15%	0%
Upper Primary only	2%	19%	14%	52%	13%	0%
Upper Primary & Secondary/Higher Secondary	2%	17%	13%	54%	14%	0%
Total	2%	29%	23%	36%	9%	0%

Source: State Report Card 2007-08

The above table indicates that over 30 percent of school teachers have not completed their senior secondary education and less than 50 percent of school teachers are graduates.

3. Underperforming districts and interventions

All the indicators (RTE and others) were collated and segregated into three main indicator categories – Adequacy, Quality of Infrastructure and Effectiveness of Delivery.

Whenever district-wise data was available, the under performing districts across sub-indicators were identified as focus districts. These districts require certain interventions to address the poor performance across the entire set of indicators analysed. Most of the interventions could be made through a PPP framework.



An illustrative list of possible interventions that could be undertaken in districts that are underperforming vis-à-vis other districts against the chosen set of indicators are mentioned in Table 9.

Table 30 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Consistent Underperformers In Each Indicator Category			
Main Indicator	Sub-Indicator	Underperforming Districts	Possible PPP Intervention Areas to Benefit Districts
Adequacy	NER	Mumbai Suburban, Kolhapur, Snidhudurg, Chandrapur, Wardha, Pune, Mumbai, Yavatmal, Satara, Nagpur, Sangli, Bhandara, Ratnagiri, Osmanabad, Amravati	Build new schools
	SCR	Washim, Nandurbar, Parbhani, Ankola, Mumbai, Aurangabad, Gondiya, Nashik, Jalgaon, Thane, Mumbai Suburban	Add more capacity in existing schools
	Good Classrooms	Latur, Hingoli, Washim, Nanded, Pune, Ankola, Osmanabad, Satara, Amravati, Bid, Bhandara, Parbhani, Yavatmal, Gadchiroli, Ratnagiri, Raigarh, Wardha	Provide funds and framework for repair and refurbishment work in existing schools
Quality of Infrastructure	All Weather Building	Nandurbar, Jalna, Nanded, Latur, Nagpur, Osmanabad, Wardha, Bhandara, Parbhani, Hingoli, Gondiya, Amravati, Yavatmal	Refurbish/Reconstruct school buildings and tents with pucca construction
	Number of Classrooms per Teacher	Mumbai, Mumbai Suburban, Wardha, Bid, Amravati, Solapur, Nashik, Sangli, Kolhapur, Ankola, Satara, Raigarh, Yavatmal, Jalna	Build more classrooms in existing schools Build new schools to increase the number of classrooms
	Separate Girls' Toilets	Nandurbar, Raigarh, Gadchiroli, Sindhudurg, Nashik, Dhule, Washim, Pune, Solapur, Bid, Satara, Ratnagiri, Parbhani, Nanded, Jalgaon, Chandrapur, Buldana, Ankola, Wardha	Ensure standardization of infrastructure and that new schools have separate toilets for boys and girls
	Drinking Water Facility	Nandurbar, Raigarh, Dhule, Sindhudurg, Washim, Gadchiroli, Wardha, Nashik, Solapur, Ratnagiri, Bhandara, Satara, Bid, Jalgaon, Nanded, Buldana, Pune, Chandrapur, Mumbai Suburban	Install safe drinking water facilities across existing and new schools
Effectiveness of delivery	Passed PS exam	Mumbai, Thane, Ahemadnagar, Pune, Ankola, Raigarh, Wardha	Improve overall quality of teaching by having better teachers
	Passed UPS exam	Mumbai, Thane, Raigarh, Ahemadnagar, Wardha, Latur, Pune	Provide books to school libraries Provide funds for teaching aids
	Passed PS exam with over 60% marks	Gadchiroli, Mumbai, Dhule, Chandrapur, Yavatmal, Nandurbar, Washim	Provide free textbooks to students Improve overall quality of teaching by having better teachers
	Passed UPS exam with over 60% marks	Gadchiroli, Chandrapur, Gondiya, Dhule, Nagpur, Ratnagiri, Raigarh	Provide funds for teaching aids Provide trainers for in-service trainings Provide scholarship to students with high marks
	Teachers received in-service training	Washim, Bhandara, Ahemadnagar, Pune, Mumbai Suburban, Mumbai, Kolhapur, Jalna, Dhule, Nandurbar, Thane, Parbhani, Wardha, Nanded, Nashik, Sangli, Bid, Aurangabad	Provide funds or external trainers to provide quality in-service training to teachers Provide substitute teachers to schools while regular teachers are absent due to training

Annex II

Data Collection Format

IDENTIFIED GAP AND POSSIBLE REASONS Table 31

This FORMAT contains the following:	
Section 1	Cover note
Section 2	Instructions to Respondents
Section 3	City Level Data
Section 4	School Level Data (to be filled up for each school separately)
Part A	General Information
Part B	RTE indicators
Part C	Non-RTE indicators

I. Cover Note

Background to this data gathering exercise

The Government of Maharashtra wants to bring the efficiency, innovation and investment of private sector into education sector through Public-Private-Partnership (PPP) arrangements. It intends to engage private players for development, rehabilitation, operation and maintenance of the schools which have had problems of capacity utilization, infrastructure and manpower. The focus of this initiative will be municipal schools, although other Government schools which are not run by urban local bodies can also be a beneficiary of this program.

Objective of this data gathering exercise

There are two broad objectives of this data collection across ten cities:

- a. To understand the issues related to infrastructure and service provisioning in schools at a city level by studying the adequacy, quality of infrastructure and effectiveness of delivery and RTE indicators.
- b. To collect school specific data (for municipal schools and other government run schools in the city) to assess the gaps in infrastructure and service delivery. The identification of gaps and issues will help to identify the most suitable PPP structure to address the gaps. Such schools could then be bid out for private sector participation under suitable PPP frameworks.

The data formats will be used to compile results for the following set of indicators:

- a. Right to Education (RTE) Indicators: As prescribed by the Right to Free and Compulsory Education Act, 2010.
- b. Other Indicators: Additional norms prescribed by CBSE, Kendriya Vidyalayas and other sources which help in attaining better quality of education.



2. Instructions to Respondents

- Although, the focus of this program is all schools, the respondent is expected to provide at least all available data relating to municipal schools.
- There will be other government schools which do not fall in the municipal school category, but for which data is available with the respondent. This data should be supplied separately. Most data collection formats provide for two columns, where the second column is for other government schools. Mark the second column with a “NA” in case data corresponding to this category is not available.
- The respondent should be careful in supplying appropriate data for the relevant school level. The school types can be classified as follows:

Note: In case where a school has students that belong to more than one category then the school is to be classified in the higher category (i.e. category with the higher Class). For example, if a school has students in both primary and upper primary classes then the school is to be considered as Upper Primary School.

- This data format should be supplied with data corresponding to your city. Kindly use separate data formats for two cities in the chosen list of cities, if you are responsible for data provision relating to more than a city.
- This exercise does not attempt to collect data relating to private schools.

3. Section 3: Instructions to Respondents

Note: This section is to be filled up once for the city.

- Demographic Data**
- Access to schools (RTE Indicator)**

Access to school is defined in terms of distance of school from habitation. The distances for different types of schools are:

Table 32 SCHOOL DETAILS

School Type	Classes
Primary	Class I – Class V
Upper Primary	Class VI – Class VIII
Secondary	Class IX – Class X
Senior Secondary	Class X I – Class XII

Table 33 SCHOOL DETAILS

Particulars	Details
City name	
Total Population	
Total school going population	
	Age Group 6-14 Age Group 6-18
Total number of other government schools	
Total number of private schools	
Percentage of total children studying in private schools in the city	



PS = 1 km from habitation

UPS = 3 km from habitation

Secondary School and Senior Secondary School = 7 km (This is not a RTE norm but has been adapted).

4. Section 4: School level data

Note: This information is to be filled up for all schools that the municipal office has data for. Please use different sheets for each school for Section 4 (this section only).

SCHOOL DETAILS	
Particulars	Details
Number of Primary Schools	
Number of Upper-Primary Schools	
Number of Senior Secondary Schools	
Total Number of Schools	
Access: Percentage of population having access to:	
Primary Schools	
Upper-Primary Schools	
Secondary Schools	
Senior Secondary Schools	
Total Area of City	

SCHOOL DETAILS	
Particulars	Details
Address	
Type of School (Please tick the appropriate option)	<input type="checkbox"/> Municipal <input type="checkbox"/> Government <input type="checkbox"/> Other/private <input type="checkbox"/> Primary School <input type="checkbox"/> Upper-Primary School <input type="checkbox"/> Secondary School <input type="checkbox"/> Senior Secondary School
Type of School (Please tick the appropriate option)	
What is the total land size?	
Is land site free of encroachment and have clear ingress (entry) and egress (exit)?	
What is the total number of teachers?	
What is the total number of students enrolled?	
What is the total number of boys?	
What is the total number of girls?	
Is your school site at prime real estate location of the city?	<input type="checkbox"/> Yes <input type="checkbox"/> No (Please tick the appropriate option)
Is your school witnessing closing down/large dropouts?	<input type="checkbox"/> Yes <input type="checkbox"/> No (Please tick the appropriate option)
Total Annual Teacher Salaries (including contractual staff)	
Basic Salary	
Allowances	
Annual Fee Collection	
Tuition Fee	
Other recurring fee (such as transport fees, uniform, books and stationery etc)	



a. Part A : General Information

b. Part B : RTE Indicators

i. Number of Teachers

Pupil-Teacher Ratio (PTR)

PS = 30 to 40, depending on number of admitted students

UPS = 35

CBSE Norm = 30, across levels

Related Data Format

Note: If a school runs classes from I to XII, please use both the formats below.

ii. All Weather Building with required infrastructure facilities

c. Part C: Non-RTE Indicators

i. Quality of Infrastructure

Related Data Format

ii. Exam Results

Table 36 SCHOOL DETAILS

Number of Students admitted in Class I to V	Number of Teachers teaching for Class I to V

Table 37 SCHOOL DETAILS

Numbers of Students admitted in Class VI to XII	Numbers of Teachers appointed for Class VI to XII

Table 38 SCHOOL DETAILS

Does School have following facilities (Please tick the appropriate option)	Availability
Pucca buildings	<input type="checkbox"/> Yes <input type="checkbox"/> No
Separate toilets for boys and girls	<input type="checkbox"/> Yes <input type="checkbox"/> No
Safe and adequate drinking water facility to all children	<input type="checkbox"/> Yes <input type="checkbox"/> No
Playground	<input type="checkbox"/> Yes <input type="checkbox"/> No

Table 39 SCHOOL DETAILS

Particulars	Details
Total Number of Classrooms in the School	
Number of Classrooms with no Blackboard	
Number of Good classrooms – Those that do not require repairs (neither minor nor major)	
Electricity is available in the school	<input type="checkbox"/> Yes <input type="checkbox"/> No
Library is available in the school	<input type="checkbox"/> Yes <input type="checkbox"/> No
Barrier free access (easily accessible by CWD - Children With Disability)	<input type="checkbox"/> Yes <input type="checkbox"/> No
Pucca Boundary walls are present in the school	<input type="checkbox"/> Yes <input type="checkbox"/> No

Table 40 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Exam Results	Details
Number of Boys who passed the exams	
Number of Girls who passed the exams	
Number of Boys who scored above 60% marks	
Number of Girls who scored scoring above 60% marks	

The objective is to analyse data to understand the total % of students who passed exams and % of students who passed exams with over 60% marks.



Related Data Format

iii. Teachers qualification and training

SCHOOL DETAILS	
Table 41	
Qualification and training	Details
Number of Teachers as per Educational Qualification:	
Below Secondary	
Secondary	
Higher Secondary	
Graduate	
Post Graduate and Above	
Number of Teachers who have received in-service training	
Number of para-teachers	

SCHOOL DETAILS	
Table 42	
Work details	Details
Number of working days/instructional hours in an academic year	
Number of working hours per week for the teacher	

Norms and standards for a school

From 'The Schedule' to 'The Right of Children to Free and Compulsory Education Act, 2009'.

Table 43 NORMS & STANDARDS OF SCHOOLS

S. No.	Item	Norms and Standard	
1	Number of Teachers: For Class I – V	Admitted Students	Number of Teachers
		Up to 60	Two
		61 – 90	Three
		91 – 120	Four
		121 – 200	Five
		Above 150	Five plus one Head teacher
		Above 200	PTR including Head teacher should not exceed 40
2	Number of Teachers: For Class VI – VIII	(A) At least one teacher per class so that there shall be one teacher each for: Science and Mathematics ♦ Social Studies ♦ Languages (B) At least one teacher for thirty five children (C) Where number of admitted children in above 100 ♦ A full time head teacher ♦ Part-time instructors for • Art education • Health and physical education • Work education	
3	Building	All weather building consisting of i. At least one class-room for every teacher and an office-cum-store-cum Head teachers room ii. Barrier free access iii. Separate toilets for girls and boys iv. Safe and adequate drinking water facility to all children v. A kitchen where mid-day meal is cooked in the school vi. Play ground vii. Arrangements for securing the school building by boundary wall or fencing	
4	Minimum number of working days/ instructional hours in an academic year	Class	Details
		Class I - V	200 working days
		Class VI - VII	220 working days
		Class I - V	800 instructional hours
		Class VI - VIII	1000 instructional hours
5	Minimum number of working hours per week for the teacher	45 including preparation hours	
6	Teaching learning equipment	Shall be provided to each class as required	
7	Library	There shall be a library in each school providing newspaper, magazines and books on all subjects including story books	
8	Play material, games and sports equipment	Shall be provided to each class as required	

Annex IV

KVS specifications for infrastructure

The model schools are expected to be in line with KVS specifications for schools.

KVS SPECIFICATIONS Table 44

KVS space norms		A-I Type (Single Section)		A-Type (two section)		B-Type (three section)		C-Type (four section)	
S. No.	Description	Nos.	Size (mt)	Nos.	Size (mt)	Nos.	Size (mt)	Nos.	Size (mt)
1	Computer Lab	1	7.00 x 7.00	2	7.00 x 10.60	3	7.00 x 10.60	3	7.00 x 10.60
2	Labs	3	7.00 x 8.80 7.00 x 3.60	3	7.00 x 8.80 7.00 x 3.60	3	7.00 x 8.80 7.00 x 3.60	3	7.00 x 8.80 7.00 x 3.60
3	Jr. Science Lab	.....	.....		.....	1	7.00 x 10.60	1	7.00 x 10.60
4	Social Science/ Geography/ Resource Room (Primary)	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40
5	Social Science/ Geography /Resource Room (Higher Secondary)	1	7.00 x 3.40	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
6	Activity Room	1	7.00 x 10.60	1	7.00 x 10.60	1	7.00 x 10.60	1	7.00 x 10.60
7	Art Room	1	7.00 x 7.00	1	7.00 x 10.60	1	7.00 x 10.60	1	7.00 x 10.60
8	SUPW/ Workshop	1	7.00 x 7.00	1	7.00 x 10.60	1	7.00 x 10.60	1	7.00 x 10.60
9	Library	1	7.00 x 10.60	1	7.00 x 14.20	1	7.00 x 17.30	1	7.00 x 21.40
10	Maths Lab	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
11	Principal Room	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
12	Office	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
13	Staff Common Room	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 8.80	1	7.00 x 10.60
14	Vice-Principal Room	.....	.....	.....	.....	1	3.40 x 3.40	1	3.40 x 3.40
15	Head Master/ Head Mistress Room	.....	.....	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40
16	Examination Room	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40
17	NCC/Scout/ Guide Room	1	7.00 x 3.40	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
18	PET Room	1	7.00 x 3.40	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
19	General Store	1	7.00 x 3.40	1	7.00 x 7.00	1	7.00 x 7.00	1	7.00 x 7.00
20	Medical Room	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40	1	7.00 x 3.40
21	Class Room	12	7.00 X 7.00	24	7.00 X 7.00	36	7.00 X 7.00	48	7.00 X 7.00

CBSE affiliation bye laws

If the schools want to get affiliated to CBSE, then the school design needs to comply with the affiliation bye-laws of the CBSE in order to receive affiliation from the board. The Bye-Laws cover many aspects of infrastructure and management of school and are comprehensive in nature. Some of the salient points from the bye-laws are presented below for reference:

Table 45 GUIDELINES

S.No.	Guideline
1	The minimum size of class rooms should be 8 m x 6 m (approx 500. sq. ft.)
2	The minimum size of science labs should be 9 m x 6 m each (approx 600 sq. ft)
3	The minimum size of library should be 14 m x 8 m
4	Separate provision for computer lab. and math lab
5	Rooms for extra curricular activities - either separate rooms for music, dance, arts & sports or one multi purpose hall for all these activities
6	The minimum floor space should be 1 sq. m. per student
7	Suitable furniture in the classrooms and office equipment and furniture commensurate with the strength of students and the staff
8	Adequate ground to create out door facilities for a 200 meter track, adequate land for Kabbadi and Kho-Kho; and facilities for playing Volleyball
9	Every school should have at least one adequately equipped computer lab with a minimum of 10 computers or computer student ratio of 1:20 and proper software
10	Wherever such facility is available, every school should have the facility of Broad Band Connectivity with the feature of 'internet always on'
11	The library should have at least five books (other than text books) per student in its stock subject to a minimum of 1,500 at the beginning
12	School should subscribe to sufficient number of newspapers and magazines. At least 15 magazines suitable for students and professional needs of teachers should be subscribed to
13	No teacher, teaching the Secondary and / or Senior Secondary classes shall be required to teach more than (3/4th) of the total periods in a week
14	The optimum number of students in a section of a class is 40
15	The student teachers' ratio should not exceed 30
16	There must be 1.5 teachers per section to teach various subjects

Source: CBSE Guidelines

Annex VI

Case studies of Education PPPs

While the private sector has been involved in major Public-Private- Partnerships for many decades now, the involvement of the private sector into social areas like health and education is only a recent one. This development is among the biggest drivers that provide the sector with necessary funds, expertise and management experience to evolve and deliver greater value to the global community.

Education especially, has traditionally been considered a ‘not-for-profit’ sector and hence has received limited private interest as such. However innovative PPP structures around the globe have recently broken this myth and provided avenues for encouraging private sector participation, while still centred on the concept of ‘education for all’.

Though most PPPs implemented across the world have the same basic objective and same broad design features, yet clearly, not all education PPPs fit neatly into any one typology. This is primarily because some programmes may contain elements that are common to different types of initiatives and the appropriate categorization may depend on the way a programme is implemented and the nature of the regulation governing providers. Hence it is always crucial to do a thorough situation analysis and modify/customize the best fitting PPP model in order to best address the problem/gap in hand.

The structures proposed in the report all serve different situations and address a variety of considerations ranging from educational quality, penetration, administration etc. Each of these structures have precedents across the world and the following case lets provide a brief look at some of the most successful instances wherein educational outcomes were favourably influenced by their implementation.



Revival of a municipal school under a RFOT structure

Table 46 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Renovation and Management of Schools in Germany	
Location	Cologne, Germany
Stakeholders	City Administration, Private Sector
Brief Description	At the beginning of 2005, the City of Cologne had commissioned HOCHTIEF Concessions to provide for the renovation, upkeep and facility management of over 90 schools within the County of Offenbach, which is located near Frankfurt, Germany. The project involved the government contracting for the financing, refurbishment and operation of government schools.
Scope	<p>The assignment comprised a total of 13 buildings with some 45,000 square meters of space and about 72,000 square meters of outdoor premises. To this end, the project company HOCHTIEF PPP Schulpartner Köln PI GmbH & Co. KG was founded. HOCHTIEF PPP Schulpartner Köln PI was designated to operate the schools until 2029 and serves as contact partner for the City of Cologne authorities in the event of any problems occurring. During the entire term of the concession, the City of Cologne is liable to pay a fixed monthly usage fee over the entire operating period. The contract volume of the project is EUR 125.9 million. The scope of work included:</p> <ul style="list-style-type: none"> ◆ Refurbishment and operation of all schools including exterior grounds ◆ Energy management ◆ Implementing safety and fire protection stipulations ◆ Technical building management ◆ Commercial building management ◆ Infrastructural building management <p>HOCHTIEF engaged a local SME to provide building management, including, for instance, maintenance and repair, and energy management. A 24/7 telephone hotline was set-up to ensure that any faults or disruptions are dealt with quickly and reliably.</p>
Outcome	HOCHTIEF Concessions completed the extensive refurbishment and modernization works at the seven schools, complete with gymnasiums and ancillary buildings, within 21 months of the start of the project in Cologne, Germany. The project has resulted in significant reduction of the costs for operating the school buildings. In addition special requirements, defined by the City of Cologne with regard to energy savings and environmental protection have been met.

Source: www.hochtief-facilitymanagement.com

Public-Private Partnerships in Basic Education: An International review by Norman LaRocque

Management Contracts to NGOs

IDENTIFIED GAP AND POSSIBLE REASONS Table 47

NGO assistance for schools in rural areas
<p>Location</p> <p>Punjab Province, Pakistan</p>
<p>Stakeholders</p> <p>Education Foundation, Private Sector</p>
<p>Brief Description</p> <p>The low quality and penetration of education in the Punjab Province (Pakistan) led to the formation of the Punjab Education Foundation (PEF) as an autonomous statutory body to encourage and promote education in the private sector operating on non-commercial/ non-profit basis in 1991. The PEF was restructured in 2004 into an autonomous and independent institution with the overall objective of promoting quality education for the poor through partnerships with the private sector. The PEF is funded by the Government of the Punjab Province (Pakistan). In 2005/06, the PEF budget stood at Rs73 million.</p>
<p>Scope</p> <ul style="list-style-type: none"> ◆ Under the foundation, assistance is primarily focused on rural and poor areas. FAS partner schools are located in a number of districts, including Lahore, Khushab, Bahawalpur, etc. ◆ In order to register, schools must apply to participate in the programme and must enter into a partnership agreement with the PEF. ◆ In order to implement efficient monitoring mechanisms, PEF officials are given unrestricted access to partner schools to monitor enrolments, attendance, physical facilities and infrastructure and to conduct Quality Assurance Tests to gauge learning outcomes and quality standards. The Key performance metrics include minimum performance benchmarks for students at FAS partner schools. This is essential to meet in order for the school to remain part of the FAS programme and hence eligible for funding. ◆ The PEF also provides professional development support for partner FAS schools which are targeted at reducing attrition rates. ◆ Additionally, the PEF has introduced other funding-based PPP programmes, including a small voucher scheme that operates in slum areas of Lahore. The funding is in form of payments to the tune of Rs300 per month per enrolled student in each participating private schools. The schools cannot charge fees on top of the per-student subsidy paid by the PEF and minimum/ maximum students per school are Rs.100/750. Subsidies are paid directly to the school.
<p>Outcome</p> <p>PEF has grown quickly with its programme coverage increasing from just 20,000 students in 54 schools in late 2005 to more than 500,000 students in 1,157 schools by May 2008.</p> <p><i>Source: Public-Private Partnerships in Basic Education: An International review by Norman LaRocque</i></p>



Establishment of new schools at Greenfield locations

Table 48 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Building 'ADARSH' schools in Punjab	
Location	Punjab, India
Stakeholders	Government, Private sector
Brief Description	<p>The State government of Punjab has formulated several educational policies in order to increase the literacy and promote education in the state.</p> <p>Under the same thought, Punjab government has taken a project to set up 108 Adarsh schools under Public Private Partnership (PPP). The concept is to provide quality education to the economically poor and intelligent students free of cost in the 'Adarsh Schools' to be affiliated to the Central Board of Secondary Education (CBSE) in the state.</p>
Scope	<ul style="list-style-type: none"> ◆ The land would be given on 99-year lease to the Private partner by the government. In addition, 50% of the capital cost would also be provided by the State government. ◆ The operational cost of the school would be shared (70:30 ratio) between the State government and the Private partner. ◆ The facilities provided by Adarsh schools would also include facilities like computer rooms, laboratories, libraries, innovative teaching aids, sports equipment and teacher-training aids.
Outcome	<p>In all, 11 Private partners applied for allotment of Adarsh school sites. A total of 15 sites had been finalised and approved to 5 Private partners to setup the modern and fully equipped educational institutions in the State.</p> <p>Under the Adarsh Scheme, Bharti Foundation entered into a partnership with the Punjab Government to open 6 senior secondary schools in the state. The first school was opened at Chogawan, Amritsar on April 8, 2010 and rest five schools are planned to be set up in Fattuvilla in Amritsar, Sherpur Kalan, Rauni, Jhorran in Ludhiana and Jhaneri in Sangrur.</p>
Source: News Articles	

Table 49 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Private Finance Initiatives for Schools in United Kingdom	
Location	United Kingdom
Stakeholders	Government, Private sector
Brief Description	<p>The Private Finance Initiatives (PFI) were introduced in United Kingdom by the Conservative government in 1992 and supported extensively by the Labour Party since it took office in 1997. PFIs are used where it is felt that the involvement of the private sector in the provision and management of the project would provide greater and continuing efficiencies in the construction and operational management of the project. Resulting in offsetting the higher costs of private sector borrowing.</p>
Scope	<ul style="list-style-type: none"> ◆ Under a PFI programme, a capital project such as a school, hospital or housing estate, a private sector partner (usually a consortium of companies) takes on the provision and long-term operation of a facility under the Design-Build- Finance-Operate (DBFO) model. Such facilities are always kept in line with the local authority and school or schools' specification. ◆ The contract specifies payments to the private consortium based on performance, which is paid regularly from public money. If the consortium misses performance targets, its payment is reduced. At the end of the contract period, the facility is returned to the government. ◆ Since PFI are considered case by case, the contracts can be structured differently to best accommodate the situation.
Outcome	<p>Studies in UK have concluded that PFI projects are more likely to be delivered on time and within budget than traditionally procured projects.</p> <p>As at October 2007, the Department for Children, Schools and Families (DCSF) had signed 115 PFI deals, with a value of approximately £4.8 billion. Among the largest education PFIs have been the South Lanarkshire and Glasgow Schools Projects in Scotland (£394 million and £206 million respectively).</p>
Source: Public-Private Partnerships in Basic Education: An International review by Norman LaRocque	



Management Contracts at existing schools (Annual Reimbursement Model)

IDENTIFIED GAP AND POSSIBLE REASONS Table 50

Contract Schools, United States
<p>Location United States</p> <p>Stakeholders Government, Private Sector</p> <p>Brief Description The United States has involved private management in public schools since the early 1990s. This usually takes either of the following two forms:</p> <ul style="list-style-type: none"> ◆ Local school boards directly contract with an Education Management Organization (EMO) to manage a public school. ◆ Involves indirect contracting wherein an EMO manages charter schools either as the holder of, or under contract to, the organization that holds the school charter. Students do not pay fees to attend these schools as they remain publicly owned and funded. <p>basic underlying reason for private management in both forms is to manage low performing schools in a given school district.</p> <p>Scope Under this structure arrangement, private sector school operators may operate under any of two kind of contracts:</p> <ul style="list-style-type: none"> ◆ Management contracts: The management of the school is turned over to the private sector; but teaching and other staff remain employed by the local school board and are subject to the teacher union contract. ◆ Operational contracts: Under this, teaching and other staff are employed by the private operator, and terms and conditions of employment may differ from the teacher union contract. ◆ Financial assistance under both of the above models involves a fixed amount per student (usually equal to the average cost of educating a student in the public sector) paid to the private sector operator. In some cases a fixed management fee can also be paid in lieu of the per student amount. However these payments are subject to the private operator meeting specific performance benchmarks. <p>Outcome The enrolments in schools under EMOs increased from less than 150,000 in 2001-02 to over 237,000 in 2005-06</p> <p><i>Source: Public-Private Partnerships in Basic Education: An International review by Norman LaRocque</i></p>

IDENTIFIED GAP AND POSSIBLE REASONS Table 51

Colegios en Concesión, Colombia
<p>Location Colombia</p> <p>Stakeholders City Administration, Private Sector</p> <p>Brief Description In order to usher in quality among public schools and achieve high academic results, the City of Bogotá introduced the Colegios en Concesión (Concession Schools) programme, under which the management of some public schools was turned over to private schools with proven track records of delivering high-quality education. The first Concession Schools began operating in 2000.</p> <p>The programme was designed to overcome many of the traditional problems faced by public schools, including weak leadership, the inability of schools to select their own personnel, lack of labour flexibility, lack of equipment and supplies, bureaucratic red-tape and the politicization/ unionization of the education sector.</p> <p>Private schools and/or educational organizations bid in a competitive process for management contracts of newly built schools in poor neighbourhoods of Bogotá. Single school or a group of schools were offered. The management contracts were for 15 years, which demonstrated both long-term commitment to educational improvement and continuity in supply.</p> <p>Scope</p> <ul style="list-style-type: none"> ◆ The contracts with Private partners clearly established standards that must be met. KPIs were established, including hours of instruction, quality of nutritional provision and the establishment of single shift schooling. ◆ The Private partner was given full autonomy over school management and was evaluated based on results. Monitoring was in form of school inspections carried out by a private firm to monitor the maintenance of school facilities and property. In addition, ongoing reviews of pedagogical standards and norms were carried by the Bogotá Ministry of Education. Failure to meet educational outcome targets, such as standardized test scores and drop-out rates for two consecutive years could result in the cancellation of the contract.





Colegios en Concesión, Colombia

- ◆ The Private partner was required to provide educational services to children of poor category requiring financial assistance of Col\$1,114,500 per year.

Outcome

The programme resulted in a reduction in the share of the budget allocated to human resources

It also created a high demand for more such schools among the local community resulting in increase in enrolments from 7,000 in 2000 to 26,000 students in 2004.

Source: *Public-Private Partnerships in Basic Education: An International review by Norman LaRocque*

Management Contracts at existing schools (Second Shift Model)

Table 52 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Leasing of Public School Buildings to Private Operators, Pakistan

Location

Punjab, Pakistan

Stakeholders

Government, Private Sector

Brief Description

In order to boost operations of existing schools, Punjab Government adopted a model of school contracting involving the leasing of under-used and dilapidated government school buildings to private schools.

The arrangement under the scheme involved allotment of rights to the private sector for operation of a school in the afternoon shift, when the school building was closed. This right was given in exchange for up-gradation of the school building by the private operator.

Scope

- ◆ The licensee was required to upgrade the school facilities, pay operating costs of both schools (day and afternoon shift) and contribute 10 percent of any profits to the public school council.
- ◆ The fee charged to students in the second shift was restricted to a maximum of Rs.200 per student per month at the primary level and Rs.300 at the secondary level.

Outcome

This programme was initiated by the Punjab Government in February 2001 in four districts and it was extended to the entire province in May of the same year.

More than 6,000 such schools, who adopted this model, were operating successfully in Punjab (as of 2008).

Source: *Public-Private Partnerships in Basic Education: An International review by Norman LaRocque*

Table 53 DATA ANALYSIS: UNDERPERFORMERS IN MAHARASHTRA

Government Sponsorship of Students in Private Schools, Côte d'Ivoire

Location

Côte d'Ivoire

Stakeholders

Government, Private Sector

Brief Description

Education in Côte d'Ivoire faced problems of capacity limitations. The number of places available in public schools and training institutions in Côte d'Ivoire were insufficient to meet student demand. In addition, gross and net enrolment ratios in Côte d'Ivoire were low, even by Sub-Saharan Africa standards.

In order to bridge the gap in the supply of places, the government introduced a programme whereby it sponsors 'public' students to attend private institutions.

Scope

- ◆ Under the programme, private schools received a payment for each 'public' student they enrol. The government sponsored students in lower and upper secondary school and in professional and technical training. There were no limitations with regards to attending a religious or a secular school for the students.
- ◆ Financial assistance was provided depending on student's educational level: \$200 per year for lower secondary students and \$233 per year for upper secondary students. The schools were required to be 'chartered' to take on sponsored students and the placement of students depended in part on the educational performance of the school.

Outcomes

The number of students in the private school sponsorship programme increased from 116,000 in 1993 to 223,000 in 2001, an increase of 92 percent.

Source: *Public-Private Partnerships in Basic Education: An International review by Norman LaRocque*

Build and manage hostels for students

IDENTIFIED GAP AND POSSIBLE REASONS Table 54

Building new student hostels for Oxford Brookes University
<p>Location</p> <p>United Kingdom</p>
<p>Stakeholders</p> <p>University Trust, Private Sector</p>
<p>Brief Description</p> <p>Oxford Brookes University opted using the Private Finance Initiative (PFI) to meet the need of student accommodation resulting from increased applications, and an increasing preference among students to reside in university accommodation.</p> <p>The university undertook PFI procurement on the basis that it provided the best match with the university's core objectives which included:</p> <ul style="list-style-type: none"> ◆ Retaining financial flexibility ◆ Transferring the construction related risks associated with the provision of accommodation to the Private partner. <p>The successful bidder was Jarvis University Partnerships Programme (Jarvis UPP), selected from a competitive bidding process. The university entered into agreements with a special purpose company (SPC), which was a joint venture owned by Jarvis Plc and Barclays Private Equity having stake of 50% each.</p>
<p>Scope</p> <ul style="list-style-type: none"> ◆ The funding, design, construction and facilities management services for 750 en-suite bedrooms at the university's Cheney Halls site in Headington, Oxford were transferred to the Private partner. ◆ The facilities management services and utilities at the hostel were the responsibility of the SPC. These included: <ul style="list-style-type: none"> • Cleaning • Porterage • Security • Laundry services • Refuse collection • Utilities • Insurance ◆ However the university retained the responsibility for marketing and allocation of rooms as well as maintenance of the access road to the site. <p>The financial payments to the SPC provided incentive to offer services to a predetermined standard and included financial penalties levied in the event of under-performance. Additionally, the rent charged to students was set by the university and could not directly be charged by the Private partner.</p>
<p>Outcomes</p> <p>The project successfully achieved the objective of establishing high quality affordable accommodation and the construction process within the timelines.</p>
<p>Source</p> <p>A case study by Paul Large, Director of Finance & Legal Services at Oxford Brookes University.</p>



Indicative list of Permissible/Non Permissible Activities for Schools

a) Permissible Activities

The following activities are proposed to be permissible as additional revenue opportunities:

- ▶ Coaching Centre
- ▶ Training and Development Centre
- ▶ Adult Education Centre
- ▶ Community Centre
- ▶ Public Library Branch
- ▶ Job Development Centre
- ▶ Sports Centre
- ▶ Theatre and Arts Centre
- ▶ Senior Citizens Centre
- ▶ Social Services
- ▶ Cultural Activities
- ▶ Spiritual Centre
- ▶ Health Clinic
- ▶ Park and Recreation
- ▶ Night Parking Centre
- ▶ Food Bank

It must be noted that the above activities are **NEITHER FINALIZED NOR EXHAUSTIVE**. Each revenue activity proposed by the Private partner must first be authorised by the project sponsoring authority on a case to case basis.

b) Non- Permissible Activities

The following activities are not permissible to be undertaken by the Private partner in the school premises:

- ▶ Sale of intoxicated items
- ▶ Eateries serving liquor
- ▶ Any item using tobacco as raw material
- ▶ Retail shops of building materials (timber, marble, iron and steel and sand), firewood, coal and any fire hazardous and other bulky materials



- ▶ Repair shops of automobiles repair and workshop
- ▶ Storage and warehousing
- ▶ Junk shop
- ▶ Liquor shop
- ▶ Printing, dyeing and varnishing
- ▶ Commercial Shopping complex
- ▶ Banquet and Conference Hall
- ▶ Any industry connected with meat and slaughter.
- ▶ Items causing environmental problems/hazards
- ▶ Any other activity which may be notified from time to time

It must be noted that the above activities are **NOT EXHAUSTIVE**. Each revenue activity proposed by the Private partner must first be authorised by the project sponsoring authority on a case to case basis.

LEGAL

WATER

ROADS

URBAN TRANSPORT

HEALTH

STRATEGIC COMMUNICATION

TOOLKITS

CASE STUDIES

CAPACITY BUILDING CURRICULLUM

EDUCATION

DEA KNOWLEDGE
SERIES