

Paradigm of choice

Could vouchers emerge as the social policy tool to deliver public benefits efficiently? Edenred may soon find out

Not everyone is as lucky as Khushi Jaiswal. Not everyone gets to make a choice – the choice to go to school or which school to go to.

“Poor people like us can’t afford private schools,” says Suman Jaiswal, Khushi’s mother. You soon get to know why. As a home-maker, she can’t contribute financially to the family. Her husband works in a cloth factory and brings home ₹3,000 each month. An income as meagre as that must provide for the family of five! “I have two sons as well, both studying in government schools. Khushi was studying in one too. It was only when she got selected to receive education vouchers for four years that we decided to shift her to a private school,” adds Jaiswal.

Khushi is part of an innovative social experiment, School Choice, being carried out in Delhi by Edenred and Centre for Civil Society (CCS) since 2008. Edenred was earlier called Accor, the French giant which built a worldwide business on meal vouchers. The premise of the programme rests on the principle that it is better to fund students, who can use the payment to choose, instead of schools. A network of 80 private schools was put in place and an exhaustive list of 20,000 girls from economically underprivileged families was arrived at. Thereafter, 400 girls were randomly selected as beneficiaries to receive school vouchers to complete four years of education in any of the empanelled private school of their choice. Each student receives vouchers worth ₹3,700-4,000 per year. The vouchers also allow children to shift schools, if the schools fail to deliver quality.

Khushi’s parents settled for JGM Public school in New Usmanpur in east Delhi’s Seelampur area. Apart from the reputation of the school,



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their decision was primarily motivated by its proximity to their home. The spatial context of the school is telling – situated in a narrow lane, the school is literally sandwiched between houses and basically comprises a corridor flanked by classrooms on both sides. The parents still ‘chose’ it over any government school, as they believe the quality of education imparted here would be better than in any state-run institution.

It’s noteworthy that Section 12 of the Right of Children to Free and Compulsory Education Act 2009 has made it compulsory for every private unaided school to admit at least 25 per cent of its entry level class from children belonging to weaker and disadvantaged groups. However, the deep resentment among private

schools to follow the mandate has only meant that *crème-de-la-crème* of schools would continue to be an elusive dream for students like Khushi. Education vouchers, therefore, are her best bet.

“We are happy with our daughter’s progress. The voucher takes care of everything. The school even provides books, stationery and uniform,” says Jaiswal. Has she thought what will she do after the voucher pilot ends? “Admit Khushi back in a government school. What other choice will I have then?” she counter-questions in response.

The predicament of Lakshmi Saha, a tailor, is no different. In a separate school access programme by Edenred, called ENABLE (Ensure Access to Better Learning Experiences),

Saha's child was selected to receive vouchers for five years. In partnership with the CCS and Absolute Benefits for Kids (ARK), 815 children are receiving vouchers for a period of five years under ENABLE. There are separate vouchers for tuition fee, books, uniforms and meals, totalling up to ₹7,300 per child per year, valid in ARK empanelled schools.

A spin-off advantage of the voucher system is that they incentivise schools to increase enrolments and improve the quality of education they offer. "So far, the evidence is unequivocally clear – our studies have found that the voucher students are doing better than those who didn't get the vouchers. The behaviour of the parents has also changed for the good – they ask their kids if the teacher came to the school or whether their homework is complete. To be able to choose the school is an empowering experience for the parents and it also makes them responsible," says Parth J. Shah, president, CCS.

Subsequently, evidence from other education voucher projects will also roll in. The Uttarakhand government piloted a voucher scheme called Pahal to enable children of rag pickers to go to a school of their choice in Dehra Dun among those empanelled. Apparently, the encouraging results of the scheme have led the government to extend it to Udham Singh Nagar and Nainital districts as well. Then there's Paraspar in Madhya Pradesh and Gyanodaya in Rajasthan on similar lines.

The voucher ecosystem functions seamlessly – Edenred provides a unique code number to each school and signs an affiliate contract with them. The parents submit the vouchers to the school, which in turn is sent to Edenred in Mumbai for redemption. Edenred scans the vouchers for validation and processes the payment to schools through cheques within 10 days.

"We've been in India for more than a decade," says Sandeep Banerjee, MD & CEO, Edenred India. "We wanted to expand our scope of offerings and one way to do it was to help the government drive its social inclusion agenda. It was a logical step ahead for

us – to go beyond the prepaid corporate services that we offer. About two-and-a-half years ago, we initiated public social programmes. We narrowed down to education, health and food. Our objective is to tell the authorities that here is a model that is working. The question is can we scale up this model and meet Right to Education targets," Banerjee adds.

Edenred, ARK and CCS have jointly invested in these pilots. The catchment area in terms of opportunity is, least said, huge. Estimates by McKinsey & Company suggest that payments between the Indian

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government and individual households—in the form of direct cash transactions, subsidies and public services such as education and healthcare – amounted to ₹13.3 lakh crore (about ₹11,200 per capita, which is less than a fourth of the average per capita income of India). The total value for subsidies, including that for food and fertilisers alone, was about ₹1,34,000 crore! Even in terms of the sheer number of poor households in India – there are about 80-100 million.

Madhya Pradesh will soon become the first state in the country to undertake targeted Public Distribution System (PDS) implementation using Unique Identification (UID). As part of the consortium, Edenred will manage the IT enabled targeted PDS using food smart coupons. Five million families will be beneficiaries of what is being slated as India's single largest Public Social Programme. Through the coupons, the state will also be easily able to track the exact quantum of entitlements delivered to the beneficiaries.

Will vouchers emerge as a viable

alternative to the leakage-infested current PDS? "Any system is as good as the intent of the system. There's no fool-proof solution. The vouchers allow instruments to be used in a closed network and we maintain that network," explains Banerjee.

The pilot projects will undoubtedly offer evidence to guide public policy in the right direction. That, but, is only the first step. Like they say, the devil is in the details. Empirical evidence from a detailed study conducted by Harvard's Michael Kremer and Andrei Sarychev suggests that school choice contributes to ideological and cultural segregation. The study found that democratic societies will prefer that education be publicly provided, rather than simply publicly financed since, under a voucher system, parents may send their children to schools teaching ideologies that are similar to their own. Over a series of generations, this leads to a more ideologically polarised society.

Internationally too, the debate on vouchers is on. Gordon Brown was forced to retract from his attempt to tax the middle class families of the UK and reduce their childcare voucher entitlements. Meanwhile, in Philadelphia a proposed legislation for the city to offer low-income students vouchers worth thousands of dollars to attend private or religious schools is being contested.

Assuming that the government agrees to implement the voucher system across the country, considering the high cost of private education what will be the voucher value? And, how will the government bring parity between the quality of education and fee structure of private and the government schools? What sort of incentives could be introduced to motivate the government schools to compete with their private counterparts to gain more voucher students? Or, how can good private schools be gainfully lured to set shop in rural areas?

The answers to these methodological challenges will emerge in due course of time. For now, these first trials must indeed be lauded, as exploring alternative delivery mechanisms.

• KIRAN YADAV