

## POLICY IDEAS No.5

# PRIVATE EDUCATION FOR THE POOR?

## The case of India and lessons for Malaysia

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The key findings in this study include the willingness of parents, regardless of income level, to spend a sizeable proportion of their earnings on their children's education.

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### Summary

Private schools are usually associated with better quality but the cost is usually beyond the reach of the common citizen. However, this study shows that it is possible to introduce key elements of the private system – accountability, parental choice and competition – at a much lower cost or even for free to the students.

This is a study of five schools in two Indian cities, Mumbai and Delhi. All the schools serve families with very low income, including those living in slum areas. We interviewed headmasters, teachers and parents. We found that two models exist: affordable private schools that charge a monthly fee (with a voucher system for those who cannot afford to pay anything), and government schools that are run by the private sector without charging any fee.

We found that poor parents are willing to pay in order to obtain good education for their children. But there is not yet a comprehensive system to help parents assess school performance objectively. We also found that the private school market for the poor to be very competitive, with school operators trying hard to attract new students by continuously pushing up quality.

The Indian experience shows that there is a clear opportunity to bring market discipline into the school system, with the ultimate aim of driving up quality so that the poor too can benefit from what is traditionally the monopoly of the rich. To end the discrimination against the poor in Malaysia, we propose that the school system should be liberalised, and the private sector encouraged to explore the bottom 40 percent market. A private voucher system should also be introduced to assist those who cannot pay any fee.

## 1. Introduction

Across the globe in education circles, there has been increasing interest in the role of the private sector in providing education for the poor. The proliferation of private schools in India has been particularly widespread. For example, a visit to various slum areas in New Delhi will show how private schools have become extremely common among the poor. This is the case despite the slum-dwellers living in poverty.

Baird (2009) compiled data indicating that in 2007, approximately 63% of children in urban areas were enrolled in private schools, while in rural areas it was approximately 23%<sup>1</sup>. The latter number is significant because most families in rural India fall into the poor, low-income category. Almost one in every four children from these low-income families are enrolled in private schools.

This paper discusses the phenomenon of private schools in India, and proposes some ideas for Malaysia.

In this study, we tried to answer the following questions:

- What are the different models of private schools that serve the poor in India?
- Why do low-income parents choose fee-paying private schools when there are free government schools available?
- Can Malaysia benefit from the Indian experience?

## 2. Methodology

This study was conducted in December 2012 in two major Indian cities, Mumbai and New Delhi. In both cities, there is a high proportion of children from low-income households attending private schools. Additionally, Mumbai's municipal council has pioneered a widely acclaimed public-private partnership (PPP) school model.

This study focused on urban poor areas – including slum areas – where there are a significant number of affordable private schools<sup>2</sup>. Rural schools could not be included as funding limitations did not allow for more extensive geographical coverage.

Five private schools and four not-for-profit organisations were visited over the course of this study. Interviews were held with their principals, senior management officers, students, teachers and parents. The interactions between students and teachers were also observed in their respective classrooms.

The private schools visited were:

- 3.2.1. School, Mumbai
- Modern English Medium School, Mumbai
- Bhandari Public School, Delhi
- Janta Public School, Delhi
- Naveen Public School, Delhi

The following NGOs were interviewed:

- Teach For India, Mumbai
- Gray Matters Capital, Delhi
- ASER, Delhi
- Center for Civil Society, Delhi

## 3. Some Definitions

For the purposes of this paper:

“Private” schools are schools that are independently operated and do not receive government aid.

“Low cost” schools charge fees ranging between 100 Rp to 800 Rp (approx. RM 5.70 – RM 44.40) per month, tend to be mostly located in low-income or urban slum areas, and are accessible to the poor.

“Low cost” and “affordable” are used interchangeably.

<sup>1</sup> Baird 2009 (Private Schools for the Poor: Development, Provision and Choice in India. Ross Baird, 2009.)

<sup>2</sup> Urban Ward Surveys. ASER 2011; Private Schools Serving the Poor. Working Paper: vA Study from Delhi, India. James Tooley and Pauline Dixon, 2011

## 4. The Indian Education Landscape

Education in India is provided through:

- government schools, funded either through central, state or local governments
- aided private schools, which are run by private managements but funded largely by government grants
- private schools, which are run entirely on fee-revenues and have no government intervention in financial or operational matters.

Private schools are further divided into two types:

- recognised private schools, which means they have met the regulatory requirements set by the government
- unrecognised private schools, operate outside the regulatory mechanisms

Generally, unrecognised schools tend to be smaller, and many have operated for a shorter period of time. This results in their inability to meet infrastructure requirements or in some cases, the cost of the bribe, to qualify for recognition. Apart from this, there is minimal variation between the structure and management of the two types of private schools. Therefore, for the purpose of this paper, no distinction is made between the two types unless necessary.

	AFFORDABLE PRIVATE	ADOPTED SCHOOLS
Revenue model	Student fees	Government funding and private donors
Access to capital	Limited to fees and owner's capital	Government funding and private donors
Student Demography	Low income students, from 2-3km radius, some hard core poor students who are subsidised at the school's discretion	Low income students from 2-3km radius, more hard core poor students as no fee is charged
Staff	Low salaries, low retention	Mid-range salaries (comparable with public schools/non-profit sector), higher retention

Table 1: Comparison between Affordable Private Schools and Adopted Schools

Private aided schools are becoming increasingly rare throughout the country. Many of them have been converted to government schools, or they receive gradually decreasing government support and are moving towards a fully private model. Despite its name, this category of schools functions in a manner that is very similar to government schools. Teachers are unionised, the government determines salaries and hiring criteria, and teachers are paid based on the government teacher salary scale.

Upon examination, it became apparent that outside the government school system, there are two models of schools that currently serve the poor in India: firstly, affordable private schools, and secondly, government schools that have been adopted by the private sector and are now privately managed and funded. These key criteria of these two models are summarised in Table 1 and discussed below.

### 4.1 Affordable private schools

#### BACKGROUND AND CONTEXT

Although it has long been acknowledged that private schooling is prevalent amongst middle and high income urban dwellers in India, this trend does, in fact, now hold true even for the low-income segment of urban society.

A survey of five low-income urban areas in five different states - conducted by ASER, a non-profit organisation - found that in 2010-11 four of these five areas had private school enrolment of over 50%, and three areas had private enrolment of over 70%. These private schools must have been affordable for the poor, and they are clearly playing a crucial role in educating a significant proportion of children from low-income households.

## FUNDING

Affordable private schools rely on fees paid by parents. They do not receive any support from the government.

Fees vary considerably, ranging from Rp 100 to Rp 800 per month (RM 5.70 – RM 44.40 per month). The fee is determined by factors such as class size, infrastructure provided and official recognition status - i.e. whether the school complies with government regulations.

Despite the low fees, affordable private schools face significant fee collection problems, with an average of 15-25% of fees being outstanding at any given time.

## COST

The affordable private schools are for-profit enterprises. Therefore, student fees must cover all costs incurred by the business. School proprietors try to keep costs down mainly through low teacher salaries. On average, salaries can range between 7-20% of a government school teacher's starting salary. Infrastructure is also often kept to a bare minimum. Many classrooms, for example, are without furniture, ventilation and electricity. Some schools do not have proper toilets.

## STUDENT DEMOGRAPHY

Given their low fees, affordable private schools are accessible to a large number of poor students, as demonstrated by the high proportion of poor children now enrolled in both rural and urban India.

In urban areas, students in affordable private schools almost invariably live within a 2-3 kilometre radius. This relatively short distance

### BOX 1: A glimpse on the private voucher schemes for the poorest children

A small, but growing number of private schools now participate in private voucher schemes – i.e. a voucher scheme that is funded by the private sector and charitable foundations, instead of by the government.

India's first private voucher scheme was pioneered in 2007 by the Center for Civil Society through the Delhi Voucher Pilot. Today, voucher schemes have been introduced in several states in India, including Rajasthan, Uttar Pradesh and Madhya Pradesh. These vouchers enable families from the poorest backgrounds to send their children to an affordable private school that they would otherwise be unable to afford.

Parents, who can be selected through a variety of methods, are provided with these vouchers, and can use them in private schools in lieu of fees. The school management redeems these vouchers for cash.

School owners are generally supportive of voucher schemes. They are keen to accept voucher students and are pleased that the vouchers were allowing some of the most underprivileged children in their communities to attend school. One or two owners also provided subsidies on books and other fees, in the event that these costs were not covered by the voucher.

The vouchers also provide a relatively more stable cash flow for the schools. This is important because fee collection is often a challenge. Some voucher schemes cover fees on a semester basis, and hence, provide a lump sum of cash up front for participating schools.

helps reduce travel cost and allays parents' concerns about security and safety of their children.

The existence of student fees, albeit already relatively low, still prevents the poorest parents from enrolling their children in these schools. To address this problem, an increasing number of voucher schemes have emerged (*See Box 1*).

## ACCESS TO CAPITAL

The capital and operating expenditure of the affordable private schools are drawn from fee collections, or from the school owner's personal finances. The majority of affordable private schools cannot access formal

credit. School owners frequently cite this as an impediment to carrying out desired expansions or improvements to their schools.

To date, there have been limited attempts by the financial sector to tap into this underserved market, although the Indian School Finance Company has recently begun to offer loans to such schools.

## STAFFING

Given the low-cost fee structure and the financial constraints of their clientele, the affordable private schools are generally unable to offer competitive salaries to their teachers. As a result, staff retention

is a major challenge. Only one school out of the five interviewed had more than one staff member who has been teaching for over five years.

Most teachers remain with a particular school for an average of 2-3 years, eventually leaving for better paying jobs in other schools. Many teachers needed to supplement their income by running private tuition classes in order to make ends meet.

## 4.2 School adoption

### BACKGROUND AND CONTEXT

Based on the charter school concept in the United States, the school adoption model has gained traction in India over the past 5-7 years. The Mumbai Public Schools Public Private Partnership scheme has allowed not-for-profit organisations to take over the running and management of English medium government schools across the district. The relative success of this policy has led the Greater Mumbai Municipal Council to increase the scale of this programme. Their stated intention is to open up all of the Mumbai government schools for adoption.

### FUNDING

Adopted schools do not charge fees. All funding is obtained from the government or from private donors.

The extent of government involvement varies from school to school. In some schools, the government continues to provide human resources and infrastructure, subsidising up to 95% of the cost. One not-for-profit organisation, Naandi, has taken over the management of 15 schools in Mumbai, handling all organisational

and management matters while the government continues to provide head teachers, teachers, the premise and infrastructure.

In other cases, management, staffing and funding are taken over entirely by the not-for-profit body. Akanksha and the 3.2.1 Foundation are examples of organisations that have pursued this route. In these cases, the involvement of the municipal council is limited to the provision of premise and infrastructure, while all other areas are managed by the organisation, including fundraising.

### COST

Adopted schools which raise their own funds are generally supported by established not-for-profit organisations with a strong funding base. But adopted schools that continue to receive government funding do not have to raise funds themselves. As such, there is softer budget constraint - pressure to keep costs low is not as severe as it is for affordable private schools.

The difference offered by the adoption programme is that they strive to provide higher quality education that is usually perceived to be the monopoly of expensive private schools, but at lower overall cost when compared to the per-student cost at government schools.

### STUDENT DEMOGRAPHY

As with affordable private schools, adopted schools serve students from low-income households drawn from a 2-3 kilometre radius. Since adopted schools do not charge fees, they are able to serve the most underprivileged segments of students whose parents would not otherwise have been able to afford any kind of private education.

### ACCESS TO CAPITAL

Schools using the adoption model do not face the severe financial constraints associated with affordable private schools model. Through the public private partnership, not-for-profit organisations are able to leverage on the vast resources of the government and in fact, channel additional resources into these schools.

The provision of physical infrastructure and premises by the government removes a significant proportion of the school's operating costs, freeing up resources which can be channelled to teacher salaries and better learning material, for instance. This is particularly the case in urban areas where land is scarce and property prices are high.

However, due to the absence of fee-based revenue, expansion beyond the existing government support is constrained by the managing organisation's ability to raise funds.

### STAFFING

Adopted schools that employ teachers provided by the government do not face as much difficulty with staffing as do purely private schools. This is because salaries and retention rates within the civil service are relatively higher.

Similarly, adopted schools funded by the not-for-profit organisations generally still offer salaries comparable to the rest of the not-for-profit sector. This is significantly higher than what is offered by affordable private schools, and contributes to a lower turnover rate.

**BOX 2: An example of an affordable private school**  
*Modern English Medium School,  
Kamraj Nagar, Mumbai*

Year established : 2000  
 Number of students : 1,500  
 Number of teachers : 35  
 Fee range : 250 – 300 Rp  
 (approx. RM 14.20 – RM 17.00)  
 Teacher salary range : 5,500 – 6,000 Rp  
 (approx. RM 312 – RM 340)

The Modern English Medium School initially began as a private tuition center, and later expanded by a founding group of trustees into a two classroom school with a pre-primary class of twenty students. Today, the school has a large student population ranging from pre-primary to secondary.

A driving factor for the establishment of the school was that there was no English medium school available within the vicinity. The closest school is located on the opposite side of a major highway. The vast majority of students live within a 2 kilometre radius. They mainly walk to school, and hence do not incur transportation costs.

Relative to its competitors, Modern English fees are low, which is a major attraction point for parents. This is partly due to a minimalist investment in infrastructure – classrooms are windowless, cramped with old and cumbersome furniture, and without electricity. The school is also able to spread its costs across a large student population.

The trustees recently added a second storey to their main building to accommodate their growing number of students. They would like to expand to college level, but lack the finances to do so in the next few years.

Affordable private schools are playing a crucial role in educating a significant proportion of children from low-income households.



Modern English Medium School, Mumbai



Students at Modern English Medium School with a Teach For India fellow

**BOX 3: An example of an adopted school**  
**3.2.1 School, Crawford Market area, Mumbai**

Year established : 2011  
 Number of students : 100  
 Number of teachers : 5  
 Fee range : No fee charged  
 Teacher salary range : 15,000 – 40,000 Rp  
 (approx. RM 852.00 – RM 2,272.00)

The 3.2.1 School, founded by Gaurav Singh, occupies part of a government school which, until several years ago, had a student population of 500. In the past few years, this number has dwindled to approximately 30 students. Hence, through a public private partnership scheme, 3.2.1 School was given the school premises by the municipal council to begin operations in June 2012. The municipal council also subsidises the cost of utilities. But 3.2.1 is responsible for all other operating costs of the school. 3.2.1 has autonomy over curriculum, staffing and admissions, subject to a periodic inspection from the municipality.

Gaurav, a former engineer, and his team of teachers are all alumni of the Teach For India programme, which recruits and trains high performing graduates and young professionals to teach in low-income schools for a period of two years. When asked for his reasons for choosing the school adoption route, rather than a purely private model, he explains that to attract and retain such a high performing team, the fee per student would have been too prohibitive for the low-income segment he desired to reach.

Based on the charter school concept in the United States, the school adoption model has gained traction in India over the past 5-7 years.



Classrooms at 3.2.1 School

Parents with children enrolled in private schools felt strongly that their investment was worthwhile, and were quick to highlight the perceived superior quality and higher level of accountability compared to the government school system.

## 5. Key observations on the Indian experience

### 5.1 Responsible parents are willing to pay for good education

The parents interviewed during this study were predominantly daily wage labourers in the low-income household category, earning only between Rp 5,000 – Rp 10,000 (approx. RM 284 – RM 568) per month. They lived in single room houses without water or electricity, and had an average of two to three children attending school at the time of the interview.

Despite the low income level, parents spent an average of 10 - 15% of their income on their children's education. Parents with children enrolled in private schools felt strongly that their investment was worthwhile, and were quick to highlight the perceived superior quality and higher level of accountability compared to the government school system.

Parents who struggled to afford the private school fees and did not have access to the adopted schools tried to send at least one child to a fee-paying private school. Often they prioritise based on gender, or they send the child whom they felt had the highest potential to succeed academically to the private school.

In the event that parents could not afford to send any of their children to a private school, public schooling was typically supplemented by private tuition classes. Even private school students frequently attended extra tuition classes after school hours, depending on their parents' ability to afford these extra lessons.

There is a thriving market for private tuition – one principal estimated that 50% of his students took after-school tuition classes, and was aware that most of his teachers supplemented their income this way.

The willingness of low-income parents to spend on private education is remarkable. This is especially so because the free government schools provide free tuition, free books, school bags, and lunch. Government schools are also often equipped with better infrastructure, while many private school students learn in cramped classrooms. This experience is indicative of a deep-rooted belief among low-income parents that only the competitive private sector can provide the needed educational quality even if the infrastructure was poor. These poor but responsible parents are willing to pay for the sake of their children's future.

### 5.2 Competition and accountability drive quality up

The market for private education in India is highly competitive, and as a result, school owners devote much of their efforts towards improving student outcomes. Coupled with this, parents at their schools spend a significant proportion of their income on school fees, and hence demand a high level of accountability. All principals interviewed in this study spend a significant amount of their time in classrooms, observing their teachers and providing feedback to help teachers improve. The principals also actively engage with parents through parent-teacher meetings, as well as additional discussions when needed.

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Interestingly enough, the competitive pressure to achieve satisfactory student outcomes has incentivised principals to hold parents accountable for their role in their children's education.

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The principals of the private schools are almost always members of the local community, while the student population is generally drawn from nearby areas. This means the 'social distance' between parents and teachers is small - principals generally have strong ties with parents, many of whom may already know them outside the context of the school, and the principals are able to access these parents easily, since their homes are within walking distance from the schools. This is contrary to the realities of government schools, in which most teachers live outside of the school localities and are not from the local community.

Adopted public schools do not charge fees, and hence lack the direct accountability associated with fee paying parents. However, the adopted schools are still accountable to donors, who may withdraw funding if the desired targets are not achieved. At the same time, although the adopted public schools are free of charge, the existence of many affordable alternatives means they do in fact need to compete for their students.

Interestingly enough, the competitive pressure to achieve satisfactory student outcomes has incentivised principals to hold parents accountable for their role in their children's education. Some principals used measures such as compulsory attendance at parent teacher meetings as a condition for enrolment, introduction of incentives for parental involvement in these meetings, and even requiring teachers to record 'parental performance' along with student performance.

### 5.3 Poor parents have an information gap

All the parents interviewed in this study displayed a high level of interest in their children's education. Despite the fact that some of them were illiterate and uneducated, they were able to employ a variety of proxies that allowed them to form an opinion on their children's academic progress. For instance, they actively compare their children's behaviour and academic performance to children of friends or relatives who attended different schools. They check their children's exercise books to see if work had been given and graded. They observe their children's confidence in speaking English, even if they did not speak it themselves. They also quiz their children on the school activities.

The parents who send their children to private schools also compare experiences with those who have children in government schools. They were aware, for instance, that in government schools, teachers were often absent. When the teachers do come to class, some do not teach but simply copied notes on the blackboard. Some government schools teachers do not teach but chatted outside of the classrooms instead.

Based on the information which they actively gather, they make an assessment of the quality of education received by their children.

However, there remains an information gap that may affect parents' ability to make an informed judgment on their children's schooling experience. While proxies can provide good insights into a child's schooling experience, they appear to be useful for more extreme comparisons - for example, being able to tell the difference

between being able to speak some English, or none at all, versus judging between two children who speak some English. The more complex the comparison, the more challenging it is to form a good assessment. Hence, given such limited information, the act of choosing the best school among several private schools is much more difficult than, for example, the decision between government and private schools, where the discrepancy in learning levels is often quite evident.

This gap in knowledge was particularly apparent in discussions at one school visited in this study. Parents in the school expressed a high level of satisfaction and perceived the school to be better than the alternatives. However, while the school was advertised as an English medium school, neither the principal nor the teachers were fluent in English. Also, in a ranking of affordable private schools produced by Gray Matters Capital<sup>3</sup>, the school is ranked as relatively low performing.

#### 5.4 Government regulatory failures creates costs

School operators generally did not highlight government regulation as one of their major concerns. However, it was evident from discussions that a flawed regulatory environment increases the cost of operations.

For example, the process of becoming a recognised school is far from transparent and often dependent on the school owner's

ability to pay a bribe. In the words of one principal, "The *official* cost is very low, but the *actual* cost is much higher." Complying with some of the regulatory requirements is also often too expensive for the low-cost private school owners.

Additionally, in India, schools are required by law to run as non-profit organisations, and can only be owned by a trust or society (or the government). As such, school owners often resort to dubious measures to conceal their profits, such as inflating teacher salaries on paper or employing family members as administrative staff. However, the lack of reported profits directly leads to another cost – i.e. the proprietors being unable to obtain loans to expand their operations, because they do not have official documents to show the profitability of their enterprise.

Adopted schools under the public private partnership scheme also face challenges. The application process for school adoption is tedious and access to the school facilities is often only provided at the eleventh hour. Because they operate in government-owned school premises, making changes to the building often requires an excessive amount of paperwork and insurmountable bureaucracy. Even throwing away unusable junk can prove problematic. One school had, in theory, access to three rooms, but was only able to use two of them, as the third was filled from floor to ceiling with broken furniture. The principal had enquired about removing the unusable furniture, but gave up after understanding how bureaucratic the process is.

Hence, the regulatory framework imposes a significant cost on both types of school operators.

#### 5.5 Involvement of not-for-profit organisations

The existence of a strong and vibrant not-for-profit sector in India has greatly enhanced the provision of quality education for students from low-income households. Some not-for-profit organisations have been involved in taking over and running public schools under the school adoption model as described above. Additionally, another group of not-for-profit organisations is creating a variety of solutions to address gaps in the affordable schooling sector.

For example, the Center for Civil Society in Delhi pioneered the first private school voucher system in India. Other organisations, such as Absolute Return for Kids, have since followed suit.

Teach For India (TFI) supplies high-performing and passionate young graduates to teach in private schools for a period of two years. In addition to their own classrooms, TFI teachers often create school-wide impact through teacher training initiatives. This provides school owners with a steady supply of high quality teachers, in a market where staff recruitment and retention is a critical issue.

Gray Matters Capital works to increase the availability of reliable information on affordable private schools. To this end, it has created a school evaluation tool that has been used to create a simple, parent-friendly School Report Card for over 200 schools in Delhi, Hyderabad and Bangalore. This helps poor parents to make informed choices, and, helps school leaders to identify areas for improvement as well as provide justification for their fees.

<sup>3</sup> The Gray Matter Capital ranking independently assesses affordable private schools based on factors such as facilities, teacher quality and student outcomes.

## 6. Conclusion

The rising involvement of the private sector in the provision of schooling has led to a significant increase in affordable choices for low-income parents. Poor parents are acutely aware of, and are deeply dissatisfied with, the quality of the existing government school system. They see private schools as a viable alternative to secure a better future for their children.

Indian poor parents can exercise a degree of choice thanks to the creativity of Indian entrepreneurs who are tapping into a market that can be served by a profit-making enterprise. This is helped by the willingness of Indian authorities to boldly explore new models, including those that allow private actors to serve the poor, either by charging fees or by providing free education using the school adoption model. Ultimately, it is the poor who benefits the most from an improvement in the education quality received by their children.

Poor parents in India show openness to the private schools. In fact, despite their low incomes, poor parents are willing to invest to provide their children with higher quality education. This willingness to pay exists despite the availability of free government schooling that is also often associated with additional perks.

Competition among the private schools produces positive benefits for the poor. Schools woo parents by striving to improve quality, while at the same time reducing costs. Both the school and parents become more responsible and accountable in the journey to help students learn better. Parents who spend a significant

portion of their hard-earned income on school fees demand a high level of accountability from principals, who in turn are constantly pressured to improve student performance.

In a market where there is an abundance of affordable alternatives, the need to compete for students is also keenly felt by the adopted schools, even though they do not charge a fee.

However, even with low fees, there will always be a segment of low-income families who are unable to pay for private schooling. The introduction of private school vouchers provides assistance to such parents in a way that also allows them choice.

A good regulatory environment, coupled with an enforcement system that is free from corruption, can significantly lower the barriers to entry and the operating costs of private schools serving the poor. Increasing transparency and simplifying regulations could have far reaching implications for schools' ability to expand and gain access to capital.

The not-for-profit sector plays a key role in the Indian education landscape. They complement the works of the government and the for-profit companies, firstly, as an alternative provider of education, and secondly, working to complement gaps in the affordable schooling sector.

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**Ultimately, it is the poor who benefits the most from an improvement in the education quality received by their children.**

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## 7. Key lessons for Malaysia

### 7.1 Educational discrimination against the poor must be stopped immediately

While community-based, affordable schools do exist in Malaysia, these mostly consist of Islamic religious schools such as the private schools run by ABIM and JIM. There has been almost no attempt to introduce affordable schooling as a mainstream option for Malaysians. As a result, poor families do not enjoy the option that many of their more affluent peers do – the choice of enrolling their children into better quality schools. It is unfair and immoral to keep the poor continuously trapped in this situation.

Preliminary findings from IDEAS' "Voice of the Poor" study<sup>4</sup> show striking similarities between the attitudes and levels of awareness of Malaysian low-income parents when compared to their Indian counterparts. Building on this, more research is needed in the following areas:

- The extent of poor parents' awareness of the actual quality of government schools compared to private schools
- The type of education poor parents and students actually desire
- The appetite of poor parents to pay for private education

### 7.2 The school sector should be liberalised to enable affordable providers to enter the market

The under-resourced affordable private schools of India is not the model that Malaysia should be aiming for. Most of these Indian schools were established to serve communities living at a level of poverty that is not widespread in Malaysia. Nevertheless, the fact that those living in almost abject poverty still choose to pay for quality education is a clear indication that private schools can play a significant role in delivering high quality education for the poor, including in Malaysia.

The government should prioritise the liberalisation of the school sector in the country's transformation programme, especially in its implementation of the 2013-2025 Education Blueprint. As a first step, PEMANDU should explore ways for this to become a key initiative under both the GTP and the ETP.

The Ministry of Education and Ministry of Finance should work together to encourage the entry of not-for-profit and for-profit low-cost school operators to increase the availability of choice for low-income parents. These providers can explore setting up new affordable private schools, or take over existing government schools under a school adoption programme. The actual school model should not be determined by the government, and the private sector should be allowed to innovatively and creatively design the model. The government should only focus on the outcomes – i.e. improved educational achievement among poor students - and not the method of learning and teaching.

Measures that should be taken by the government include:

- Provide tax incentives for low cost providers, both for for-profits and non-profits
- Simplify and enhance the transparency of procedures to establish private schools
- Create clear minimum standards and guidelines for private schools, including a coherent inspection regime
- Facilitate the provision of information to parents (e.g. through a ranking system, and making inspection reports publicly available)

### 7.3 Introduce a private voucher system for the poorest in society

As in the case in India, there will always be a section of our society that will not be able to afford to pay any school fees. However, children of this segment of society will still benefit from attending better quality schools. A private voucher system should be piloted to complement the introduction of affordable private schools, so that no child is left behind.

The voucher system should not be run by the government, as this would only add to the bureaucracy. Instead, corporate and private foundations should be encouraged to independently take up this responsibility. Additional incentives can be given to encourage society and companies to donate for this purpose.

<sup>4</sup> Giving Voice to the Poor. February 2013.

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