



KASHF SCHOOL SARMAYA

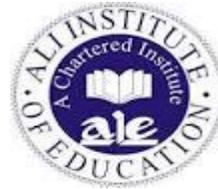
**FINANCING LOW COST PRIVATE SCHOOLS (LCPS) IN
PAKISTAN**

Kashf
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Volume I



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KASHF SCHOOL SARMAYA

FINANCING LOW COST PRIVATE SCHOOLS (LCPS) IN PAKISTAN

Overview of the Education Sector in Pakistan

In the wake of global competitiveness, no one can deny the importance of education for an aspiring country like Pakistan. It is primarily through education that Pakistan can overcome economic as well as socio-political challenges that it faces today. A detailed analysis of the education sector in Pakistan reveals that it is an immensely important yet neglected sector as compared to global standards. Whereas countries such as India, Japan and Malaysia spend over 3.5% of their Gross Domestic Product on education, Pakistan lags behind by spending as low as 2.0% of its GDP on education.¹

Research literature suggests that the South Asian countries that achieved economic prosperity as well as political stability focused on concerted efforts to develop their education sectors, primarily the school system, so that youth are equipped with the right skills and can become active agents of socio-economic development.²

The indicators in Pakistan, however, present a dismal scenario of education industry. According to a report by UNESCO, Pakistan has the world's second highest number of children out of school (OOSC), reaching 5.1 million in 2010. The country ranks 113 out of 120 countries in the Education Development Index.³ Furthermore, **Figure 1** below shows that the gross primary school enrollment rates in Pakistan are far lower than that of the South Asian as well as the lower middle income countries of the world.

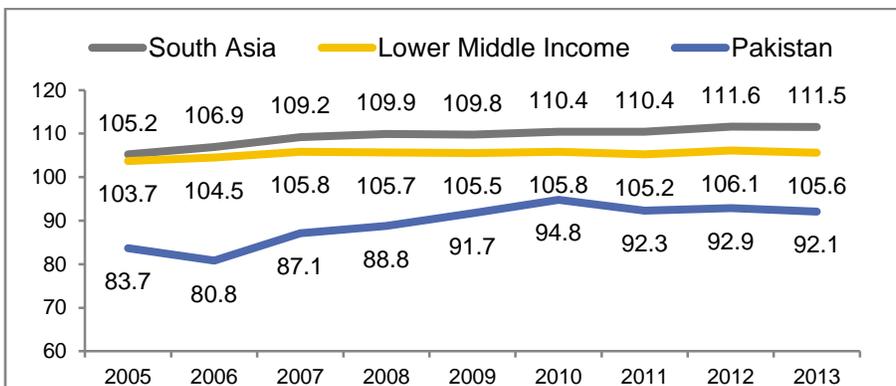


Figure 1: School Enrollment Primary (%) Source: World Bank

¹ See Pakistan Economic Survey 2013-14; Ministry of Finance; Government of Pakistan.

² See "Asia's Four Little Tigers: A Comparison of the Role of Education in Their Development." By Paul Morris for details.

³ Source: Education for All (EFA) Global Monitoring Report 2011: Youth and Skills - Putting Education to Work, United National Educational, Scientific and Cultural Organization (UNESCO), 2012.

STATE OF EDUCATION IN PAKISTAN

The poorest girls in Pakistan are twice as likely to be out of school as the poorest girls in India, and at least six times as likely as the poorest girls in Bangladesh

- Ilm Ideas Report, 2014.

Pakistan has one of the lowest literacy rates in the South Asian region and almost half of the adult population in Pakistan is illiterate

- Global Monitoring Report 2013-14, UNESCO.

This means that a major segment of Pakistan's population cannot afford the basic necessities of life, let alone quality education.

Figure 2 further highlights that more male offspring of the richest as well as the poorest households have access to primary education as compared to their female counterparts. Females

belonging to the poorest regions have very little or no access to primary education. This reveals the extent to which gender disparity, already prevalent in our society, is also deeply entrenched within access to schooling. Gender disparity coupled with poverty along with consistent disinvestment by the state in the education industry accounts for the dismal state of education in Pakistan.

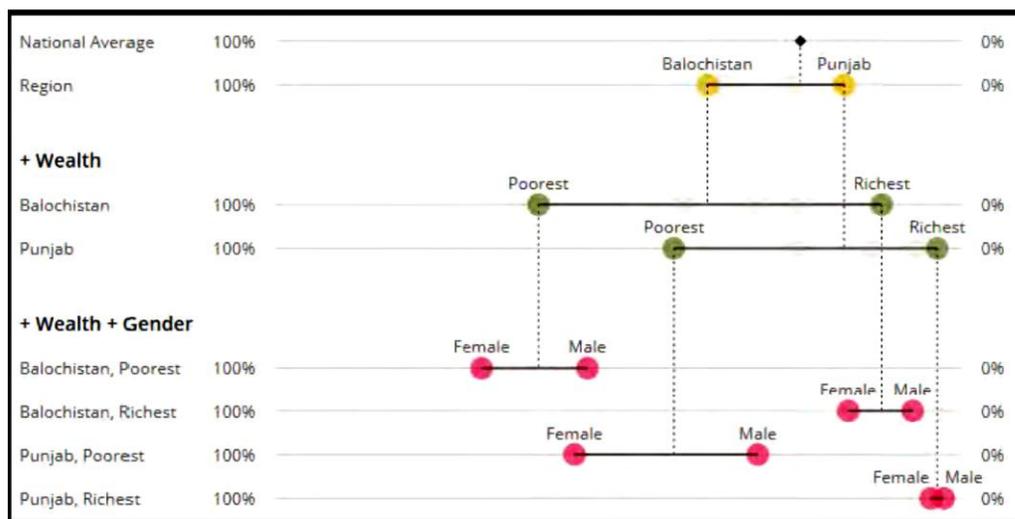


Figure 1: Percentage of 7-16 year olds who have never been to school Pakistan, 2007. Source: UNESCO

The Role of Low Cost Private Schools

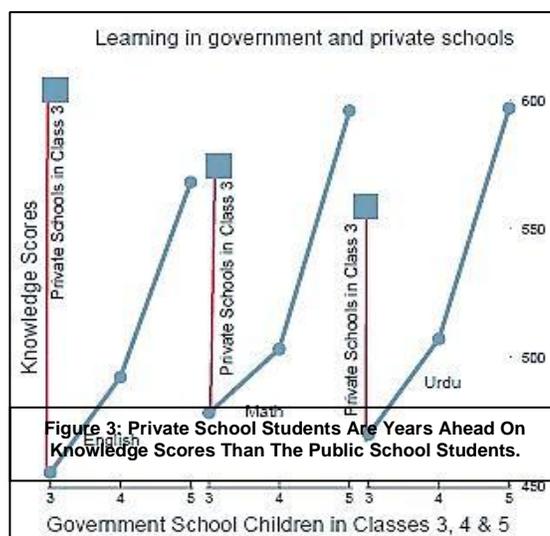
As mentioned earlier, one of the reasons for poor performance of education industry in Pakistan is the historically low and static investment by the state in public sector education system and the resultant inability of the public sector to provide quality education services to a growing school age population. To satisfy the gap created by increasing demand for quality education and a simultaneous deterioration in the performance and delivery of public sector education in the context of poverty and gender inequality, Low Cost Private Schools (LCPS) have emerged and proliferated in the educational landscape of Pakistan to cater to the needs of middle, lower-middle and low income segments of the population of Pakistan. LCPS sector typically includes privately owned and operated schools that charge tuition fees ranging between PKR 10 and PKR 2500. They derive their competitive advantage through the following important factors that parents take into account while choosing schools for their children:

- **Proximity:** LCPS operate in close proximity to the communities that they serve thus positioning themselves as better and safer schooling option for children, especially for females and for those belonging to the far-flung rural communities of Pakistan.⁴ This promotes increased access to schooling for children belonging to disadvantaged backgrounds.
- **Conducive environment for female students:** Research studies reveal that LCPS provide female-friendly learning environment due to the higher number of female teaching staff in such schools which results in higher female enrollment ratio in LCPS as compared to the public schools. Evidence suggests that LCPS sector promotes gender equity in terms of access to schooling.⁵
- **Client-focused business models:** LCPSs are privately owned and operated business ventures and hence responsive to the needs of its clients in order to ensure their sustainability and profitability. This in turn leads to greater satisfaction of the parents and students due to the flexible nature of LCPS business model manifest in their flexible fee structures, admission cycles, curriculum designs, teaching methods etc.

⁴ Tahir, A., Jishnu, D., & Ijaz, K., 2008.

⁵ ibid, 2008.

- **Better performance of students:** Past studies reveal that students in private schools perform better on tests than the students of public schools. According to a recent report, the children in government schools will be among the worst performing 20% in private schools in English and the worst performing 30% in Urdu. Likewise, evidence suggests that by the time students in private schools reach grade three, they are 1.5-2.5 years ahead of government school students.⁶ (Figure 3)



- **Parents' perception of LCPS:** In recent years, there has been an increase in demand for low cost private schools due to an increased willingness of parents to pay for better learning opportunities, often stretching their meager incomes for education expenditure. Studies suggest that parents prefer low cost private schools instead of government schools as they perceive them as providers of better learning opportunities at low fees.

Today, LCPS sector accounts for about one-third (30%) of primary school enrollments and serves 10.5 million students out of a total enrollment of 35.2 million which makes this sector a significant non-state player in the education industry of Pakistan. It is for this reason that this sector needs to be evaluated and promoted so that every child in Pakistan gains access to quality education irrespective of the socio-economic background and gender. In order to promote the LCPS sector in Pakistan, following constraints to its growth and sustainability need to be addressed:

- **Limited financial resources:** One of the major constraints to the growth and expansion of low cost private schools is limited financial resources.⁷ The primary sources of revenue for such schools include the tuition fees that they generate and the private equity of owners which prove to be insufficient for up-scaling of such low-fee private schools.
- **Lack of investment in quality factors:** Another constraint is that of the lack of investment in quality factors in LCPS. The basic reason for such neglect is the low financial capacity of school owners and the perceived financial risk associated with undertaking such measures that lead to improved quality of education.

Financing Low Cost Private Schools: An Opportunity in the Microfinance Landscape of Pakistan

Pakistan's microfinance sector has evolved over the years from being a provider of basic micro-credit products for low income households to offering a range of diversified microfinance products and services including credit, savings and insurance. A closer look at the microfinance landscape of Pakistan reveals a gap in the market, sometimes labeled as the 'missing middle' in the microfinance sector. Whereas the focus of Microfinance Providers has mostly been on low income households, the micro-enterprises are largely underserved.

⁶ Andrabi, 2007

⁷ Pakistan Microfinance Network's Policy Note highlighted the prospect of a sector-led approach for financing of LCPS through microfinance.

“Microfinance has only served about 10.2 percent of its potential market, estimated to be close to 27 million clients. This indicates that there is room for microfinance providers (MFPs) to enhance outreach to the underserved through targeted strategies that cater to specific sectors in the economy, particularly the small and medium enterprise (SME) sectors.”⁸ This SME sector offers opportunity to those Microfinance Providers who seek to explore new markets and have the capability to diversify their products in order to cater to new markets. A sub-sector within the SME market is that of Low Cost Private Schools (LCPS). A research study commissioned by the United Kingdom’s Department for International Development (DFID) looks at access to finance for low cost private schools in Pakistan, estimating that the sector’s funding appetite exceeds **PKR 77 billion for over 70,000 low cost private schools** currently operating in the country. The amount and sources of initial investment for these existing schools are typical of the SME sector, with a substantial number of low cost private schools having initial investments of less than PKR 300K sourced usually from personal savings and loans from family and friends.⁹ These insights on the microfinance landscape, specially the high potential that Low Cost Private Schools offer in the context of microfinance make this segment a mutually beneficial opportunity for both the Microfinance Providers as well as the LCPS.

Kashf Foundation: Exploring New Frontiers

Since its inception, Kashf Foundation has provided microfinance services to over 3.6 million low-income citizens of Pakistan, primarily women. The aim of Kashf Foundation is to provide micro-credit to those women who belong to low-income households to build their entrepreneurship capacity through access to financial and non-financial services with the ultimate aim to alleviate poverty. Kashf focuses on providing women-specific financial products for example loans, savings, insurance and financial education in order to sustainably enhance the economic role of women in the society. With this mission in mind, Kashf continuously brings innovation to its financial as well as non- financial services so that its purposes, poverty alleviation as well as gender equality, are achieved. During the course of its operations since 1996, Kashf Foundation identified two significant needs of its clients pertinent to the LCPS sector:

- A large number of women belonging to low-income communities want to establish low-fee private schools for educating children of their communities, especially females. Lack of financial capacity, however, hinders their entrepreneurial aspirations in the private education sector.
- A majority of Kashf Foundation’s clients want to educate their children specially school age girls. Also, the impact assessments¹⁰ of Kashf Foundation revealed an increase in expenditure on schooling of children once the women clients of Kashf acquire greater fiscal space owing to their flourishing businesses; however, dearth of low cost private schools imparting quality education coupled with poor quality of education in government schools makes it difficult for children belonging to low-income communities to attain quality education.

Such findings during interactions with millions of clients motivated Kashf Foundation to collaborate with organizations such as **Pakistan Microfinance Network** and **United Kingdom’s Department For International Development** to conduct detailed research studies on the impact investment potential of LCPS sector in Pakistan, its impact on the community specially females and the nature of financial constraints to its growth

⁸ Haq, Aban, and Khadija Ali, 2015.

⁹ Source: Draft Report: 'Access to Finance for Low Cost Private Schools in Pakistan', 2014.

¹⁰ See detailed [Impact Assessments](http://Kashf.org) Online at <http://Kashf.org>. 97% of female respondents and 67% of the male respondents reported an increased willingness to educate their male and female children alike after attending Kashf’s gender trainings.

potential. It was found that there is a huge potential in the low cost private schools to improve education levels in Pakistan if only they are provided with financial and non-financial services to meet the challenges and constraints that they face. Moreover, such an initiative also fits into the overall mission of Kashf Foundation by not only encouraging and assisting female entrepreneurship in the private education sector and thereby alleviating poverty but also by removing gender inequality in terms of access to schooling. This opportunity presented itself as an impact investment because quality education for children belonging to disadvantaged backgrounds would translate into low incidence of poverty and diminishing gender disparity in the long-run, both of which are the ultimate goals of Kashf Foundation. To further validate the findings of research studies, Kashf Foundation carried out a primary research in the LCPS sector. The findings of this extensive research exercise confirmed a high demand for micro-credit product by low cost private schools due to their limited financial resources and further enlightened Kashf Foundation on specific needs and constraints of the low cost private schools with regards to the kinds of financial and non-financial services that they demand. Likewise, weaknesses in the quality factors including curriculum development, teachers' trainings, performance appraisal systems, class management skills, and infrastructural weaknesses were also found to be constraining the growth potential of such schools. After thorough analysis, **Kashf School Sarmaya** was introduced as a solution to the pressing financial constraints of the LCPS sector along with the provision of some major non-financial interventions to encourage investment in quality factors of low cost private schools.

Kashf School Sarmaya: Combating Poverty and Gender Inequality through Education

The introduction of Kashf School Sarmaya (KSS) envisages education as a tool for poverty alleviation as well as gender equity in the society. However, providing microcredit to LCPS sector through Kashf School Sarmaya is not the end in itself; it's a means to the end which is consistent growth and self-sustainability of this sector while ensuring good quality of education. It is for this reason that Kashf Foundation first evaluated Kashf School Sarmaya's impact during its pilot phase comprising of ten low cost private schools whose selection was based on the fulfillment of the following criteria.

It was decided that to be included in the pilot phase as a loan recipient, the school must:

- **Cater to low income households** as Kashf Foundation wants education to reach grass-roots level.
- Be **privately owned**.
- Have **tuition fees less than PKR 1000/month** as research showed that low income households spend less than one thousand rupees per month on average on each child's education. Our concept of low cost private schools is synonymous with low fee private schools.
- Be a co-education or a girls-only school and have **greater than 50% female teacher ratio** in order to ensure that gender equity and female education is promoted at the grass-roots level.
- Have the **potential for expansion** to ensure realization of maximum potential through financial assistance.
- Be owned by someone who shares the **same values and long-term vision** as that of the Kashf School Sarmaya project.



- Have the **ability to repay** the KSS loan.
- Be willing to **participate in Kashf's non-financial capacity enhancement training programs**.

The pilot phase of KSS comprised of the following financial as well as non-financial interventions in order to not only address the financial constraints of LCPSs but also to enhance the quality factors of such schools:

- **Easy access to collateral-free microcredit:** Kashf School Sarmaya provided collateral-free access to microcredit ranging between PKR 50,000 – 100,000 with loan tenure of 12 or 18 months to such low cost private schools that fulfilled its eligibility criteria.

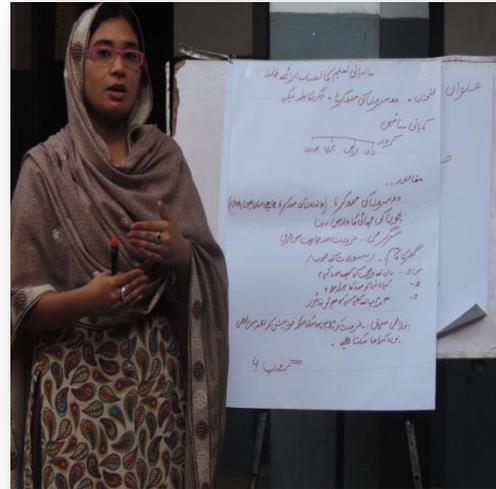
- **Teachers' training for better quality of education:** Tailored to the needs of low income school teachers, capacity building sessions formed an integral part of Kashf School Sarmaya. Teachers received extensive trainings in student learning styles, teaching styles, class room management, resource management, work-plan development and students' assessment. **Beaconhouse School System**, one of the most renowned school systems in the world with an extensive network of schools in Pakistan, ran a five-day teachers training workshop with KSS pilot schools and teachers. Twenty teachers and five school owners attended this training along with several Kashf Foundation's staff members. Kashf Foundation ran its own customized 2-day teachers training workshop with its next five schools. This module, designed specifically for the training needs of low income school teachers covered all the topics taught in the previous Beaconhouse School System training and additionally provided handouts in easy to read Urdu for the teachers. This training was conducted in collaboration with **Ali Institute of Education, Lahore**.

I am so excited to have learnt how to divide my money into savings and expenditure. I always liked math but after training I can calculate how much money I could save after paying for my books. I also made a savings box that helped me to save. I look forward to learning more.”-Student, Brilliant Cherish School, Multan

- **Financial education for youth:** This component of KSS promoted financial education for students through a five-day workshop whereby basics of financial management were taught to the students and schools were advised to make it a permanent part of their curriculum. This training consisted of four differentiated modules, each aimed at students of different age category ranging from nursery students to grade 10 students. The modules designed for lower grade students included the basics of savings and expenditure along with the lessons on helping those in financial need, however, the advanced module for student of eighth to tenth grade included budgeting lessons aimed at inculcating a habit of future planning to attain financial security. The aim of such an intervention is to enable the youth to become better financial decision-makers and adopt healthy financial practices from an early age so that they are able to secure an economically stable life by harnessing their entrepreneurship capacity in the future.
- **Capacity building training for low-cost private school owners:** In addition to teachers' trainings, school owners and senior school management received complementary capacity building trainings. Professional workshops aimed at enhancing entrepreneurial capacity and improving the overall

management system of their schools were arranged as part of the Kashf School Sarmaya's non-financial services.

- **Quality monitoring framework:** Pilot schools were assessed according to Kashf Foundation's rigorous Quality Monitoring Framework (QMF). The QMF acted as a loan utilization check and measured the impact and progress of the program on quarterly basis. It comprised of a list of quality indicators to be evaluated every quarter during the loan term. Indicators included key tangible items such as student enrolment, female student ratio, the number of teachers, a financial assessment of the school (such as revenue and expenditure), and a list of indicators that assessed the school's environment and safety standards. Finally, the QMF also included a qualitative assessment to capture impact on the quality factors including the teaching styles, students' engagement, curriculum development and overall learning environment of the schools. In this way, a school's progress over the course of the loan cycle was assessed and documented to ensure compliance to Kashf School Sarmaya's vision. The outcomes of the quality monitoring visits were also used to determine the school's eligibility to avail a loan from Kashf Foundation in the subsequent years.



The pilot phase of KSS met with numerous challenges including but not limited to the following:

- **Problems in financial assessment** of LCPS sector occurred as a result of LCPS sector majorly comprising of schools that have informal administrative structures that translate into low documentation capacities and weak financial reporting systems. This made the accurate financial assessment of such schools a difficult task to accomplish while determining the eligibility and credit risk of schools. Likewise, it was observed that the LCPS sector experiences irregular cash flows during an academic year that further made the financial assessment and credit risk evaluation difficult to carry out. To overcome this challenge, it was made sure that schools are assessed at times when enrollments could be physically verified rather than depending on the documentation only so that there was a double check on the revenues generated through tuition fees.
- **A dynamic market** of low cost private schools requires differentiated segmenting, targeting and screening criteria. Also, designing a standard product to cater to these dynamic needs of clients was a challenge in itself.
- Since such a financial product is new to the LCPS sector, it was met with suspicion by the school owners due to their **risk-averse behaviors and a financially constrained position** in the education industry where they avoid any further financial risk. Gaining their trust was important to effective delivery of KSS product and services therefore, one of the methods used to overcome this challenge included incorporating group trainings in the KSS program where school owners and teachers of different pilot schools were imparted trainings under one roof in order to encourage them to share their experiences with other recipients of KSS services.

- Likewise, **determining the right loan size** for each school required thorough financial assessments due to varying financial capacities of schools coupled with varying fees structures within each school. For this reason, loan assessment process kept being reviewed throughout the pilot program so that the loan size matched repayment capacities of the low fee school owners.
- It was observed that the owners of low cost private schools found non-financial services of KSS including the financial trainings and capacity building workshops as an added expense rather than an **investment in the quality factors** and therefore it was challenging to convince them to invest in these. Likewise, some of the low cost school owner did not have the financial capacity to pay for these services. In order to encourage investment in the quality factors, Kashf Foundation subsidized the non-financial interventions in collaboration with **Pakistan Poverty Alleviation Fund** thereby creating awareness in school owners about the impact of investment in quality factors on the schools' overall financial performance.
- Poor infrastructure of low cost private schools and their generally low levels of teachers' retention made it challenging to effectively deliver the training and workshop sessions. Moreover, **developing a team** for effective delivery of diverse set of trainings was a cumbersome task to accomplish, however, Kashf developed a team of **School Development Associates** exclusively trained for imparting the above mentioned capacity enhancement trainings and workshops in the pilot schools.
- On the part of Kashf, another major challenge was of **providing the best possible financial as well as non-financial services in the most affordable ways** because of the low financial capacity of its target market. For this reason, most effective methods and collaborations had to be resorted to for delivering this product in the lowest possible service charges to the LCPS sector.



Moreover, many more operational challenges surfaced in addition to the above mentioned LCPS sector-wide challenges. These operational challenges in fact helped Kashf Foundation revise its policies and procedures pertaining to KSS in order to ensure effective delivery of KSS product and services during the roll-out phase. Some of the more daunting operational challenges and the subsequent measures taken to overcome them have been discussed below.

- **Measuring Student Enrollments:** Due to weak management system of LCPS, enrollment registers did not provide up-to-date information. This limitation made it difficult for quality monitoring team to gather accurate information on enrollments. Therefore, a mandatory physical count of students was subsequently added to the quality monitoring procedures to ensure double verification.
- **Ensuring Compliance:** It was challenging to ensure compliance of LCPS to KSS scheme. It is for this reason that quarterly assessment was initiated to ensure a rigorous assessment of the KSS impact on a variety of indicators pertaining to schools' financial performance as well as the learning environment.

- **Portfolio at Risk (PAR):** It was identified during the pilot phase that female clients went into repayment overdue much less frequently than their male counterparts. It is for this reason that a limit was placed on the number of male clients for KSS i.e. male clients could not exceed 20% of the total KSS clients.
- **Loan Utilization:** In order to ensure greatest impact of KSS, it is imperative that the loans are used for capital expenditure and not the running costs of the schools. During pilot-phase, few LCPS started to utilize the loan amount on the running expenses, however, a revised policy was introduced to make it mandatory for the schools to utilize loan funds only on the capital expenditure.
- **Screening Criterion:** It was identified that the number of students enrolled in a school was related to the repayment capacity of that school as well as its long-term sustainability. It is for these reasons that the revised screening criteria made only those LCPS eligible for KSS micro-credit facility that had a minimum of 100 students enrolled to ensure that KSS was only availed by those schools which could repay loan and had the potential of long-term self-sustainability.
- **Utility Bills Payment:** It was found that regular payment of utility bills by schools was correlated with the loan repayment behavior of the clients. For this reason, history of utility bills payment was taken into consideration while disbursing loans to LCPSs,
- **Schools' Profit:** It was found that schools that had profit lower than PKR 10,000 at the time of disbursement of loan faced repayment difficulties during the loan cycle. Two such schools even closed down during the pilot-phase of KSS while in their loan cycle. This challenge led to the revised policy of only selecting those schools for KSS loan provision that have primary income between PKR 10,000-50,000.
- **School Tenure:** Due to the unexpected closing down of two schools during pilot phase of KSS, it was decided that only those schools that have been operational for at least 2 years will be eligible for KSS loan.
- **Partnerships:** The experience of pilot-phase revealed conflicts in schools which were run in partnerships resulting in repayment crisis. For this reason, revised policy made such schools ineligible for receiving KSS loan, only schools with single ownership were considered to be eligible for the KSS program.

Surmounting these challenges, successful completion of KSS pilot phase and its outcomes further strengthened the belief that such a product can achieve its desired impact if only the low cost private schools commit to making use of such interventions by the microfinance institutions. Following were the outcomes of KSS pilot phase:¹¹

- An average **loan size of PKR 100,000** was disbursed to ten schools and utilized on expansion projects including building of new class rooms and for buying teaching materials, fans, computers and generators.

¹¹ Please note that a sample of the pilot schools has been taken into account to measure the outcomes.

- Financial Education for Youth (FEY) curriculum designed and implemented in all **10 schools** with approximately **1000 students** trained in the basics of financial management. The teachers of pilot schools were also trained and made to commit to delivering financial education modules as a regular part of their curriculum from nursery to grade 10.
- An average increase of **14%** in the number of students' enrollment occurred as a result of KSS financial and non-financial interventions. Also, the female student ratio increased on average by **4.3%**.
- An average increase of **4.5%** was observed in the number of teachers employed in pilot schools.
- An average increase of **7.7%** was observed in the average salary of teachers.
- An average increase of **54%** was observed in the schools' revenues.
- Schools' profits increased on average by **165%**.
- As a result of trainings on classroom management and teaching methods, students and teachers reported better students' engagement, improved student-teacher relationship and an enriched learning experience.
- An overall improvement in the school safety, hygiene, cleanliness and environment of the classroom as reported by students and teachers through qualitative assessment tools of KSS quality monitoring framework. This was ensured by carrying out trainings in collaboration with the **Rescue 1122 team**.
- Overall better quality of education as reported by teachers and students alike through qualitative assessment tools of KSS quality monitoring framework.



This pilot project, due to its positive outcomes, led to a deeper motivation in reaching out to the LCPS sector with microcredit facility and non-financial quality interventions. It is for this reason that the KSS product was rolled out in seven districts across Pakistan with the following key objectives and improvements in the pilot features.

- **Access to Microcredit:** The range of loan size was increased to **PKR 60,000 – 300,000** for a period of either 12 or 18 months to satisfy the financial needs of a greater number of low cost private schools with growth potential.
- **Capacity Building Workshops:** The trainings were merged into a **five-day workshop** in order to impart quality trainings to teachers and school-owners at a stretch. This workshop now comprised of teachers' training, senior management training and finally a training of



teachers and management on how to effectively deliver the Financial Education for Youth curriculum to students so that the seeds of entrepreneurship are sown right from childhood.

- **Improved Training Modules:** The training modules were revised to elaborate on those topics that were well-received during the pilot phase as well to include those topics which were found to be **most relevant and informative** for teachers, management and students of each grade in terms of not only educating them on teaching methods and management skills but for inculcating a culture of financially savvy students harnessing their entrepreneurial capabilities from the beginning of their academic careers.
- **Eligibility Criteria:** The eligibility criteria was made stringent to **promote female entrepreneurship** which is the mission of Kashf Foundation, therefore policy was revised to make sure that male-owned low cost private schools under the KSS program do not exceed 25% of the total schools receiving KSS loan. This implies that at any given time, at least 75% of the schools receiving KSS loan would be owned by female entrepreneurs. Also, under the revised program, those schools were made eligible for KSS loan that charged an average tuition fee of PKR 1200 per month. This helped overcome the problems associated with varying fees structures within each school, thereby **standardizing the criteria** for KSS schools selection.

Key Objectives of Kashf School Sarmaya



Provide **microcredit** to low cost private schools for their infrastructure expansion and growth.



Enhance the quality of education and teaching methodology through **teachers' trainings**.



Develop the management and business planning skills of school owners through **capacity building workshop**.



Ensure that LCPS become **self-sustainable** ventures in the long-run, with little or no reliance on grants or donations.



Promote entrepreneurship and savvy financial management in students through **Financial Education for Youth** program.

Post-Pilot Accomplishments of KSS

This program has been successfully rolled out in seven districts across Pakistan and has so far achieved the following results:

- **168 schools** have been financed with Kashf School Sarmaya's micro-credit facility.
- Over **1000 students** have received basic financial management education through the Financial Education for Youth (FEY) program.
- Around **472 teachers** have been trained in teaching methodology.
- Around **199 school-owners** have been trained in management skills as a part of KSS non-financial services.

Way Forward

Still in its infancy, the Kashf School Sarmaya (KSS) project has the potential for improvements. Though successful in initial phases, it poses concerns that have possible significant future implications with regards to the outreach and effective delivery of this initiative in LCPS sector. Some of the major concerns and their implications include the following:

- There is a lack of tailor-made products for LCPS sector so continuous innovations are required to cater to the needs of disparate segments of clients with a standard user-friendly micro-finance product.
- Kashf Foundation is currently subsidizing the non-financial services to its KSS clients in order to build and enhance their entrepreneurial capacity; however, future collaborations need to be explored in order to ensure the long-term feasibility and growth of KSS initiative.
- Further primary research is required in order to identify the diverse dynamics that play their role in the market of LCPS. This will help in improving the product features to suit differing needs of its clients and ensure targeted lending.
- For greater outreach of the program across all regions as well as for a greater welfare impact, research assessment needs to be carried out to identify the feasibility of such an initiative in the rural communities of Pakistan.
- Kashf Foundation is determined to reach out to **5,500** low cost private schools by 2020 under its KSS initiative, train **25,000** teachers and **10,000** school owners in the stated time period and impart financial education to **500,000** students in order to promote education thereby alleviating poverty and increasing gender equity.

Conclusion

The primary as well as secondary research suggests a sharp increase in the demand for low cost private education; however, there is a dearth of low cost private schools imparting quality education. One of the major reasons for this imbalance between demand and supply is the limited availability of micro-credit schemes to low cost private schools which stunts their growth and prospects of long-term sustainability. Moreover, the management of such schools lacks the technical capacity and skills for efficiently managing a low cost entrepreneurial venture. Another concern is that of female students lacking access to education due to poverty and cultural biases rooted in the social fabric of Pakistan. Kashf Foundation has therefore introduced Kashf School Sarmaya, a combination of financial as well as non-financial services to help low cost private schools become self-sustainable and efficient ventures in the long-run. It offers easy access to micro-credit and subsidized management trainings to assist LCPS sector in achieving the above said purposes of imparting quality education and including a greater ratio of females in the education industry of Pakistan. Further research and collaborations are required to deepen the impact and outreach of Kashf School Sarmaya for the greater welfare of those children in Pakistan who are currently denied their basic right to education and a bright future.

Case Study: Ayubia High School

Mrs. Nargis Ahmad was diagnosed with Polio as a child. The disease resulted in atrophy of her left leg muscles and made it difficult for her to walk. Despite this disability and other challenges such as vehement opposition from her husband's family, Nargis was determined to start her own school. She offered free books and imparted education to children who belonged to very low-income families; however, she found it difficult to cover costs and lacked the financial capacity to invest in infrastructure and furniture of school.

During the pilot phase of KSS, Ayubia High School was selected by Kashf Foundation to be the recipient of micro-credit and therefore provided it with financial as well as the complementary non-financial services. Nargis informed Kashf Foundation that after KSS training, her school set up an opinion box through which students were able to anonymously relay their concerns to her. This allowed students to have easy access to her, even regarding their personal problems. Nargis also introduced the financial education program and a savings box was placed in classrooms to teach children how to save and spend money. The most significant change she noticed was in the curriculum content and the school's overall learning environment.

"I am thankful to Kashf Foundation for providing Ayubia High School with financial and non-financial services. We now have more fans, generators and other infrastructure facilities. The students are more active and the attendance is higher than ever before. After Kashf School Sarmaya teachers' training, the quality of teaching and overall learning experience has seen much improvement" - says Nargis Ahmed

Kashf taught us how to build on a child's basics. Before Kashf School Sarmaya, we followed a monotonous routine with no innovation. After training, we have become more passionate about our mission. We have achieved great progress and I'm hopeful that in few more years, Ayubia High School will be providing a much better quality of education." - Nadeem Ahmed, Teacher.

Nargis believes that this was a direct result of KSS's training of activity based learning and encouragement of art work and creativity. She is proud of the fact that now the students show motivation and there has been an unprecedented increase in the number of enrolments in her school. As a result of KSS, the students' enrollment increased by 135.5%, female student ratio increased by 8% and school's profit increased by 171.1%.

Nadeem, Nargis's husband, has been a mathematics teacher for 10 years. Nadeem benefitted from KSS training and was able to use different teaching styles for children with different aptitudes which resulted in a stronger relationship with his students. He found that his method of teaching had improved significantly and had resulted in confidence building of his students.

KSS Success Story: Skyline School

Teaching diligently in a small class room, Samina Shahid is the proud owner of the Skyline School in Bahawalpur. The historic city of Bahawalpur which gave birth to many intellectuals and poets like Bulleh Shah now lacks basic education for students belonging to low-income households.

A ray of hope seemed to cross the town when Samina worked tirelessly in order to establish a small school for local students of low-income community. She recalls how her mother-in-law vehemently opposed the idea of opening a school in a town where people cannot even afford the basic necessities of life like food, let alone quality education. However, being an educated herself, Samina Shahid proved her mettle by establishing a small school for students belonging to low-income households despite deep financial constraints and constant warnings of the peers.



Today, Samina proudly runs the schools and has six teachers employed in the school catering to 176 aspiring students. Many more wanted to join the school, however, lack of infrastructure and capacity in the school deterred the school management from admitting more students. It is not until Samina Shahid took **Kashf School Sarmaya's** financial as well as non-financial services that her dream of imparting quality education to increased number of students became true.

As soon as Samina and her husband heard of Kashf's School Sarmaya program for low cost private schools, they saw it as a great opportunity to include students previously turned down on grounds of limited school capacity and poor infrastructure. Eager to enhance learning and development facilities for children, Samina acquired a capital funding of PKR 100, 000 from Kashf Foundation for the construction of 2 additional classrooms in the primary school section. The teachers' training and capacity building workshop for school owners offered by Kashf Foundation has immensely helped the school in curriculum development, financial management, acquiring new teaching methodologies and ensuring a safe and healthy environment for students.



Skyline School now has a well-defined mission and vision statement displayed in the school premises and a special fund to provide quality education free of cost or at subsidized rates. School safety training for students arranged by Kashf Foundation in collaboration with **Rescue 1122** also contributed towards better child protection mechanisms at the school. Next year Samina plans to acquire more capital for establishing a school computer lab and looks forward to participating in all the new or refresher training courses offered through the KSS program.

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