

Social Enterprise. Ideas. People.

beyond
profit »»



BEYOND PROFIT E-MAGAZINE

ISSUE 12 ▶ February 24 - March 9, 2011

empower through education

- » Affordable private education for the poor
- » Barriers to education for girls
- » From school dropout to supervisor





SANKALP FORUM
INDIA 2011

AN INTELLECAP INITIATIVE

Catalyzing Impact Investments into Sustainable and Scalable Enterprises Globally
May 5 and 6, 2011 | Mumbai, India



Agriculture, Food & Rural Business • Clean Energy • Education
Health Water & Sanitation • Technology for Development

If your enterprise focuses on any of the above 5 sectors

APPLY FOR SANKALP AWARDS

Deadline February 28, 2011

PARTNERS

Outreach Partners



Enterprise Patrons



Centre for Innovation Incubation and Entrepreneurship



Social Media And Research Partner



Africa Outreach



Mentoring Partner

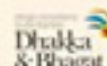


MENTOR EDGE

Preferred Lending Partners



Web Design Partner



For partnerships and sponsorship opportunities please contact

Rashmi Pillai: rpillai@intellicap.com or Praveen Nair: praveen.nair@intellicap.com



- 06 COVER STORY**
An emerging group of privately run affordable schools in the developing world is giving poor parents the ability to choose where their children go to school.



- 08 FACE-TO-FACE**
Suzanne Shah from Pratham Books speaks about spreading the love of reading to 300 million children in India.
- 09 TOP 5**
We look at five barriers to education girls face and the organizations working to remove them.

- 10 DATA**
Affordable private schooling and India's Right to Education indicators shed light on the current state of schools in India.

- 12 CASE STUDY**
Pipal Tree Ventures provides unemployed rural youth with vocational training to improve their livelihoods.



- 13 REPORT REVIEW**
A recent report by Dasra highlights the importance of public-private partnerships in improving public education in Mumbai.

- 14 EYE ON**
Working outside the government framework and embracing the private sector is essential to inclusive education.

beyond
profit >>**Managing Editor**
Chesta Shah**Editorial Team**
Nisha Kumar Kulkarni
Abby Callard**Marketing Manager**
Ritika Ranjan**Office Coordinator**
Veena Shetty**Design Studio**
ASG Infinite**Publisher**
Intellectual Capital Advisory Services
Pvt Ltd (Intellectap)
512, Palm Spring, Near D-Mart,
Link Road, Malad (W)
Mumbai 400 064, India**For contributions, email:**
publications@beyondprofit.com**To subscribe:**
Log on to: www.beyondprofit.com
Call: +91 22 4035 9222
Email: subscribe@beyondprofit.com**For marketing and advertising:**
Email: advertise@beyondprofit.com
Call: +91 22 40359205**For more information, visit:**
www.beyondprofit.com*Disclaimer*
*The views and opinions expressed by the authors are not necessarily those of Intellectap, and they assume no responsibility for the same.**All rights reserved throughout the world. Reproduction in any manner is prohibited.*

Education drives change

Dear Reader,

According to the World Bank, investing in the education of girls can have some of the highest returns of all development investments. In this issue, we look at how the emerging sector of affordable private schools is reaching the poor and how impact investors can get in the game. We also analyze the current state of India's school using the Right to Education indicators.

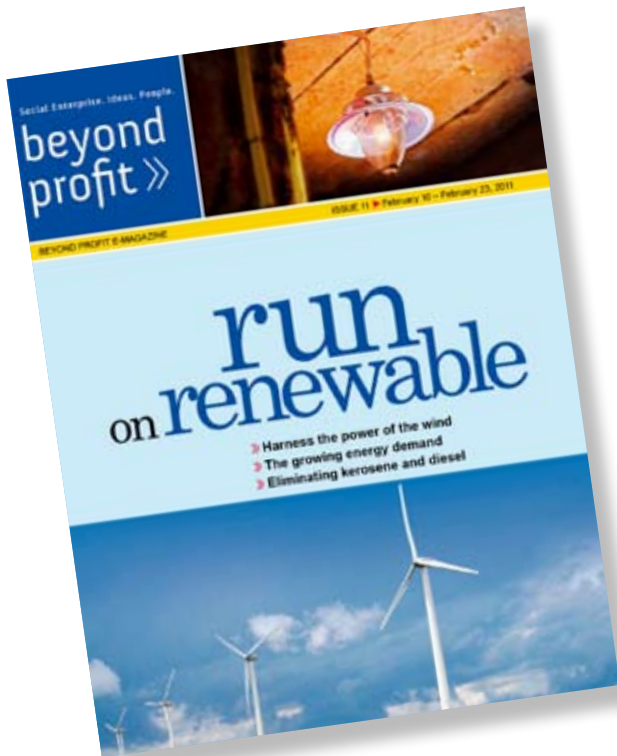
As always, we want to hear from you! If you have any comments, thoughts, or feedback, leave a comment on a specific post or [get in touch](#).

Sign up to receive the newsletter in your [inbox](#).*

Editorial Team

***UPDATED MARCH 9, 2011: It has come to the attention of the Beyond Profit editorial team the original text of this letter incorporated paragraphs published in other sources without attribution. Beyond Profit regrets this breach of journalistic standards. Appropriate actions have been taken, and the text has been replaced. We would like to reassure our readership that our content writers will continue to maintain the utmost journalistic ethics.**

ideas@beyondprofit.com



ISSUE 11 | FEBRUARY 10 – FEBRUARY 23, 2011

“This sounds like a very good project. My concern would be that the capital is managed for long-term productivity; otherwise it becomes the modern version of a village picking up all the firewood sticks and then finding that in 20 years it has a long way to go. In the modern version we find out that the capacity of natural capital is 20 years from productive.”
(Alternative Energy in India, February 10 – February 23, 2011) Tim Gieseke via beyondprofit.com

“This article gives a holistic view regarding the boom in social entrepreneurship space and especially regarding the enterprises involved with BoP. It would definitely motivate the social entrepreneurs to analyze the need of demand estimation before venturing into new and unexplored areas.”
(Demand Estimation Should be a Social Enterprise's First Step) Chandan Kumar via beyondprofit.com

“I've learned so much over the past four months from being a Beyond Profit reader, and it has truly been a huge inspiration for me in terms of understanding what I am passionate about and what I want to spend my time working on in my career. I'm particularly fascinated by the progress in India right now and am interested in learning about how I can get involved.”
 Imran Oomer via email

“In Focus on Africa,

MARK YOUR CALENDER

Social Venture Capital/Social Enterprise Conference

Founded by DVK
 April 4-6, 2011
 Miami, U.S.A

<http://www.connectionmiami.com/>

ReVV 2011 Summit

Hosted by Springboard Innovation
 March 7-8, 2011
 Portland, USA

<http://www.revisioningvalue.org/>

BEYOND PROFIT RECOMMENDS

The Perfect Balancing Act with an Imperfect Outcome: Malegam Committee Recommendations on Microfinance Sector

Intellectap

This paper represents Intellectap's effort to examine the Malegam Committee's recommendations for the private-sector commercial microfinance industry.

http://intellectap.com/assets/89/Response_to_Malegam_Committee_Reco_Intellectap_White_Paper-February_2011.pdf

An Unusual Merger

Stanford Social Innovation Review

A British charity focusing on health care and housing for the elderly blurs the line between charity and for-profit when they take over a for-profit care company.

http://www.ssireview.org/articles/entry/an_unusual_merger/

MOST READ ONLINE

Leading African Social Entrepreneurs

Read more about the top five social entrepreneurs currently working in Africa.

Global Social Entrepreneurship Programs

Social Entrepreneurship programs at top schools around the world are empowering people with skills to bring about market-led development.

Failure is an option

An *institute* out of the Netherlands features what it calls “brilliant failures” in an effort to learn from past mistakes.

Follow us on



private education for the poor

A sector of affordable private schools is emerging in the developing world. But how can investors take part?

By Abby Callard



Photo Credit: IFAD/Susan Beccio

A young Mongolian girl learns to write.

» The affordable private school movement—made up of private schools where monthly student fees are less than US\$12 (€ 600)—is gaining momentum worldwide and providing low-income families the ability to choose where to send their children to school.

“Our experience has been that the low-income families are very concerned about the education of their children,” said Debasish Mitter, the Portfolio Director of education in India for the **Michael and Susan Dell Foundation**. “These families are making the choice to send their kids to low-cost private schools.”

How to Invest

The big question now is how to harness the power of these small, fragmented schools in a sustainable, scalable way to make a dent in the education sphere. Part of that equation is whether or not investors will be interested in this market.

“We’re pretty humble about how many investable ideas are out there, what models can really be attractive in a commercial sense,” said Steve Hardgrave, Senior Managing Director of **Gray Ghost Ventures**.

In 2008, Gray Ghost Ventures established the **Indian School Finance Company** (ISFC) to provide loans to the estimated 300,000 private schools in low-income ar-

reas throughout India. This company is doing what few investors can: investing in individual schools. To date, the ISFC has invested in 285 schools in Hyderabad.

“We really are excited about that business from both a social impact and an investment point of view, mainly because as a finance feature, it’s fungible,” Hardgrave said. “It can apply to any school with any context that needs resources for expansion or for adding their own solutions. That kind of fungible nature of finance opens up almost the whole market.”

To date, most investments in the education space have been in service providers that are generally aimed at the higher-end private schools or government schools.

“So far folks like **Educomp** and the bigger players who have been quite successful at the higher end and maybe even with some government contracts find it very difficult to work with this large number of fragmented and smaller affordable private schools,” said Hardgrave.

How then can a service-providing model work within the context of this fragmented system of schools?

One way is with teachers. The Michael and Susan Dell Foundation invested in **Teach for India** (TFI), a program that recruits high-quality young professionals to serve as teachers in under-resourced schools for two years. Fellows teach in government and low-cost private schools in Mumbai and Pune.

The other investable model, Hardgrave said, is in school chains. One entrepreneur has discovered a potentially scalable model with his “school-in-a-box” approach. Jay Kimmelman, who founded Bridge International Academies, hopes to document and replicate his approach. In 2009, he received a US\$1.8m (₹81m) investment from **Omidyar Network** to do just that.

“Bridge is an extremely replicable model,” said Amy Klement, Vice President of Omidyar Network. “It’s offering high-quality and affordable education to the masses. As he builds the business, Jay is creating systematic processes in order to replicate the schools and scale massively.”

Currently, Bridge operates 22 affordable private schools in Kenya, which Omidyar estimates to be the largest private primary school chain in Africa, and hopes to create 1,500 schools across the continent by 2015.

The Need for Robust Data

The consensus seems to be that the key factors in investing in education are accountability and robust data. In many systems, both are missing.

“We think setting the aspiration very high and benchmarking with robust data is an absolute must,” said Mitter. “The invest-

ment decision, or any other decision, should be based on learning level data.”

This reliance on hard data is at the core of the foundation’s investee TFI. Teachers track student progress not on a test-to-test basis, but on an objective-to-objective basis and measure which specific objectives students have mastered. This data then drives lesson planning.

Kimmelman, of Bridge International, also relies on learning level data. In randomized control tests, students at Bridge scored 60-100% higher on reading tests than their peers in similar schools.

To reduce the information gaps for all stakeholders, **Gray Matters Capital**, an offshoot of Gray Ghost Ventures, is pioneering a rating system for affordable public schools in Hyderabad.

“We are very excited about the notion of reducing the information asymmetries regarding these schools both for parents, regulators, investors and solution providers,” said Hardgrave.



A young boy studies at a school in Chennai, India.

Should Education be For-Profit?

While profiting off of education tends to be a touchy subject, a for-profit model can increase quality as well as accountability.

But what about profits? Hardgrave, a believer in the vibrancy of the market, is not afraid of earn-




“I think there’s incredible social value from early movers, and for every early mover that makes those wide margins, you’ll have your 10 that have lost their shirt trying to do it.”



ing profits in the education space.

“There’s a huge opportunity here that no one has been brave enough to explore or creative enough to explore,” he said. “If there are a first few people that are blazing trails then I think there’s a lot of value in that because it’s not just the value of the service provided by the company in which has been invested, but there is a whole world being opened up to other imitators and adjacent models and other investors to come into. I think there’s incredible social value from early movers, and for every early mover that makes those wide margins, you’ll have your 10 that have lost their shirt trying to do it.”

In addition, because education is a game changer when it comes to poverty, Hardgrave estimates that the value created for students will surpass any profits earned by investors.

“If you add up what money might be made from a company like this and then added up the additional income earned from all the children impacted by such an investment over the course of their lives, then [the profit] is going to be dwarfed,” Hardgrave said .

FOR MORE INFORMATION

The Beautiful Tree
Private Schools for the Poor

a book for every child

In India, one in three children cannot read fluently. Suzanne Singh from Pratham Books talks about the vision to give every child in India a book.

By Nisha Kumar Kulkarni

» How did Pratham Books start?

SS: Pratham Books (PB) was set up in 2004 as part of the Read India movement. There are a number of NGOs working with children in India to improve basic literacy skills, but as more children become readers, there is need for good content. There were few publishing sources willing to supply affordable content and in multiple Indian languages. PB was established as a not-for-profit public charitable trust to reach children whom the market ordinarily would not and, therefore, to democratize the joy of reading. In the last six years, we have published over 215 titles in up to 11 languages and have spread the joy of reading to over 15 million children.

» How has PB changed the dynamics of the industry?

SS: By proving that quality books can be produced at reasonable prices, PB has created a paradigm shift in the children's publishing industry. Markets that were hitherto ignored are now looked at as a segment by mainstream publishers and the prices of books have come down. We make our stories and illustrations available under an open license model and the larger community

can then re-purpose our content to create something completely new. Our books have been adapted by our community into a range of new creations – from audio and Braille books for the print-impaired, to iPad and iPhone applications, to translations in languages we do not publish.

» What makes PB a low-cost model?

SS: We ensure that we publish the maximum number of languages and keep costs to the minimum. Most of our books are under ₹25 (~US\$0.50). We also constantly innovate and push boundaries in order to bring costs down. Story cards are one such interesting PB innovation. This is a simple 4-page, 4-color product that encourages early readers to get hooked to reading. By bringing down the cost to as little as ₹2 per card, it increases the reach. To date, we have sold about 8 million cards.

» What are PB's goals for the next ten years?

SS: Our agenda is simple: "a book in every child's hand." We aim to be in the maximum number of schools and libraries, and to be in the interiors of the country, and work extensively with the government to achieve scale and maximum impact. 



Photo credit: Flickr user Pratham Books

Suzanne Singh (SS) is a Managing Trustee at Pratham Books (PB).

By proving that quality books can be produced at reasonable prices, PB has created a paradigm shift in the children's publishing industry.

FOR MORE INFORMATION

[Pratham Books](#)
[Pratham Books Blog](#)

no girls allowed

We look at five barriers to education for girls and the social enterprises working to remove them.

By Abby Callard

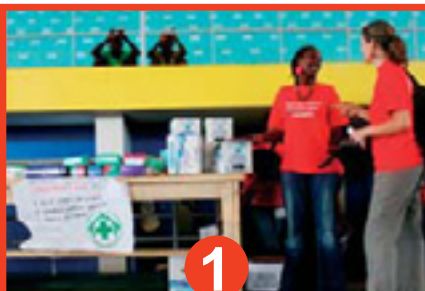


Photo Credit: Sustainable Health Enterprises

1

Menstruation

Although it's not an easy-to-talk about subject anywhere in the world, females in the developing world miss up to 50 days of work or school per year because they do not have access to sanitary pads. The alternatives—mud, bark, leaves—are a health hazard. **Sustainable Health Enterprises**, founded by Elizabeth Scharpf, will manufacture sanitary pads from banana-tree fibers in Rwanda.



Photo Credit: Ryan Helfman

2

Lack of Role Models

Like poverty, lack of education functions in a cyclical manner. If a girl's mother did not achieve a high level of education, the girl is less likely to stay in school. **Sesame Workshop** has created 18 co-productions of Sesame Street worldwide. Some of these, like India's **Galli Galli Sim Sim**, provide role models for school-age girls. The show features Chamki, a young girl who dresses in a government school uniform.



Photo Credit: Flickr user Ronn Ashore

3

Preference for Male Children

In many societies, girls are seen as a burden rather than an opportunity. Young girls can be sold into forced labor or prostitution in exchange for money. In Thailand, the **Development and Education Program for Daughters & Community Center** identifies at-risk girls and provides them with education, full-time housing and life skills training to prove to society that girls can be more valuable with an education.



Photo Credit: Camfed

4

Cost of Education

Even if a child attends a free government school, the cost of supplies can be enough to force a child to drop out. **Camfed** works with a network of 3,139 schools in Ghana, Tanzania, Zimbabwe, Zambia and Malawi. The organization provides its primary schools with a Safety Net Fund to purchase books, uniforms and other materials. The organization supports children through higher education.



Photo Credit: Flickr user hno008

5

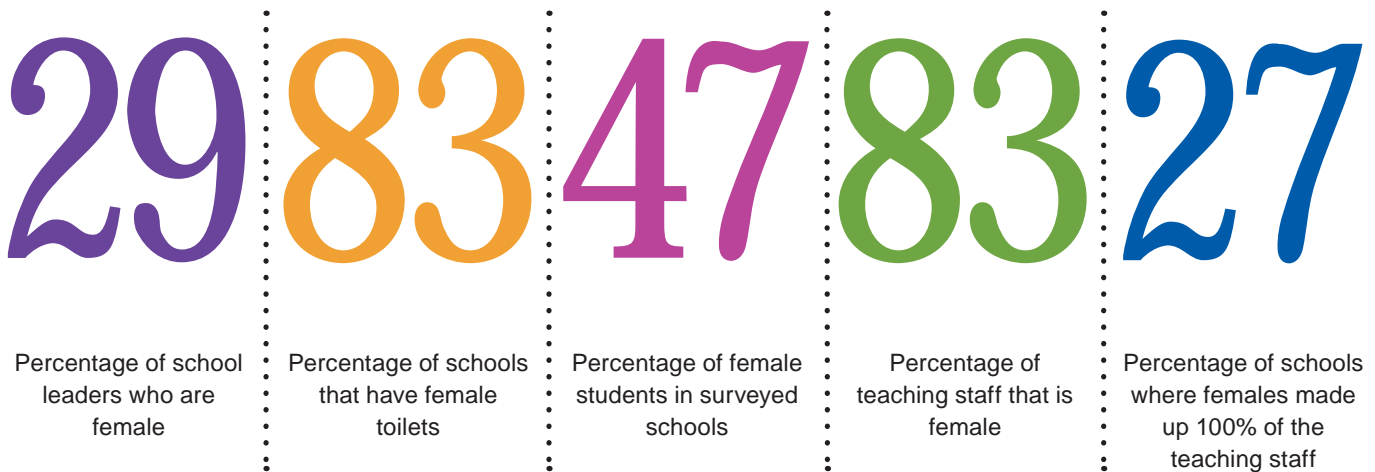
Early Marriage

Girls in the developing world often marry young. In the Amhara region of Ethiopia, nearly 50% of girls are married before they turn 15. **Berhane Hewan**, a **UN Population Fund (UNFPA)** and **Population Council** project in collaboration with the **Nike Foundation**, works to keep girls in school and to delay marriage. The program provides sheep or two hens to girls who complete two years as an economic incentive.

by the numbers the female force in affordable private schools

Gray Matters Capital recently assessed affordable private schools in Hyderabad. The results, which provide a glimpse into this growing sector, will be published in a report this month.

By Abby Callard

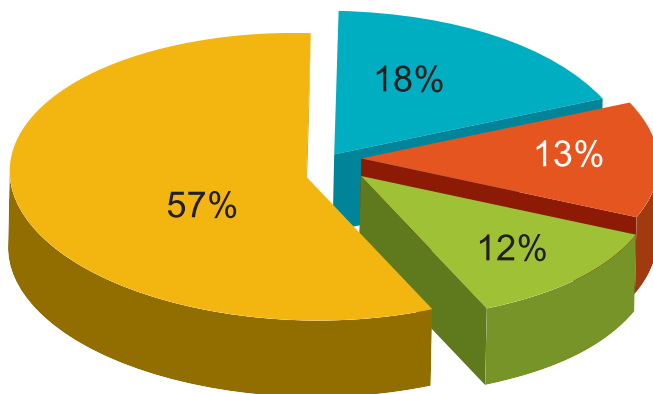


data graphics

In a new survey report by ASER, rural India's schools are put to the test against the Right to Education (RTE) indicators.

By Nisha Kumar Kulkarni

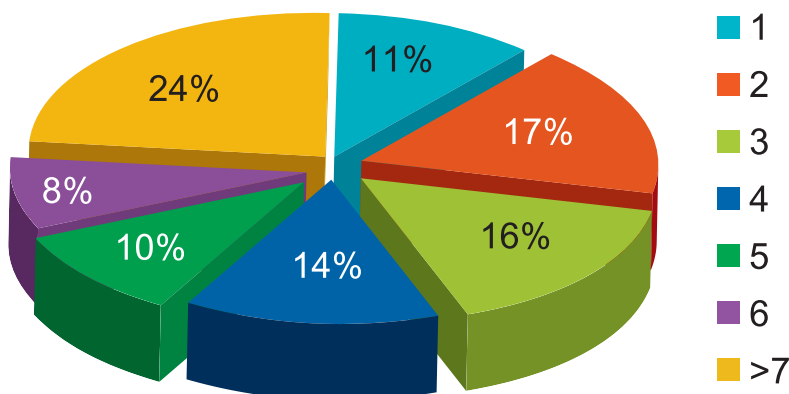
Rural Schools by Enrollment, 2010



School enrollment size is indicative of the basic infrastructure and human resources needed to have effective classrooms. More than 50% of schools have enrollment sizes of greater than 120 students. RTE norms dictate that a school with an enrollment size of 61-90 students should have three teachers. According to the ASER report, 21.3% are at the norm, while 46.9% are below and 31.8% are above.

Data Source: ASER Report 2010

Rural Schools by Number of Teachers, 2010



A majority of schools that participated in the survey report have less than five teachers per school. RTE norms dictate that there should be one classroom for every teacher. According to the ASER report, however, only 24.8% of schools are at the norm, while 19.7% are below and 55.5% are above.

Data Source: ASER Report 2010

journey of a school dropout to a supervisor

Anil Kumar, a school dropout from village Gora Bazar in Uttar Pradesh, went from being a laborer earning less than ₹2,000 per month to become a supervisor earning ₹10,000 per month.

By Santosh Parulekar



Pipal Tree Ventures won the Sankalp 2010 award for Inclusive Education.

Photo Credit: Sankalp 2010

Santosh Parulekar is the Co-Founder and Chief Operating Officer of Pipal Tree Ventures, a company providing vocational training to unemployed youth from rural India.

» In the early morning hours of April 27, 2009, five students woke up the head of Pipal Tree Ventures' training center in Uttar Pradesh by banging on his door. Just days earlier, the students were given jobs at a reputed construction company in Chennai. The boys had returned. They did not want to work in Chennai.

I remembered one of the boys. Just 10 days back, I shook hands with Anil Kumar and wished him good luck for his first job. I had been impressed by the spark in the boy. My trainers told me that he was from a poor family and lives in a hut in the Gora Bazar village.

Luckily, we just had gotten another order from a construction company in Rajasthan. I asked the training center head to speak to them, and if they are ready to work in Rajasthan, then send them to Shahpura, Rajasthan. To my surprise, they agreed promptly.

After a week, I had to travel to Delhi and decided to go to Shahpura to meet Kumar and his friends. When I reached there, Kumar cheerfully greeted me. I asked him how they were. He said, "Sir, it is great. We have clean water, clean air and sufficient food. This is what we want. In Chennai, the water was contaminated. They used to use the same bucket for toilet and drinking water. Kumar was earning ₹4,500 (US\$100) per month.

A few months later, Kumar was managing a team of 10-15 workers. One day, my phone rang. It was

For a boy who was earning ₹2,000 (US\$44) per month as a laborer, this is five times his income within 18 months.

Kumar. "Sir, I want to do more and earn more." "How much are you earning," I asked. "I am now earning ₹7,500 (US\$166) per month, sir, and handling 15 workers."

"Anil, you need to show some patience. As you start managing more people and delivering more, your earning will go up," I said.

And I was not wrong. Starting December 2010, Kumar is managing a team of 40 workers and is earning salary of ₹10,000 (US\$220) per month. For a boy who was earning ₹2,000 (US\$44) per month as a laborer, this is five times his income within 18 months. Kumar was also awarded by Sonia Gandhi. He wore his best shirt and rehearsed the sentences he would speak to her.

FOR MORE INFORMATION

[Pipal Tree Ventures](#)

partners in public education

In Mumbai, public-private partnerships may be one of the best solutions to addressing the city's public education needs.

By Nisha Kumar Kulkarni



Photo Credit: Flickr user richdrogpa

These children have low reading levels where approximately 45-50% cannot read or write a paragraph.

Mumbai claims a 97% enrollment rate of all primary school-aged children in private and public schools. Despite such a high rate, 40% of children attend private schools because of perceptions that private education is superior to public education.

Poor families cannot afford to put their children through the private education system. The public education system then caters to the most marginalized children, where the incentive to attend school is based on the availability of lunch. However, these children have low reading levels where approximately 45-50% cannot read or write a paragraph.

A November 2010 report by Dasra called *Making the Grade: Improving Mumbai's Public Schools* focuses on how public-private partnerships between not-for-profit organizations and the Municipal Corporation of Greater Mumbai (MCGM) can improve the quality of public school education.

There are 1,612 public elementary schools in Mumbai. The MCGM is responsible for the

funding, management, infrastructure, staffing, implementation and delivery of education to Mumbai's public schools, where the expenditures are US\$50 (₹ 2,250) per child per year. Recently, the MCGM launched the School Improvement Program, a public-private partnership working on specific interventions with the goal of increasing learning levels in the entire public education system. Today, the MCGM lists 117 not-for-profit partners.

Mumbai's challenges are not merely a matter of increasing literacy, but of having a grassroots understanding of what the obstacles are to improving public education.

Many first generation students in Mumbai who attend public schools live in poor, congested conditions that are not conducive to encouraging a high-learning system. Rural-to-urban migration causes a mixture of many languages – a true challenge when bringing all these students into a single classroom and trying to set educational standards at the elementary level.

1 in 8 people around the world lack access to safe drinking water*.

* According to UNDP Water and Cities – Facts and Figures 2010

Read more in the upcoming issue of *Beyond Profit*, 'Toward a Healthy World'.

Highlight your enterprise Email: advertise@beyondprofit.com

FOR MORE INFORMATION

[Upgrading Primary Education](#)

the power of the private sector

The private sector can play a large role in providing education to the bottom of the pyramid.

By Irene Pritzker



A typical outdoor school in Ghana.

Photo Credit: IDP Foundation

Irene Pritzker is the president of the IDP Foundation, Inc. The foundation works in the affordable private school sector in Ghana.

Even parents living on less than US\$2 per day often make many sacrifices to find between US\$30-40 per year to pay the low fees charged by these privately owned schools.

While education is the key to poverty alleviation, governments and development agencies cannot keep up with the demand for efficiently run primary schools. In Ghana and other developing countries, to successfully include all children in the education system means working outside the traditional government education framework and embracing the private sector.

In Ghana, as with virtually every developing country, dissatisfaction with the government education system has given rise to the prolific growth of low-cost private schools. The schools are at the very bottom of the economic pyramid; in some cases the schools are nothing more than dirt floors with half walls or merely benches under a tree. These impoverished schools are disenfranchised and don't receive any government funding, resources or textbooks.

However, despite their challenges, the low-cost private school sector is growing faster than ever. According to a 2010 report commissioned by the **International Finance Corporation**, a division of the **World Bank**, the low-cost private school sector in Ghana grew 26% in the 2008/2009 school year, while the government sector showed a growth of only 9%.

Frustrated with the inefficiencies, inadequacies and lack of accountability of the government education system, even parents

living on less than US\$2 (¢91) per day often make many sacrifices to find between US\$30-40 (¢1,400-1,800) per year to pay the low fees charged by these privately owned schools.

The **IDP Rising Schools Program**, an active initiative of the **IDP Foundation** targets schools in this sector. The Government of Ghana has endorsed and works closely with the program and has created an invaluable public-private partnership where the government and the IDP Rising Schools can leverage one another's strengths. This partnership is the first of its kind in Ghana.

The IDP Rising Schools Program has also successfully leveraged relationships with stakeholders at the local, governmental and international levels. Through these creative partnerships and working with existing structures, the program is empowering the proprietors of the schools to operate a sustainable business model and be much less reliant on aid. The IDP Rising Schools Program does not try to reinvent the wheel by establishing new schools but uplifts and strengthens the most impoverished existing Ghanaian schools and communities through access to capital and a bundle of inextricably linked capacity building services.

FOR MORE INFORMATION

[IDP Foundation](#)

Social Enterprise. Ideas. People.

beyond
profit »



social enterprise. ideas. people.

South Asia's leading publication focused on social enterprise and development innovation

Our readers include socially responsible entrepreneurs, investors, incubators, philanthropists, researchers and journalists.

- Global Readership of 30,000+*
- More than 7,000 subscribers*
- Presence in 139 countries*

Read our blogs & e-magazine on:

www.beyondprofit.com

Stay connected with us for daily updates on:



Highlight your enterprise and reach a niche audience on:

advertise@beyondprofit.com

Registered Office:

Intellectap, 512 Palm Spring, Link Road, Malad (W),
Mumbai 400 064 ■ Tel: +91 22 4035 9222

Beyond Profit is published by Intellectap,
a social business advisory firm

www.intellectap.com

* As per Google analytics report dated December 14, 2010

population aids
smes impact investing
social enterprise
education people
africa poverty water
health infrastructure agriculture policy
south asia ecosystem climate focus
women infrastructure ideas
fair trade sanitation
innovation microfinance
environment latin america
spotlight clean energy
catalyze social venture
non profit land rights
carbon sustainability
slums development
technology

Highlight your enterprise

Email: advertise@beyondprofit.com

Social Enterprise. Ideas. People.
beyond
profit »