

**Centre for Micro Finance Research
Working Paper Series**

**Linkages between microfinance
and effective education
with a focus on parental involvement**

An Exploratory Study in Andhra Pradesh, India

by

Margot Quaegebeur
School of International & Public Affairs
Columbia University, New York

Srivatsa Marthi
University of Toronto

Margot Quaegebeur and Srivatsa Marthi were Interns at the Centre for Micro Finance Research (CMFR) at the Institute of Financial Management and Research (IFMR) in the summer of 2005. The views expressed in this note are entirely those of the authors and do not in any way reflect the views of the institutions.

Content

Acknowledgements	5
Executive Summary	7
1. Introduction	8
1.1. Microfinance and Education	8
1.2. Purpose of this study	9
1.3. Scope of this study	10
2. Methodology	10
2.1. Partnering Microfinance Institution	10
2.2. Geographical scope	10
2.3. Data gathering	10
2.4. Respondent group details	11
2.5. Caveats	11
3. Background	12
3.1. Education for all in India	12
3.2. Parental involvement	12
4. Analysis	13
4.1. Introduction	13
4.2. Perception of the value of education	14
4.3. Parental involvement	15
4.4. Motivation of teachers	17
4.5. Quality of government schools	18
5. Potential for MFIs to serve as a channel for educational improvement	20
5.1. Within existing education system	20
5.2. Outside existing education system	21
6. Conclusions and further research	22
6.1. Conclusions	22
6.2. Further research	22
References	24
Tables and Figures	25

Acknowledgements

We would like to thank Mr. Rajesh Kumar and Mr. V. Guru Murthy (both with SKS India) for their invaluable support. We are also indebted to Vijeta Rao, Mr. B.Jaya Prakash Rao, and Mr. and Mrs. Hari and Gita Dendukuri for all their help.

We would also like to thank the Lions Club Walcheren for their contribution.

Linkages between microfinance and effective education with a focus on parental involvement

Executive Summary

Much research has been done on the impact of microfinance on education, mostly focusing on quantitative aspects such as literacy, enrolment and drop out rates.¹ This exploratory study shifts away from the quantitative aspect of education, and focuses on the quality of education: how the quality could be improved, and how MFIs could play a role in this.

This study takes the next step in order to gain a more complete idea as to the potential impact of microfinance on the quality of education, by looking into what happens when microfinance clients actually send their children to school. What are the educational situations of the children and what could be the impact of relevant parties upon educational outcomes? These parties were hypothesized to be parents of children in school and teachers. Specific aspects of the impact of parents studied were the perceived value of education among them, and their involvement levels in their children's education. Regarding teachers, their effectiveness and motivation levels were studied, as was the way in which teachers and parents interact.

The study confirms the conclusion of the Public Report on Basic Education in India (PROBE)² that poor parents do care about educating their children, both boys and girls. Parents view education as a means to get a good job and a better life in the future. This study also shows that despite the fact that microfinance clients are well aware of the importance of education and are eager to invest in their children, they are not involved in their children's schooling.

It was hypothesized that parental involvement could have a positive impact on the quality of education. Involved parents could make schools accountable, with positive results for the quality of education. MFIs could play a role in this: due to their direct and frequent interaction with microfinance members, of whom many have children in school and the larger communities, MFIs would be able to affect educational outcomes in ways that top-down development approaches would not. This gives MFIs the opportunity to increase parental involvement within their children's schooling. MFIs could therefore become an important channel for grassroots education reform.

Many well-intended alternative interventions such as private schools, non-formal schools, schools run by NGOs, after school programs, and tutoring programs have sprung up as an attempt to make up for unsatisfactory government schools. However, this is an approach that avoids tackling the problem by its roots: they do not make up for the poor condition of the government school

system³. In this study, an attempt has been made to research one of the possibilities to improve the existing government school system: the involvement of parents. Also, this study identifies possible ways in which MFIs could affect parental involvement by grassroots approaches.

The study concludes with several topics for further research.

1. Introduction

1.1. *Microfinance and education*

“Education is the only way out of poverty”, are the words of a Nigerian microfinance client (quoted by Kathleen Stack of Freedom of Hunger)⁴. This belief is a global one. Recent theoretical models routinely portray human capital investment (e.g. education) as a primary engine of economic growth.⁵ Or, as the World Bank puts it: “Education is development.”⁶

For the individual, education creates choices and opportunities, reduces the burden of poverty, and builds empowerment. At a national level, education or human capital has the following consequences:

- Human capital is recognized as an important means for countries to increase labor productivity, which in turn can attract capital to expand economic growth
- Human capital can contribute to poverty reduction by substituting for physical capital in countries where physical capital, that is land and wealth, is unequally distributed
- The education level of adults is one of the most important determinants of poverty in many countries⁷

Education, therefore, is a crucial element in poverty alleviation and economic growth on the macro level as well as on the household level. However, even though poor households want their children to be educated, many of them don't send their children to school. Among other constraints, the lack of financial means is an important factor in this decision; many poor households don't have the funds to pay for the costs of schooling for their children. Even when there are no school-fees charged, schooling usually involves indirect costs, such as expenses for uniforms, books, and transport. Besides, for poor families the opportunity costs of education can be very high: they could require their children to work in order to add to the household income, to do household tasks, to look after younger siblings, or to take care of livestock. From the household point of view, education therefore entails a trade-off between immediate costs (investment in education) and potential long run benefits (higher future earnings potential because of education). These considerations of poor household could have a direct impact on the child's access to education and the time spent in school.

These limitations suggest that access to financial services could be the crucial link to providing poor children with education. It is hypothesized that microfinance enables clients to grow their income, which allows them to afford expenditures outside their basic subsistence, so that they can send their children to school and keep them in school. Also, it is hypothesized that when microfinance results in an increased household income, the need for the child to support the household income declines. The benefits of microfinance therefore reach beyond the microfinance client himself or herself: it increases the educational opportunities of the client's children, which could result in a less burdened future.

1.2. *Purpose of this study*

This study does not intend to be an impact evaluation, rather an exploratory case study to assess the educational situations of the children of microfinance clients. Numerous studies have been done to date on the linkages between microfinance and education. Most of these focused on the impact of microfinance on enrolment and drop-out rates, exploring the following barriers of education⁸:

- Income barrier: household can't afford costs of schooling
- Child labor barrier: benefits from wages earned by child affects schooling decisions
- Risk management barrier: inability to smooth income makes school attendance of child vulnerable in times of income shocks
- Gender barrier: gender of household's decision maker (and empowerment of women) influences the household's schooling decisions
- Education barrier: parents' level of education influences perceived value of education

This exploratory study shifts away from the quantitative aspect of education, and focuses on the quality of education. It takes the next step in order to gain a complete idea as to the potential impact of microfinance on the quality of education, by examining the impact of relevant parties upon educational outcomes. These parties were hypothesized to be parents of children in school and teachers. Specific impacts of the parents that were studied were the perceived value of education among them, and their involvement levels in their children's education. Regarding teachers, their effectiveness and motivation levels were studied, as was the way in which teachers and parents interact. This focus results in a better understanding of which areas require interventions to improve, and of how parents and teachers could be involved in this.

Next, this study enables the definition of further research topics on possible ways in which MFIs could intervene to improve these impacts of parents and teachers, hypothesizing that MFIs, due to their direct and frequent interaction with microfinance members of whom many have children

in school, would be able to affect educational outcomes in ways that top-down development approaches would not. Also, due to the large number of clients attached to many MFIs, educational interventions through the MFI channel could potentially reach people on a large scale. This gives MFIs the opportunity to become an important channel for grassroots education reform.

1.3. *Scope of the study* (Table 1)

2. **Methodology**

2.1. *Partnering Microfinance Institution*

The Indian MFI Swayam Krishi Sangam (SKS) was identified as partner in this study, since SKS is combining its microfinance program with educational interventions. SKS is an initiative in rural India to empower the poorest of the poor to become self-reliant. In June 1998, SKS began its main activity, microfinance, which follows the Grameen Bank model by seeking to eradicate poverty by providing small loans for income generating activities through a process of collective peer lending.⁹ In February 2001 SKS started its educational program (SKS Education), consisting of the establishment of pre-schools, implementation of a tutoring program, and the creation of residential bridge camp for girls who dropped out from school.¹⁰

2.2. *Geographical scope*

SKS's educational program is carried out in the rural Narayankhed region of the Medak District in the State of Andhra Pradesh (as shown in Figure 1). The study was conducted in this district, in the villages of Thimmapoor, Nizampet, Turkapalli, Chandapoor, Kadpal, Tumkur and Borancha, with population ranging from 1,000 to 6,000 people.

2.3. *Data gathering*

Data was gathered by conducting a survey among three respondent groups: microfinance clients with children in school, children of microfinance clients, and teachers. The focus was not on participants of SKS' educational activities, but on SKS' microfinance members. Respondents were selected based on the following relevant observables¹¹:

- The villages in the Medak district were selected by SKS
- Parents: microfinance members of SKS, in different stages of loan cycles, both educated and uneducated, with children in school
- Children: children of microfinance members of SKS, in class 5 or (preferably) higher of a government school, both boys and girls
- Teachers: teachers of the local government schools of the villages visited, both male and female (although most schools only had male teachers)

Parents were visited in their homes; children and teachers were interviewed in the schools. Children were interviewed in spaces where they could talk without being overheard by their teachers.

All questions to the respondents corresponded with the three main themes of the survey: perception of the value of education, parental involvement, and motivation of teachers. To get a better insight in each group's behavior, groups were questioned about themselves and also about the other groups.

2.4. Respondent group details

In total 47 interviews in 7 different villages were conducted among three respondent groups (as shown in Table 2).

2.5. Caveats

The best precautions were taken in order to get accurate data. However, some limitations were present:

1. Because none of the respondents (but two teachers) could speak English, an interpreter was used for almost all the interviews. The main language used was the local language Telugu. Few interviews were conducted in Hindi. The use of an interpreter creates a risk of not getting the exact answer and its subtleties.
2. It was often difficult to talk to microfinance members in private. Others, such as family members, neighbors and other villagers, were usually present, despite efforts to have them leave. Although survey questions were directed to the microfinance member only, usually others would also express their opinions. There was never the impression that the presence of others prevented the respondent from expressing his or her own view, but his or her opinion might have been influenced by the views of others who sometimes spoke up during the interview.
3. While conducting the survey, it was noticed that children in Primary School seemed too young to be able to respond to the questionnaire. Therefore the focus was shifted to Secondary School children.
4. The interviews with children and teachers were limited to those in government schools, although quite some microfinance clients sent all or some of their children to private schools (41%). Since private schools are naturally more different from each other than government schools (government schools follow the same overarching rules, procedure, curriculum, etc.), it is more difficult to form a general picture of the private education system over a large area.

5. There was a tendency for people, especially teachers, to give the best or ideal answer (picturing a perfect educational environment), when asked about the education system. Responding to the questions, some seemed to provide the answers that should be received in a good education system. This was suggested by the SKS field officers and clearly noticed during interviews due to incongruencies between answers received, sometimes even by the same person. In an attempt to get correct data on teacher's school attendance and motivation, the Mandal Education Officer of the district and one of the Mandal Resource Persons were interviewed. However, they didn't seem to provide accurate information either.

3. Background

3.1. *Education for all in India*

In 1950, the constitution of India stated that, "The State shall endeavor to provide within a period of ten years from the commencement of this Constitution, free and compulsory education for all children until they complete the age of fourteen years."¹² In 1997, the 83rd amendment was introduced in the Parliament to establish basic education (schooling up to 10th grade) as a fundamental right guaranteed by the State.

Forty years have passed since the 1960 deadline for the "primary education for all" goal, but this goal is not near to being realized. As in most other Indian States, education indicators score low in Andhra Pradesh, and show that there is a need for educational interventions and reform. Andhra Pradesh has low literacy rate compared to other neighboring states and it is below national average. Literacy rates in the Medak District are even lower than the state's average¹³ (as shown in Table 3).

There seems to be sufficient access to education (each village has at least a Primary School), but unfortunately the outcomes of the educational system are marginal. The National Rapid Assessment Study conducted by Pratham – SKS, in Manor Mandal in August 2004 for the Planning Commission of India, found that those who are going to school are not able to read and write simple sentences, even after completion of two to three years of schooling¹⁴ (as shown in Table 4).

3.2. *Parental involvement*

The Indian Government has put into practice efforts to involve parents in their children's schooling. In the early nineties the Central Advisory Board of Education (part of the Department of Education) set up a Committee on Decentralized Management of Education, whose recommendations were commended for appropriate adaptation and implementation by the Union States and Territories in October 1993.¹⁵ In Andhra Pradesh these measures included the

establishment of School Committees in every school, consisting of four elected parents, the head master or a senior teacher. Of the four parent members, there should be at least two women and one person belonging to the Scheduled Caste. The Chairman position should be carried out by one of the parent members. The main functions of the School Committee are:

- Ensure enrolment, retention and attendance of children by holding meetings with parents who fail to send their children to school; assisting teachers in their efforts; and conducting parent day celebrations periodically to involve all parents in the management of the school and to motivate them to send their children regularly to schools
- Ensure excellence in the overall performance of the school and the children
- Ensure effective use of educational equipment in the school
- Help augment infrastructure facilities needed by the school
- Review and monitor the school health program

The term of office of the members of the School Committee is two years. There is a School Education Fund for every School Committee consisting of funds released by the Government or local bodies for management or improvement of infrastructure of the school and for school contingencies; all accounts transferred from the panchayat¹⁶ education fund; membership fee from parents; corpus fund collected from members and donors including grant-in-aid from government for further development of the school; and fee collected, if any, from parents.

Besides the School Committee, government schools try to involve parents in their children's education through regular parent-teacher meetings.

4. Analysis

4.1. Introduction

Since this study is not an impact assessment study, but rather an exploratory study, the findings reflect only the situation of the respondents involved. Each of the three respondent groups – parents, teachers and children - were asked questions about themselves and about the other two groups, regarding the following main topics:

- Perception of the value of education
- Parental involvement
- Motivation of teachers
- Quality of government schools

4.2. *Perception of the value of education*

All the parents valued education: to 87% of them nothing was more important for their children, although 25% of those people made the reservation that future events (like declining business, bad harvest, or other events that would change the household's situation) could change this prioritization. Three parents considered work and income to be more important than education, one mentioning wedding money ("dowry") as well. Marriage came as a second priority for 25% of the respondents.

Parents surely knew why education is important and why they send their children to school: they hoped for a good future job for their children (77%). About a quarter of the parents also added that they wanted to get their children educated and gain knowledge, because they themselves hadn't been to school, indicating that they felt limited by not being educated. Almost all parents (90%) were convinced that with a good education their children could get a better job. When following up on this, asking about what kind of future job they wished for their children, parents were less explicit: 36% of the respondents answered "anything big", without being able to specify this, 28% hoped for a government job like a teacher, 23% left the choice to the child ("Whatever my child wants") and 14% didn't know. The majority didn't want their children to end up with the same profession as they had, but wished for something better, one person saying "It will be a waste if our children will end up doing the same thing as we do".

In addition, two thirds of the parents didn't have a precise idea of how high they would let their children study, although 27% linked it to what they could afford. 14% said that it was "in the future; dependent on faith" (meaning that it wasn't in their own control), 9% left it to the wish of their children. The parents who had an idea (32%), wanted their children to finish intermediate level (grade 12) or higher. The parent's own level of education didn't affect the answers.

Children enjoyed school very much, mostly because they liked to gain knowledge. They couldn't think of anything they disliked about school, though some complained about the facilities. All children, boys and girls, wanted to finish intermediate level or gain a degree. There was one boy who was going to school against his parents wishes. His parents (his father in particular) wanted him to work in the field full time. He combined the two, working in the field in the early morning before school and in the late afternoon after school.

The reality that most parents valued education was also shown by the fact that all parents had at least one child in school. Only about 8% of all the children in the households of the parents interviewed, both boys and girls, had never been enrolled in school, and 12% of all their school going children dropped out of school before finishing 10th grade. From the children's interviews a higher percentage was found: 19% of their brothers and sisters had never been in school. The main stated reasons for these enrolment numbers were lack of sufficient financial resources and the need for the

child to take care of his or her siblings. Teachers confirmed this, mentioning economic reasons (83%), child labor - work in the fields, help at home, taking care of siblings, husbandry (67%) as the main causes. They added marriage (50%) as a third cause. Also, two teachers told that parents are afraid that the dowry will go up when their daughter finishes a higher level of education.

83% of teachers considered education equally important for boys and girls, but 17% gave more importance to educating girls, arguing that “if a girl is educated, a whole family can be educated” and “girls are more suppressed in backward areas; if girls are being educated it will be empowering”. The majority of the teachers (71%) said that parents would let their daughters finish basic education (10th grade); only one teacher thought that girls would go higher.

When inquiring about their interaction with other parents, 55% of the parents knew of other parents who didn't send their children to school. Of those parents only 50% sometimes talked to these parents about the importance of education, but they almost all believed that this didn't have any impact, claiming these parents “do what they want” or “don't pay attention”. The majority of the parents (63%) talked about education to other parents with school going children. These talks seemed limited to general statements such as “school is good” and “children should be sent to school regularly”. The rest of the parents didn't interact with other parents concerning the importance of education, because of aversion to interference.

4.3. Parental involvement

87% of the parents didn't know what subjects their children were learning in school, although 26% of the mothers interviewed claimed that the father (not present during the interviews) knew. Most of the parents who could sum up the curriculum were educated parents. According to the parents, children talked occasionally to them about school, to both mother and father, either when the parents asked them about school or on their own initiation. They mostly talked about school in general, what the child had learned, and how the child was doing in school. Children found that parents were encouraging them to go to school, but didn't discuss school that much with their parents (38% said they never talked to their parents about school). Children also said that they had enough time to finish their homework, even though 65% of the children said they needed to help their parents after school (in the house, in the fields, taking care of animals).

A large number of the parents said they weren't involved in their children's homework (45%) or limited their involvement to telling the children to do their homework (30%). Being uneducated themselves, they weren't able to do more. Only 9% of the mothers and 18% of the father were able to help their children with homework. This was confirmed by the children, who said that although their parents were (very) keen on telling them to do their homework (100%), they never offered to help with homework, nor did the majority of the children ever asked their parents for help (70%).

Overall, almost 60% of the parents had never been to the school that their children attended (31% of them claiming that the father had been to the school). Partly this was caused by the distance to the school: almost all parents (except one) with children in schools located in another village than the village they lived in hadn't visited the schools. However, even half of the parents with children in the local school, located on minimal distance from their houses (less than 1 km), had never been to the school either (29% of them claiming that the father had been to the school).

Only 9% of the parents knew the names of their children's teachers and only 14% were able to name their children's favorite teacher(s). Only 9% of the parents talked to the teachers on a regular basis, and 36% had occasional talks with the teachers, mostly on the parent's own initiation. They generally talked about their children's performance. Children confirmed this: 63% of them told that their parents never talked to their teachers (25% occasionally and 12% regularly). Teachers however claimed that there was more interaction with the parents (occasionally 58%, and regularly 42%), either when parents come to school or when teachers visit the parents in their homes.

More than 30% of the parents didn't know anything about organized parent-teacher meetings and 27% of the parents said that these meetings never took place. From the 10 parents, who new about regular parent-teacher meetings, the majority attended the meetings. 50% of the children claimed that there were no parent-teacher meetings. The other half said that their parents never went to parent-teacher meetings. One third of the teachers said that there were no parent-teachers meetings in their schools. The rest of the teachers, stated that there were parent-teachers meetings in their schools, organized twice a year to once a month; according to them only a few to half of the parents attend these meetings.

Teachers felt a need to discuss educational matters with the parents and to involve them in their children's schooling. They argued that parents should be more aware of the value of education. In their view, this would make the parents more supportive of education, which could result in better attendance and lower drop out rates. Also, the teachers advocated that parents should engage more in their children's development, stating that teachers can do their part in school, but parents should face their responsibility as well.

When asked about the School Committee (sometimes also called School Education Committee, VEC, or Vidya Committee) 59% of the parents had never heard of such a committee and 5% said there wasn't any. The parents who knew about the School Committee did have some idea of its tasks, their answers ranging from "checking the food", "check the school facilities" and "check school attendance" to generally "improve the school". Two parents were very negative about the School Committee. They believed the committee didn't do anything, was useless, and was only keen on doing something for the school during the first months after the elections.

4.4. Motivation of teachers

Teachers chose their profession because of various reasons: they liked teaching (33%) or children (25%), or they considered it a respectful and good job (25%). Two teachers wanted to improve society in backward regions by teaching children. Generally teachers liked being a teacher, although 58% of the teachers were not satisfied with their salary.

36% of the parent didn't know about teacher attendance. Half of the parents claimed that the teachers never missed school, however these parents only talked occasionally to their children about school and half of them had never been to the school, so it is not certain whether they really knew about teacher attendance. The same was the case when asked how often teachers would come to school late. Teachers themselves said that they were only absent because of vacation days (22 days a year). They also claimed that they were always able to come to school on time (except for one teacher who commuted from Hyderabad daily). The children, however, had a different opinion. According to 38% of the children teachers were late once a week, the reasons being public transport and weather conditions. The children confirmed what the teachers said regarding absence: according to 63% of the children, teachers missed school occasionally (once a month or more). Two children from two different schools said that teachers missed school twice a week.

Observations when carrying out the research demonstrated that teachers -contrary to the answers- were absent, arrived at school late, and left school early (before the end of classes). Also, teachers would gather in the teachers' office during class hours, which confirmed the findings of the PROBE (1999) report.

We understood from the children that teachers assign a student with the role of class monitor in each class. This student 'manages' the class when teachers are late, leave early or miss school.

With regards to the teacher's attitude towards the children, all children said that teachers treated girls and boys in the same way. Children liked the teachers who gave clear explanations, used games and made jokes the most. Children almost always understood the teachers' explanations and when they didn't they would always ask for more explanations, saying that teachers were patient, open to questions, and even encouraging students to ask questions. 73% of the children were sometimes bored in class, the main reason being the absence of the teacher. One group of children pointed out that they felt offended by teachers answering their mobile phones and having telephone conversations during class.

When asked about rewards and punishments, children told that teachers gave both; children were punished regularly for bad work and for not paying attention (mainly by scolding/shouting and hitting), but praised only occasionally. The teachers answered the same question in the opposite way:

they punished the children only occasionally and praised the children regularly (25%) or even always (66%). Rewards were given to children on Republic Day (26/1) and Independence Day (15/8).

75% of the teachers stated that they paid extra attention to weak students, by repeating explanations, giving extra tasks and personal attention. The rest of the teachers stated that there were too many children on a small staff to pay the required attention. Half of the teachers also paid extra attention to talented children, by giving them extra work, guidance and advice and having them help other students.

Most teachers (83%) said that they tried to convince the parents about the importance of education in the case of children not attending school regularly or tending to drop out. They would do this by making home visits. Although half of them shared some success stories, the other half felt that their efforts didn't pay off, because parents didn't listen or simply couldn't afford more schooling.

Teachers had to use the curriculum designed by the government, but were allowed to add their own methods. Some teachers said that they actually did this: e.g. integrating news facts or taking children out into the fields for a class about crops. One teacher said he was forced to use his own methods, since the government curriculum was only targeting the brighter students. Another teacher told that the government curriculum was the same year after year, which made teaching sometimes boring for him. We were told by several teachers that the government had just introduced annual 'Orientation Programs', where teachers can learn about different teaching methods.

All children said that they had to do homework for all subjects daily.

As for the interest of teachers in their students and the parents, 75% of the children said that the teachers never came to their houses. 92% of the teachers lived in another village or town than the village where the school was located, which might play a role. Half of the children said that teachers would sometimes ask children to bring their parents to the school, for meetings, events (on Republic Day and Independence Day) or when children were not regularly attending school.

4.5. *Quality of government schools*

Some children complained about the facilities of the schools, the main complaint being too much distraction because of a missing compound wall (cows, buffalos and goats could just enter the playground; children could see everything that happened on the road), and because of insufficient class rooms (each school had at least two classes sitting outside). The vast majority of teachers shared this negative opinion about the schools' facilities; only one teacher thought there were good and enough facilities. Most teachers complained about the lack of a playground, the lack of furniture and

insufficient classrooms. The science teachers also longed for a school lab. Since most parents had never been to the school, the parents didn't have a clear idea of the school facilities when asked about their opinion on these.

68% of the parents thought that there were enough teachers in the school. This percentage is higher for people with children in private schools. 25% of the teachers said there was a need for more teachers in their school. One school we visited had been missing two teachers (for science and social) during the past 8 months.

Although most teachers were not satisfied with the government schools, they didn't see a specific role for themselves to improve the quality of government schools, except for teaching. They didn't envision themselves having an impact on governmental allocations, staff, financial resources and facilities.

There was one mother who expressed her wish to do something to improve the school or the quality of the teachers, although she didn't think that she could accomplish something on her own, because teachers wouldn't listen. She believed that parents organized in a group could have more impact, but when asked, she told us that she hadn't met anyone who is as interested in doing good for the school, and she didn't want to take the initiative to organize a group.

Parents, who could afford private school, sent one or more children to private school (40%). A household with two educated parents seemed somewhat more likely (18% more) to choose for a private school than families with one or two uneducated parents. In two interviews, especially in the interview with a group of four mothers, the women (who didn't have children in private schools) claimed that "Only private schools are good". They were convinced that their children didn't get brighter in the government schools they attended, whereas in their perception the teachers in private schools really made an effort to improve the children's performance.

For the majority of the parents private school was too expensive, however 75% of the parents with only children in government school were willing to spend more on education, if that would contribute to the education's quality. They weren't able to tell how much more they could or would spend. Only two parents (9%) would refuse to pay more, one parent's argument being "Why should we pay for government school".

Only one teacher expressed his wish to work in a private school instead of in a government school, without giving a clear reason. The rest of the teachers valued the security that came with their government job.

5. Potential for MFIs to serve as a channel for educational improvement

5.1. *Within existing education system*

Because of their direct and frequent contact with their clients, and the efforts of a number of MFIs to include the whole community in social programs, MFIs could serve as a channel to educational grassroots interventions. MFIs could consider several ways to involve parents and improve the existing education system, either through general interventions or through specific microfinance related interventions. Listed below are some of the interventions that MFIs could consider.

General interventions

1. Create awareness:

MFIs could create awareness about the importance of and involvement in education among their clients, and in the broader community. They could encourage the parents to become more involved in their children's schooling, explain ways to become more involved, and clarify how their involvement could improve the educational system. The most obvious way to do this, is informing their clients about education during loan group meetings; either the loan officer or a special education officer (as is the case with SKS) could do this. Another way could be to cooperate with community leaders or existing community groups that could promote the importance of educational involvement.

2. Organize parents:

MFIs could organize parents into parent community committees focused on the improvement of education in their community. A good starting point would be to identify 'leaders' in the MFI's client base. If educational community groups are already in place, the MFI should build upon these and strengthen their capacity. These groups should not be confused with the Vidya Committees that were called for and established by a top down approach by the central government.

3. Cooperate with schools:

MFIs could cooperate with schools directly to improve the performance of the school, or to increase parental involvement. They could organize parent days to involve the parents in their children's schooling. Some schools are already doing this; MFIs could help promoting it among their clients to improve the attendance. Other ways would be to provide additional teacher training (e.g. teach ways to be more creative with the standard curriculum), or in-school tutoring. MFIs could also help set up impact assessment studies to assess these different interventions.

4. Advocate:

MFIs could advocate for improved quality of education with local, regional or national governments.

These interventions could be combined into an integrated effort, initiated by the MFI, involving and bringing together the different stakeholders: parents, schools, teachers, community groups.

Microfinance related interventions

1. Invite teacher to center meeting:

MFIs could invite a teacher to the center meeting, for instance on a monthly basis. The teacher could then update the clients about how the school is doing, how the children are progressing, how parents could be involved, announce parent-teacher meetings, etc. Parents will have an opportunity to ask question and to make the teacher accountable for his or her responsibilities.

2. Set up educational fund

The MFI could set up a collective village educational fund (each of their clients would contribute to this) which could be used to invest in improvements for local schools or other educational interventions.

3. Education loans and savings plans:

MFIs could design and pilot educational loan products¹⁷ or set up special education savings funds (individual). This would give microfinance clients the financial means to send their children to school.

5.2. *Outside existing education system*

The above mentioned interventions are all focused on improving the existing educational system, which is put forward as something needed by the PROBE report (“the need to support the public school system and not create ad-hoc alternatives”¹⁸). MFIs could also play a role outside of the system, by implementing learning tools in the communities that they work with. These learning tools would build upon the educational system. Examples would be providing textbooks or school lunches, conducting teacher training or carrying out out-of-school tutoring services, establishing libraries or pre schools. Especially the provision of textbooks could have a good impact; different researches have pointed out that providing text books in places where textbooks are scarce have a positive impact on school performance.¹⁹

Obviously this is not something that could only be done by MFIs. There are numerous NGOs that have a purely educational focus and play a significant role in the provision of educational services. However, if such educational interventions require the participation and investment of a community, MFIs could be good candidates as well. For example, SKS India is planning to implement a Village Library program, in which an investment from the community is required, matched by an investment

from SKS India. Leaders in SKS India's client base are involved in collecting the necessary community investments.

6. Conclusions and further research

6.1. Conclusions

In one of the villages we visited an older lady told us: "Our lives are worthless, since we haven't studied", representing the opinion of the parents we interviewed. Both educated and uneducated parents truly valued education, making their children's schooling a priority. This finding confirms the conclusion of the PROBE report²⁰ that poor parents do care about educating their children, boys and girls. Parents viewed education as a way to get a good job and a better life in the future. They didn't have a clear idea though of what kind of job they envisioned for their children, or how high they would or could let their children study.

Despite the fact that microfinance clients were very well aware of the importance of education and were eager to invest in their children, they were not involved in their children's schooling, especially the mothers. They didn't know much about what it is their children are studying in school; the majority had never even been to the school; nor did they have contact with the teachers.

In addition, a remarkable finding was that although parents believed that education would provide their children with better opportunities in terms of better future jobs, they didn't have prove of this. When asked whether they knew about people in their village who had attained a high educational level and about the current jobs of these people, the parents only gave examples of people with high degrees but without job opportunities. At the same time they emphasized that they believed that education was the way to a better life.

The Indian government has tried to decentralize the school management by establishing School Committees. From this research the School Committee system doesn't seem to be a success.

Many well-intended alternative interventions such as private schools, non-formal schools, schools run by NGOs, after school programs, and tutoring programs have sprung up to meet the demand for education as an attempt to make up for unsatisfactory government schools. However, this is an approach that avoids tackling the problem by its roots: they do not make up for the poor condition of the government school system²¹. In this study, an attempt has been made to research one of the possibilities to improve the existing government school system; the involvement of parents.

6.2. Further research

In this study it was hypothesized that parental involvement could have an impact on the quality of education (as shown in Figure 2).

Without parental involvement:

- Children lack the educational support at home
- Parents won't organize themselves in education committees
- Teachers miss the support and input of parents
- Schools and teachers are not held accountable by the community
- Teachers don't have any incentive to do a good job

Further Research should focus on this hypothesis. Research could be done on how parents could become more involved in their children's schooling and how their involvement could have an impact on the quality of the education. Besides that, research needs to be done on how stakeholders (government officials, school principals, teachers) can be made accountable, and to what extent this would have an effect on the quality of education. Finally, the relevancy, feasibility and effectiveness of possible MFI intervention in this matter should be studied.

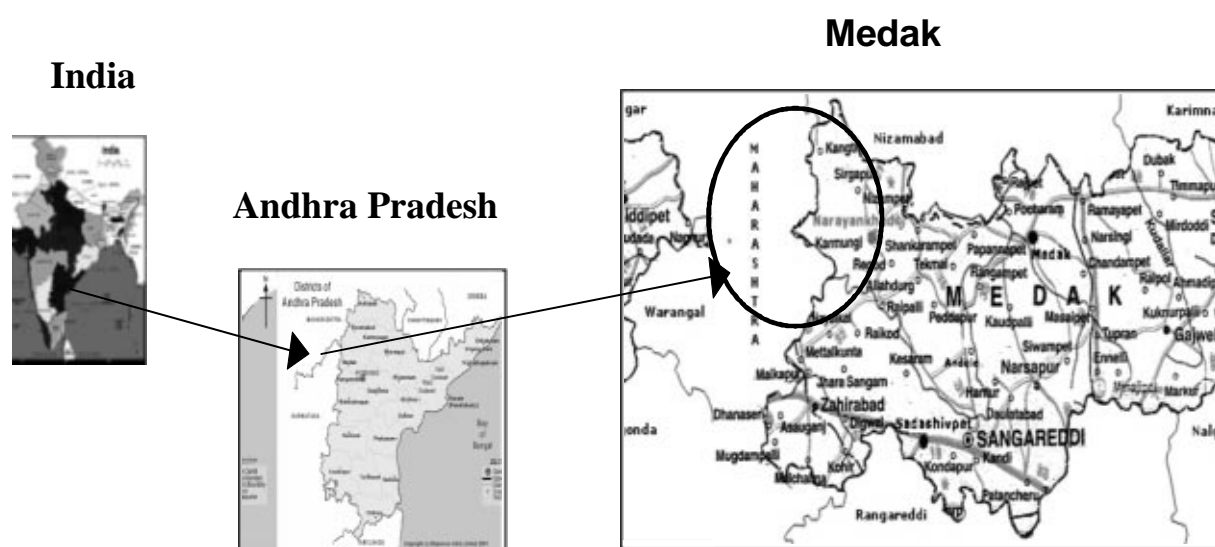
References

1. See http://www.microfinancegateway.org/section/resourcecenters/impactassessment/impacts/mdg_2/ for a list of studies on the impact of microfinance on education: Chowdhury and Bhuiya, 2001; Marcus R., Porter, B. and Harler, C. et al 1999; Chen and Snodgrass, 2001; Khandker, 1998; Barnes, 2001
2. Oxford Press, 1999
3. <http://www.worldlit.ca/probe.html>
4. Katy Glenn, 2004. Educate Every Child: Microfinance and Universal Primary Education, p.1
5. Bruce Wydick. The Effect of Microenterprise Lending on Child Schooling in Guatemala. University of Chicago, 1999.
6. <http://devdata.worldbank.org/gmis/mdg/education.htm>
7. Handa, Sudhanshu, Kenneth R. Simler with Sarah Harrower. Human Capital, Household Welfare, and Children's Schooling in Mozambique. 2004
8. Maldonado, Jorge, Claudio Gonzalez-Vega, Vivianne Romero, The Influence of Microfinance on the Education Decisions of Rural Households: Evidence from Bolivia, 2003
9. www.sksindia.com
10. www.sksindia.com/education/index.html
11. Although the results of this case study are suggestive, caution should be taken when drawing statistical conclusions since a randomized sample of respondents was not used.
12. Constitution of India, Directive Principles of State Policy, Article 45) (p.3)
13. Census of India 2001
14. SKS, Gramvidya Program (Village Education Program), 2005
15. <http://www.education.nic.in/htmlweb/cabedecentralise.htm>, website of the Government of India, Department of Education
16. A panchayat is a village council
17. FINCA and the Aga Khan Agency for Microfinance have pilots with education loans
18. <http://www.worldlit.ca/probe.html>
19. Michael R. Kremer, "Research on Schooling: What we Know and What We Don't Know: A Comment on Hanushek," The World Bank Research Observer, Vol. 10, No. 2, August 1995, 247-254
20. Public Report on Basic Education in India, carried out in the states of Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh, and Himachal Pradesh in 1996
21. <http://www.worldlit.ca/probe.html>

Table 1:

Research priorities		Vision
How do microfinance clients and their children perceive the value of education?	⇒	Create community wide awareness of importance of education
How are parents involved in their children's education? <ul style="list-style-type: none"> Do they monitor the educational performance of their children? Do they impact the quality of the schools? Do they feel the need to be involved in their children's schooling? 	⇒	Improve the quality of the schools by involving the community in educational activities. In other words: make microfinance clients 'stakeholders' in their children's education, and make schools accountable.
How effective are teachers: <ul style="list-style-type: none"> Are teachers sufficiently trained? Are teachers motivated? How do teachers and parents interact? 	⇒	Increase the quality of the school by improving the quality and motivation of teachers
<ul style="list-style-type: none"> Do MFIs currently include an educational focus in their work? How can MFIs impact the perception and involvement of parents, and the effectiveness of teachers? 	⇒	<ul style="list-style-type: none"> MF programs can leverage their potential by designing and implementing educational interventions MFIs can be used as an important 'channel' for grassroots education reform

Figure 1



Source: SKS, Gramvidya Program

Table 2:

Group 1: Microfinance members of SKS India, all parents of school going children	
Nr. of interviews	Characteristics
22 interviews with a total of 35 parents: <ul style="list-style-type: none"> • 11 interviews with mothers only • 8 interviews with both father and mother • 2 interviews with parent and grand parent • one interview with a group of 4 mothers 	Age: Although most respondents had to guess their age, the average age of the women was about 33 years (all 40 or younger); the average age of the men was about 36 years
	SKS membership: The women had been a member of SKS for an average of about 3 years, ranging from less than 1 year to 7 years
	Nr. of children: Households had an average of 3.4 children, ranging from 1 to 7 children
	Level of education: 82% of the 22 mothers hadn't been to school (there was only one mother who had finished 10th grade), whereas 86% of the fathers had been educated (more than 40% of them having finished 10th grade or higher level)
Group 2: Children of microfinance members	
Nr. of interviews	Characteristics
8 individual interviews and 5 group discussions, talking to a total of 33 children: <ul style="list-style-type: none"> • 19 boys and 15 girls • 5 children per group • main importance was given to the individual interviews, the group discussion covered fewer questions and were used as a confirmation of the individual interviews 	School level: <ul style="list-style-type: none"> • 5 children in Primary School (group interview) • 4 children in Upper Primary school – standard 6 and 7 (3 individual and 1 in group interview) • 25 children in High School – standard 8 to 10 (5 individual and 20 in group interview)
	Age: the youngest child interviewed was 9 years old, the oldest child was 16 years old
	Level of education of parents: The vast majority of these children's mothers were uneducated (82%), whereas 64% of their fathers had been to school, although about one third of those educated fathers hadn't finished primary school
Group 3: Teachers working with government schools	
Nr. of interviews	Characteristics
12 interviews with 12 teachers: <ul style="list-style-type: none"> • 10 male teachers and 2 female teachers 	School level: <ul style="list-style-type: none"> • 8 Upper Primary School/High School teachers • 4 Primary School teachers
	Age: The average age was 36 years, ranging from 24 to 56 years
	Teaching experience: Teachers had an average of 12 years of teaching experience, ranging from 3 to 34 years
	Level of education: <ul style="list-style-type: none"> • 9 teachers had a B.Ed. degree • 2 teachers had a M.Ed. degree • 1 teacher had a TTC (Teachers Training Certificate)

Table 3:

	Overall	Male	Female
India	65.2	75.64	54.03
Andhra Pradesh	61.11	70.85	51.17
Medak district	53.24	65.52	40.68
Karnataka	67.04	76.29	57.45
Tamilnadu	73.47	82.33	64.55
Kerala	90.92	94.2	87.86

Table 4:

Reading ability						
Present class	Total	Nothing	Recognise alphabets	Words	Paragraph	Story level
1 st	13	6	5	2	--	--
2 nd	33	6	13	6	4	4
3 rd	38	4	1	7	6	3
4 th	35	5	6	9	8	7
5 th	46	3	6	9	7	21
Total	165	24	48	33	25	35
Percentage	100	14.5	29.1	20	15.2	21.2

Figure 2

