



Pakistan: Islamic Republic of Pakistan: Enabling Asset Leasing as a Financing Approach for Schools

Project Name	Islamic Republic of Pakistan: Enabling Asset Leasing as a Financing Approach for Schools	
Project Number	55289-001	
Country	Pakistan	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 6860-PAK: Enabling Asset Leasing as a Financing Approach for Schools	
	Technical Assistance Special Fund	US\$ 200,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Partnerships Private sector development	
Sector / Subsector	Education - Education sector development	
Gender Equity and Mainstreaming	No gender elements	
Description	The proposed TA will support the preparation of a feasibility report to evaluate various education sector-focused asset leasing models for procuring school equipment, infrastructure-facilities and services by public and private sector schools in Pakistan. The TA will also develop a program implementation plan and operations model with appropriate private sector participation.	
Project Rationale and Linkage to Country/Regional Strategy	<p>1. Pakistan has recorded significant improvements in overall school participation and educational attainment. However, it faces severe challenges in providing high-quality and adequate education to eligible children, with its primary gross enrolment ratio increasing from 49.1% in 1980 to 94.0% in 2019. Schools lack basic infrastructure-facilities and services, including electricity, toilets, and information and communication technology labs for students and teachers, creating an unfavourable learning and teaching environment. Schools also suffer from a high student to teacher ratio (number of students per teacher) and stands at 44 for primary schools across the country (footnote 3). Despite improvements made in existing schools and establishment of new schools, poor overall facilities and lack of basic facilities continue to remain as the primary reason for high student dropouts. Of the total school buildings in Pakistan, 55% have fallen into disrepair and are considered unsafe or of low quality. Only 52% of public schools have boundary walls, electricity, drinking water and toilets, while 11% of public schools have none of these.</p> <p>2. Experiences, especially in the United Kingdom, have shown that asset leasing as a financing modality for procuring equipment by schools has several advantages. Asset leasing (i) leads to more efficient management of school finances; (ii) increases the affordability of schools in procuring higher standard of equipment with a lower upfront cost; (iii) reduces the burden of asset disposal beyond useful life, allowing for the latest technologies and replacement equipment to be paid for over the period the equipment is used.</p> <p>3. In Pakistan, leasing is a licensed activity that is performed either by commercial banks or by non-banking finance companies (NBFCs) or Mudarabah. Although the leasing industry in Pakistan has a market value of approximately \$206 million and has diversified to industrial machinery, automobiles, and computer hardware, it is still a relatively nascent industry. It lacks innovative products and is confined mostly to small and medium ticket leasing particularly involving vehicles and machinery. Its challenges include resource mobilization constraints relating mainly to the currently volatile interest rate scenario, squeezing of margins, and non-availability of long-term funds and difficulties in recoveries. The leasing of machinery and other industrial equipment has slowed down due to the COVID-19 induced recession.</p>	
Impact	Providing fair and equal opportunity to all children to receive a high quality of education.	
Project Outcome		
Description of Outcome	Asset leasing as a financing option for schools implemented	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Feasibility study on asset leasing as a financing option for schools in Pakistan prepared Program implementation plan for asset leasing as a financing option for schools in Pakistan prepared	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		

Responsible ADB Officer	Hegde, Abhishek Naveen
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Office of the Director General, CWRD
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines

Timetable	
Concept Clearance	-
Fact Finding	-
MRM	-
Approval	08 Dec 2021
Last Review Mission	-
Last PDS Update	08 Dec 2021

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Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
200,000.00	0.00	0.00	0.00	0.00	0.00	200,000.00	-	0.00

Project Page	https://www.adb.org/projects/55289-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=55289-001
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