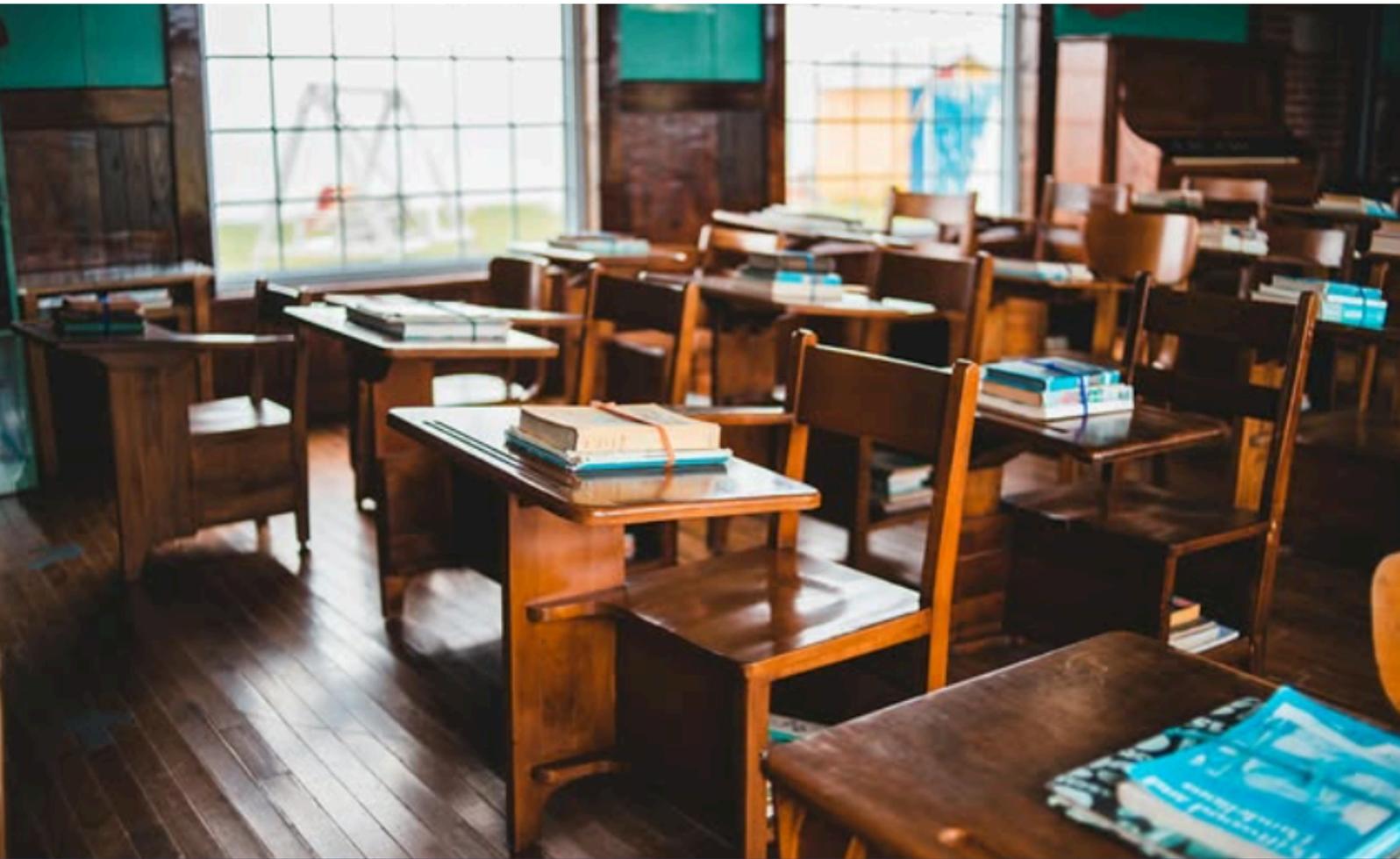


## Scoping Paper

# Outsourcing of Public Schools under the Public Schools Reorganisation Program (PSRP) in Punjab



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# ACRONYMS

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- ADB** – Asian Development Bank
- AEO** – Assistant Education Officer
- CPD** – Continuous professional development
- EMO** – Education Management Organisation
- FAS** – Foundation Assisted Schools
- KII** – Key informant interview
- MEA** – Monitoring and Evaluation Assistants
- NADRA** – National Database & Registration Authority
- NCHD** – National Commission for Human Development
- NGO** – Non-governmental organisation
- NSB** – Non-Salary Budget
- NSP** – New School Programme
- OOSC** – Out-of-school children
- PEC** – Punjab Examination Commission
- PECTAA** – Punjab Education, Curriculum, Training and Assessment Authority
- PEF** – Punjab Education Foundation
- PEIMA** – Punjab Education Initiatives Management Authority
- PESP** – Punjab Education Sector Plan
- PKR** – Pakistani rupee
- PMIU** – Programme Management Implementation Unit
- PPP** – Public-private partnership
- PSRP** – Public Schools Reorganisation Program
- PSSP** – Public Schools Support Program
- PTU** – Punjab Teachers Union
- QAED** – Quaid-e-Azam Academy for Educational Development
- QAT** – Quality Assurance Test
- SAHE** Society for Advancement of Education
- SED** – School Education Department
- SIS** – School Information System
- ToRs** – Terms of reference

# INTRODUCTION

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Public–private partnerships (PPPs) in education have gained prominence as a policy mechanism for expanding access, improving learning outcomes, and enhancing operational efficiency in public schooling, particularly in low- and middle-income countries. These partnerships aim to leverage private sector expertise while maintaining government oversight to ensure alignment with national education goals (Verger et al., 2020). PPPs in education take multiple forms, including school management contracts, voucher-based financing, and full school concessions, where private operators assume responsibility for administration, instructional quality, and infrastructure while the government regulates service delivery and equity measures (Patrinos et al., 2009).

The rationale behind adopting PPP models stems from the challenges governments face in meeting the growing demand for quality schooling due to fiscal constraints and systemic inefficiencies. Research suggests that well-regulated PPPs can improve school accountability and diversify service provision, potentially leading to better student outcomes (World Bank, 2021). However, global evidence highlights varied impacts of PPPs, depending on factors such as contract design, regulatory enforcement, and the socioeconomic context in which these models operate (Romero et al., 2020). While some PPP-driven education models have shown positive effects on student performance, others have raised concerns about sustainability, cost effectiveness, and potential exclusionary practices (Bonilla-Angel, 2019; Patrinos et al., 2022).

In Punjab, education PPPs have involved supporting private schools catering to children from low-income households through public funds as well as outsourcing public schools to private operators while maintaining state funding. This first approach was first institutionalised through the Punjab Education Foundation (PEF) in 2004, which introduced programmes such as Foundation Assisted Schools (FAS), the Education Voucher Scheme, and the New School Programme (NSP) to improve education access for low-income communities (Mott MacDonald, 2021b).



The Public Schools Support Programme (PSSP), launched in 2015 by the School Education Department (SED) through the Board of Directors of PEF, marked a shift towards a somewhat different outsourcing model, transferring low-performing government schools to private operators to provide free-of-cost quality education in public schools. Later, PSSP came under the purview of the Punjab Education Initiatives Management Authority (PEIMA), established under the PEIMA Act 2018.<sup>1</sup> PSSP struggled with contract enforcement, irregular funding disbursement, and gaps in quality assurance (Mott MacDonald, 2021a). The Public Schools Reorganisation Program (PSRP), introduced in 2023, seeks to improve upon past PPP models by integrating performance-linked financing, school-level accountability, and stricter regulatory frameworks (ADB, 2023).

## International Context: Education PPPs and Outsourcing

By situating PSRP within the broader policy landscape, this section of the scoping paper examines its alignment with national and international PPP experiences and explores the systemic challenges it may be faced with. PPPs are often framed as strategies to improve efficiency, expand access, and inject innovation into underperforming public education systems (World Bank, 2021). However, global experience indicates that outcomes vary significantly, depending on the contractual design, financial arrangements, and strength of regulatory frameworks underpinning these models (Verger et al., 2020).

In Colombia, the Concession Schools model (Colegios en Concesión) transferred the management of public schools to private education providers under structured contracts. Empirical evaluations reported that students in concession schools outperformed those in traditional public schools in both language and mathematics assessments (Bonilla-Angel, 2019). These outcomes have been attributed to greater operational autonomy, performance-linked contracts, and sustained state investment (Patrinos et al., 2022). Importantly, Colombia embedded safeguards for equity and institutional accountability, helping mitigate exclusionary practices and enhancing long-term viability. However, weak enforcement and unclear institutional roles have frequently undermined the potential benefits of outsourcing models. In Colombia, too, oversight failures allowed underperforming private operators to continue receiving funds despite failing performance benchmarks (Bonilla-Angel, 2019).

The Partnership Schools for Liberia initiative offers a more cautionary example. Launched with significant donor support, the Liberian programme outsourced hundreds of government schools to non-state operators with the goal of rapidly improving learning outcomes. While evaluations showed short-term gains (students in programme schools scored 0.18 standard deviations higher in literacy and numeracy after one year), the improvements came at a high cost of roughly US \$50 per student, raising concerns about financial sustainability (Romero et al., 2020). Moreover, the lack of strong regulatory oversight led to uneven operator practices, including greater student vulnerability to harassment and the exclusion of low-performing students to boost average test scores.

In high-income countries, similar PPP approaches, such as charter schools in the United States and academies in the United Kingdom, have shown mixed results. While some schools have demonstrated improvements in academic outcomes due to increased autonomy and extended instructional time, others have faced criticism for inconsistent quality, weak governance, and socioeconomic segregation (Verger et al., 2020).

A common assumption behind PPPs is that they are more cost effective than direct public provision. However, international evidence frequently contradicts this premise. In Colombia, the Concession Schools initiative initially appeared fiscally sound but soon faced financial strain when operational costs exceeded fixed government subsidies, requiring renegotiation of contracts (Bonilla-Angel, 2019). Similar cost pressures emerged in the Partnership Schools for Liberia initiative, where performance-based funding models imposed additional financial burdens on the public education budget (Romero et al., 2020). The UK's academy system has also faced criticism for fiscal mismanagement and increased dependency on emergency government bailouts due to unsustainable funding streams (Oxfam, 2020). Outsourced models have also often been linked to precarious employment and high turnover among teachers. In the United States, Charter School teachers frequently work on short-term contracts, with limited professional development and lower salaries compared to their public sector peers, resulting in burnout and attrition (Oxfam, 2020).

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<sup>1</sup> <https://peima.punjab.gov.pk/system/files?file=asd1234.pdf>

## National Context: Education PPPs in Pakistan

Pakistan's education system faces persistent structural challenges, with over 25 million children out of school, one of the highest out-of-school populations globally (Pakistan Population Census, 2023). Despite government efforts to improve access and quality, low public investment in education, weak governance structures, and inefficiencies in service delivery continue to hinder progress. Public spending on education remains below 2.5% of GDP, significantly lower than the 4–6% recommended by UNESCO, constraining the ability of the government to expand schooling and improve learning outcomes (ADB, 2023). Furthermore, national assessments reveal that over 75% of Grade 5 students lack foundational literacy and numeracy skills, highlighting systemic deficiencies in early-grade education and learning retention (World Bank, 2022).

To address these challenges, Pakistan has increasingly turned to PPPs in education, positioning them as a policy tool for enhancing access, improving service delivery, and strengthening accountability. Pakistan seeks to leverage private sector efficiencies while retaining government oversight to ensure alignment with national education priorities. Over the past two decades, Punjab, Sindh, and Khyber Pakhtunkhwa have implemented various PPP models, aiming to complement the public education system by outsourcing school management to private providers. These initiatives have varied in scale, structure, and effectiveness, reflecting contextual differences in governance capacity, financial sustainability, and regulatory frameworks.

Punjab has been the leading province in education outsourcing, with PEF playing a central role in financing and regulating privately managed schools. PEF initiatives, including FAS, the Education Voucher Scheme, and NSP, expanded access to over 2.7 million students, particularly in underserved areas (PEF, 2021). However, evaluations indicate that while PEF contributed to increasing enrolment, its expansion also revealed some challenges in regard to financial sustainability, enforcement of quality standards, and equitable service provision (Mott MacDonald, 2021b).

Reimbursement of outsourced school expenses is aligned with student enrolment and attendance. On this front, teachers in outsourced schools reported – sometimes dramatic – improvement in enrolment following the handover. For example, one school claimed to have increased its student population from 50 to 182 students (FGD with teachers, 2025).

Khyber Pakhtunkhwa has pursued a different model, through its Education Management Organisations (EMOs) initiative, launched in 2018. Khyber Pakhtunkhwa's model places greater administrative responsibilities on private operators, including responsibility for teacher recruitment, school governance, and infrastructure maintenance (Government of Khyber Pakhtunkhwa, 2018). The Independent Monitoring Unit was established to oversee school performance, tracking teacher attendance, student enrolment, and compliance with service delivery benchmarks (Independent Monitoring Unit, 2020). While assessments suggest that EMO-run schools have improved student retention and school operations, funding delays and regulatory inconsistencies continue to pose risks (ADB, 2023; Mott MacDonald, 2020). Furthermore, teacher unions have raised concerns over job security and wage disparities between public and private school staff, reflecting broader tensions in education workforce policies (Government of Khyber Pakhtunkhwa, 2018).

In Sindh, under the PPP initiative, the EMO programme, the Sindh Education and Literacy Department contracts with private sector partners to operate public schools (ADB, 2023). Also, the Sindh Education Foundation (SEF) launched its Partnership Initiative in 2015. Programmes such as the Adopt-a-School Programme, Promoting Private Schools in Rural Sindh, and Early Learning and Community Schools were developed to extend educational opportunities to marginalised populations (SEF, 2022). By 2022, SEF-supported schools had enrolled approximately 750,000 students, making it Sindh's most extensive education PPP initiative. However, assessments indicate that while these programmes have increased access, they have also faced implementation challenges, including delayed government funding, insufficient monitoring of operator performance, and inequities in school placement, with peri-urban areas benefiting more than remote rural regions (ADB, 2023; SEF, 2022). Similarly, in Sindh's EMO model, teacher recruitment challenges persist in rural areas due to insufficient compensation and job insecurity (RISE Programme, 2022; PEIMA, 2024; Society for the Advancement of Education (SAHE) analysis, 2025).

## Punjab Context: The Launch of PSRP

Despite various reforms, Punjab still grapples with systemic inefficiencies: high student dropout rates, poor learning levels, shortage of teachers, widespread presence of multi-grade teaching, and management deficits in many schools. Recent studies have identified high dropout rates among students, particularly in government secondary schools, where poverty, lack of parental awareness, and negative educator attitudes contribute to students prematurely leaving school (Rehman and Malik, 2023). Additionally, learning quality remains a significant issue, with persistently low foundational literacy and numeracy levels, making it unlikely that Punjab will meet its education targets without structural reforms (World Bank, 2021). There is also the issue of low school expectancy, with children in government schools averaging just 5.41 years of education, preventing many from completing even basic schooling (Pakistan Institute of Education, 2022).

The Punjab Education Sector Plan (PESP) 2019–2024 had highlighted the need for structural changes in how schools are governed, urging the exploration of partnerships and performance-based accountability to revitalise stagnant schools that have suffered from years of neglect. It was against this backdrop that PSRP was conceived in late 2022 and formally launched in 2023. PSRP represents an evolution of Punjab's education PPP framework, building on the lessons learned from nearly two decades of PEF programmes including PSSP, later managed by PEIMA. In essence, PSRP is a restructured school outsourcing initiative aimed at improving failing public schools by contracting their management to vetted private operators under stricter conditions and oversight.

### PSRP Structure

PSRP operates under a hybrid PPP model that is designed to improve school performance by transferring operational management to private operators while retaining government ownership and oversight. PEIMA is formally the lead management body, responsible for rolling out PSRP, for operator selection, for licensee agreements<sup>2</sup>, for contract management, and for performance monitoring. PEF is responsible for the implementation in rolling out PSRP phases and overseeing subsidy disbursements and financial accountability. However, problems in coordination could possibly lead to delays in payments, regulatory inefficiencies, and inconsistencies in enforcement mechanisms (key informant interviews (KIIs) with SED and PEF, 2025).

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<sup>2</sup> <https://peima.punjab.gov.pk/system/files?file=asd1234.pdf>

## Scope of this Paper

This paper seeks to provide an overview of PSRP as a policy intervention in Punjab's education sector, identifying improvements over previous outsourcing models and continuing challenges. The focus is on the pedagogical, administrative, and sustainability dimensions of PSRP, analysing the programme's implications for learning outcomes, regulatory oversight, equity, and public sector capacity. By situating PSRP within the broader trajectory of education outsourcing in Punjab, the paper explores its potential to enhance service delivery and governance. The scoping paper seeks to answer the following key questions:

- **Policy and design:**  
How does PSRP differ from the past PSSP initiative, and to what extent does it align with broader education reform priorities?
- **Regulatory oversight:**  
Are enforcement mechanisms sufficiently robust to prevent selective enrolment, weak operator accountability, and governance failures?
- **Learning outcomes:**  
Does PSRP lead to genuine improvements in student learning, or does it replicate test-driven teaching strategies observed in past PPPs?
- **Equity and inclusion:**  
To what extent does PSRP address disparities in access?
- **Sustainability:**  
Is the PRSP initiative sustainable in the long-run, while meeting its objectives?



# METHODOLOGY

This scoping paper employs a qualitative analysis approach, integrating KIIs and document analysis to assess the governance, financial sustainability, and equity implications of education outsourcing under the PSRP.

## KIIs

A total of 19 KIIs were conducted, with government officials, private education providers, the Punjab Private Teachers Association and the Punjab Teachers Union (PTU), researchers, and education policy experts. These interviews provided insights into policy implementation, regulatory challenges, financial mechanisms, and the possible implications of outsourcing for educational equity. The selection of respondents was purposive, targeting individuals with direct involvement in or knowledge of the PSRP framework.

**Table 1: KIIs and FGD with relevant stakeholders**

	ORGANISATION/INSTITUTION	KIIS/FGDS CONDUCTED	KIIS/FGDS PROPOSED
1.	PEF	01	01
2.	PEIMA	01	01
3.	SED, Punjab	02	01
4.	Programme Management Implementation Unit (PMIU)	01	01
5.	PPP Authority Punjab	01	01
6.	The Citizens Foundation	01	01
7.	Institute of Development and Economic Alternatives (IDEAS)	01	01
8.	Read Foundation, Islamabad	01	01
9.	Aga Khan University – Institute for Educational Development	01	01
10.	Private school chain	01	01
11.	Individual and young entrepreneurs managing outsourced schools under PSSP and PSRP	04	01

		KIIS/FGDS CONDUCTED	KIIS/FGDS PROPOSED
12.	Ed-tech firm: TeleTaleem	01	01
13.	Former Director of Public Instruction, Elementary, Punjab	01	--
14.	Private School Association	01	--
15.	Punjab Examination Commission (PEC)	01	--
16.	Teachers (FGD)	01	01
	<b>Total</b>	20	13

## Document review

In addition to stakeholder consultations, in preparing this paper a systematic review of documents was conducted to assess the financial, regulatory, and learning outcomes of education outsourcing in Punjab. These included the following:

Government reports (Punjab Education Budget reports, SED policies, PEF and PEIMA annual reports)

Student assessment results (Quality Assurance Test (QAT) scores, National and Provincial Learning Assessments, Large-Scale Assessments)

Contractual agreements and regulatory documents (PEIMA guidelines, PPP Authority reports, licence agreements, PSSP and PSRP ToRs)

Independent evaluations of previous education PPP models, including PEF, PSSP, and PSRP implementation reviews

# LEGAL AND POLICY FRAMEWORK

PSRP is aligned with Article 25-A of the 18th Amendment of the Constitution of Pakistan (2010), which refers to the need to complement the efforts of the public sector in the provision of free and compulsory education for all children aged five to 16 years. The Punjab Free and Compulsory Education Act (2014) reinforces this obligation at the provincial level. However, for many years, the government has felt the need to also partner with the private sector in the field of education.

But, outsourcing school management to private operators could pose a challenge to the state's ability to ensure access, equity, and quality in the context of education. Education outsourcing is regulated by the PEF Act (2004), introduced a subsidy-based PPP model. The PEIMA Act (2018) later sought to enhance oversight of PPP functioning under a dedicated regulatory body to enhance accountability and streamline private-sector evaluations.

The Punjab PPP Act (2019) provides the legal framework for PSRP, establishing a PPP Authority responsible for feasibility assessments, operator performance evaluations, and financial accountability. Under this law, private school operators must adhere to specific contractual and funding criteria. Additionally, the Punjab Procurement Regulatory Authority Rules mandate transparency in contracting private operators.

## Policy Goals and Design

PSRP is being implemented across all districts in Punjab, with a particular focus on South Punjab, where schools face significant challenges in regard to infrastructure, enrolment, and learning outcomes (see Annex 1). At the same time, the programme extends to major urban centres, including Lahore, Faisalabad, and Rawalpindi, targeting schools that have historically struggled with performance.

PSRP's implementation has a focus on districts where school closures and teacher shortages are most acute. The first phase of the programme includes over 5,863 schools, covering both rural and urban areas where educational access remains constrained due to infrastructural limitations and administrative bottlenecks (Government of Punjab, 2024b). Schools selected for outsourcing typically fall into one of the following categories:



### Underperforming schools

These schools have minimal student enrolment, often due to the absence of teaching staff. 205 of these schools have zero functional classrooms, 500 have a single functional classroom, 3,007 have two functional classrooms, 1,070 have three functional classrooms, and 1,081 schools have more than three functional classrooms.



### Understaffed schools

This includes 567 schools with zero teachers, 2,555 schools with a single teacher, and 2,741 schools with two teachers. These schools face critical shortages in subject-specific instruction, particularly in mathematics and science, and often resort to multi-grade teaching.



### Low-enrolment schools

These are schools where student enrolment is 50% or less, and where retention has significantly declined over the years, leading to a risk of closure.

The PSRP's expansion strategy is informed by district-level data on school performance, prioritising areas where government-led interventions have previously struggled to achieve impact.

## Objectives of PSRP and their Alignment with Broader Educational Goals

PSRP aims to reform Punjab's education system by outsourcing school management to private operators. It aligns with key government policies such as PESP 2019–2024, the Punjab Free and Compulsory Education Act (2014), and the PEF Act (2004). While PSRP supports broader education goals, challenges persist in regard to access, learning outcomes, equity, financial sustainability, and governance.

### Key Policy Objectives and Challenges



#### 01 Expanding access to education

- PSRP targets underperforming schools, helping bridge gaps in educational access.
- It supports PESP 2019–2024, which aims to enrol out-of-school children and to prioritise underserved communities.
- It aligns with the Punjab Free and Compulsory Education Act (2014), by reinforcing the state's duty to provide universal primary and secondary education.



#### 02 Improving learning outcomes

- PSRP implements a performance-linked funding model that ties financial support to student retention and QAT results.
- It reflects the Punjab Free and Compulsory Education Act (2014) requirement that schools meet minimum learning benchmarks.
- However, concerns remain over teaching-to-the-test strategies, rather than fostering holistic education.



#### 03 Ensuring equity and inclusion

- PSRP requires non-discriminatory admissions, aligning with PESP 2019–2024 and inclusive education mandates.



#### 04 Financial sustainability

- PSRP aims to reduce public education costs by leveraging private sector efficiency.
- It is aligned with the PEF Act (2004), which supports PPPs as a cost-effective model.
- However, concerns exist over the likelihood of a rise in per-student costs, delayed payments to operators, and long-term financial viability.



#### 05 Governance and accountability

- PSRP introduces performance-based contracts and penalties for underperformance, reinforcing oversight mechanisms.
- It is governed by the PEIMA Act (2018), which mandates stricter regulatory compliance.
- Challenges include weak contract enforcement, lack of independent audits, and limited community oversight.

## Quality, Assessment, and Accountability

Despite private management of PRSP schools, the curriculum and assessments remain state-controlled. The Punjab Curriculum and Textbook Board Act (2015) requires all PSRP schools to follow the National Curriculum of Pakistan, limiting their pedagogical autonomy.

School enrolment and student evaluations are governed by the PEF monitoring mechanism and QATs, linking funding to performance. Compliance with these provincial standards determines funding eligibility and school performance metrics.

QAT for PSSP is designed to assess the educational standards across various grades within the Punjab education system. Model papers for QAT specifically tailored for Grade 3 to Grade 6 in PSSP schools aimed at aiding students in exam preparation for Urdu, English, mathematics, and science/general knowledge. Students are selected on a random basis using the School Information System (SIS) data (Government of Punjab, 2024d).

For every selected student, 40 marks out of 100 are considered passing marks. At least 50% of students must pass the QAT test for schools to pass. PEIMA regularly releases notifications regarding fee structures and pilot testing related to the QAT to keep stakeholders informed (Government of Punjab, 2024d).

These tests are conducted at the start and end of the school year for all PSSP schools. The publicly available data for 2019 to 2024 show the year-wise performance of students in QATs. Over four years, the average pass rate in schools has followed a rising trend, with an average pass rate of 50% and above.<sup>3</sup>

It should be kept in mind that PEC, the Quaid-e-Azam Academy for Educational Development (QAED), and the Punjab Curriculum and Textbook Board have now been merged into one organisation: the Punjab Education, Curriculum, Training and Assessment Authority (PECTAA) for greater coordination and coherence among these nodal institutions of the education sector.

PEC (now under the umbrella of PECTAA) has been assigned the task of conducting assessments in outsourced schools. Government schoolteachers note that QAT and PEC results show marginal differences in student performance between government-managed government schools and privately-managed government schools. However, government schools with a full complement of teachers consistently outperform both PEF/PEIMA-outsourced schools and under-resourced government institutions. This underscores the greater importance of teacher availability over school management type (FGD with teachers, 2025).

Some teachers in outsourced schools see potential for quality improvement due to performance-based contracts, which can be revoked if student achievement falls below 50% for three consecutive years. While this increases accountability, it requires adequate support and professional development (FGD with teachers, 2025).

PEC has been assigned the role of conducting assessments in outsourced schools and has provided access to the Item Bank System to PEF/PEIMA for effective student evaluation. However, many teachers lack the necessary training to effectively use this system, and schools often do not receive the assessment results. This limits their ability to reflect on performance and adjust instructional strategies, ultimately impacting learning outcomes (FGD with teachers, 2025).

## A Comparison of PSRP and PSSP Initiatives

Punjab's experience with education outsourcing has evolved over the past two decades, with successive models attempting to balance access, quality, and financial sustainability. While earlier initiatives, such as the PEF programmes, expanded access to over 2 million children, they also faced challenges related to regulatory oversight, financial issues, and variable learning outcomes (Mott MacDonald, 2021b; Mott MacDonald, 2021a).

In 2015, the Government of Punjab launched PSSP, which sought to address these challenges mentioned above by directly outsourcing government schools to private operators under a contract-based framework. However, PSSP encountered persistent challenges, including inconsistent performance monitoring, limited transparency, and concerns about selective student enrolment (Mott MacDonald, 2021a).

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<sup>3</sup> Retrieved from PEIMA webpage in February 2025: <https://peima.punjab.gov.pk/qatresults>

The Government of Punjab launched PSRP in 2023 as an attempt to introduce stricter regulatory mechanisms, performance-linked financing, and structured school selection processes (Government of Punjab, 2024b). PSRP is positioned as a policy response to the lessons learned from both PEF and PSSP, and aims to create a more accountable and viable school outsourcing model. The programme's design attempts to build on international best practices, incorporating elements such as performance-based contracts, non-discriminatory admission policies, and increased government oversight (ADB, 2023).

This section compares PSSP and PSRP, identifying key shifts in governance, financing, and quality assurance. While PSRP represents an effort to improve regulatory control and financial discipline, it also introduces new risks, particularly regarding sustainability, workforce retention, and potential test-driven learning strategies. The table below outlines key distinctions between the two programmes and the potential implications of PSRP's design choices.

**Table 2: PSSP and PSRP Comparison**

Dimension	PSSP (2015–present)	PSRP (2023–present)	Improvements and challenges in PSRP	Source
Financial mechanism	Performance-linked funding, linked to QAT results. Per-student subsidy, with weak oversight	Performance-linked funding, linked to QAT results; revised per-child subsidy structure	Increased financial accountability, but test-driven learning and financial challenges remain	Mott MacDonald (2021a)
Regulatory oversight	Weak compliance monitoring; lack of penalties for underperformance	Stricter selection criteria for operators; penalties for failing to meet performance benchmarks	Greater accountability but lacks independent third-party audits	KIIs, PEIMA (2025), SAHE
Equity and inclusion	Focuses on rural expansion but lacks strong equity mandates, leading to potential exclusion of marginalised students	Targets is failing government schools in rural areas; claims admissions are non-discriminatory	Prioritisation of underperforming schools	Mott MacDonald (2021a); KIIs with SED, PEF, and PEIMA, 2025
Learning outcomes	Mixed results; some literacy and numeracy gains, but no systemic improvement	Early QAT-based gains but concerns over teaching to the test remain. No baseline in outsourced schools	Risk of incentivising rote memorisation rather than meaningful learning	PEC, 2024; KIIs with assessment expert
Teacher workforce	Continued private hiring with low salaries for teachers, a phenomenon that is known to result in low motivation and high teacher turnover in low-fee private schools. Teachers with a bachelor's degree or lower qualification	Revised selection criteria for teachers; minimum salary threshold set at Pakistani rupees (PKR) 15,000 per month, which is still a very low salary for a teacher. The minimum qualification for teacher recruitment is a bachelor's degree	Slightly improved teacher salaries and hiring processes, but retention concerns persist. Salary is well below the minimum wage set at the national level	Government of Punjab. (2024b); KIIs with SED, PEIMA, and KII, Private School Association
Student enrolment	Enrolment increased but concerns over selective admissions practices	Significant improvement in student enrolment under Phase 1	The risk of excluding low-performing students to boost QAT results	KII, PMIU 2025; KIIs with individual and young entrepreneurs, 2025
Licensee selection criteria	Categories of licensees were: Educational chains NGOs (social sector/education sector) PEF partner schools Private schools Retired government employees Private individuals <sup>4</sup>	Categories of licensees are: Educational chains NGOs/civil society organisations (social sector/education sector) Young entrepreneurs Individuals Ed-tech firms	Young entrepreneurs and individuals are now given preference	Government of Punjab (2024d); KII PEIMA, 2025

<sup>4</sup> Advertisement in the national daily; expression of interest, school list, eligibility criteria, priority and preference mechanism for issuing a licence. License termination based on: 1) failure in three consecutive QATs; 2) complaints of sexual harassment; 3) charging students a fee; 4) inflicting corporal punishment on students; 5) concealment/misrepresentation of facts/enrolment etc.

Dimension	PSSP (2015–present)	PSRP (2023–present)	Improvements and challenges in PSRP	Source
Teacher salary	Limited payroll efficiency and transparency	Transition to improved payment systems through banking channels for teacher salaries to enhance efficiency and transparency	Ensure compliance through monitoring	PMIU, 2025; KII with PEIMA and PEF
Per-child cost	Per-child cost fixed at PKR 650 to PKR 750	Revised per-child funding structure (PKR 1200) + (PKR 300) per student to improve school infrastructure/facilities	Ensure compliance through SIS data, and Monitoring and Evaluation Officers and Monitoring and Evaluation Assistants (MEA) visits	Government of Punjab. (2024b)

One of PSRP's most significant challenges is that it lacks inflation-adjusted subsidies. Fixed per-child funding rates, while structured to improve fiscal predictability, may not be sufficient to accommodate rising operational costs. If subsidies fail to keep pace with inflation and cost fluctuations, PSRP risks replicating the financial constraints experienced in Liberia's Partnership Schools for Liberia, where rising private operator costs outpaced government allocations, leading to unsustainable expenditures and service disruptions (Romero et al., 2020).

Teachers argue that if adequate human and financial resources had been provided within the public system, outsourcing would not have been necessary. In their view, issues of enrolment and education quality could have been effectively addressed without shifting management to the private sector. They further highlight that even where some government-managed government schools had four teachers, they continued to lack basic facilities, such as boundary walls, main gates, and security, all of which disrupt the learning environment (FGD with teachers, 2025).

Furthermore, private operators may struggle to maintain service quality if government reimbursements remain static, which could lead to short-term cost-cutting measures such as hiring lower-paid and less qualified teachers, increasing student-teacher ratios, or limiting investment in school infrastructure.

Schools under PSRP are also being allocated in urban areas; however, the initial aim was to outsource schools to licensees in rural areas and underserved communities (KIIs, PEIMA individual and young entrepreneurs, and SED, 2025). This raises the question of whether PSRP's expansion to underserved areas will be evenly implemented or if resource distribution will continue to favour more accessible locations. Additionally, schools with historically lower QAT performance may face indirect exclusion.



**“Since PSRP links operator funding to QAT scores, there is a risk that providers may focus their efforts on higher-performing students to secure funding rather than investing in struggling learners.”**

- KIIs, individual and young entrepreneurs, 2025

By aligning funding incentives to QAT results, PSRP risks encouraging a narrow focus on test preparation at the expense of holistic learning. Evidence from high-stakes assessment models worldwide suggests that performance-linked funding can lead to instructional narrowing, where teachers focus primarily on exam techniques rather than comprehensive subject mastery, critical thinking, and problem-solving skills (Romero et al., 2020; KII with assessment specialist, 2025).

Although QAT-based fund reimbursement introduces measurable accountability, it does not capture broader learning outcomes, such as student engagement, creativity, and real-world application of knowledge. Without a more balanced assessment framework, PSRP's short-term gains in test scores may not translate into meaningful, long-term improvements in student competencies.

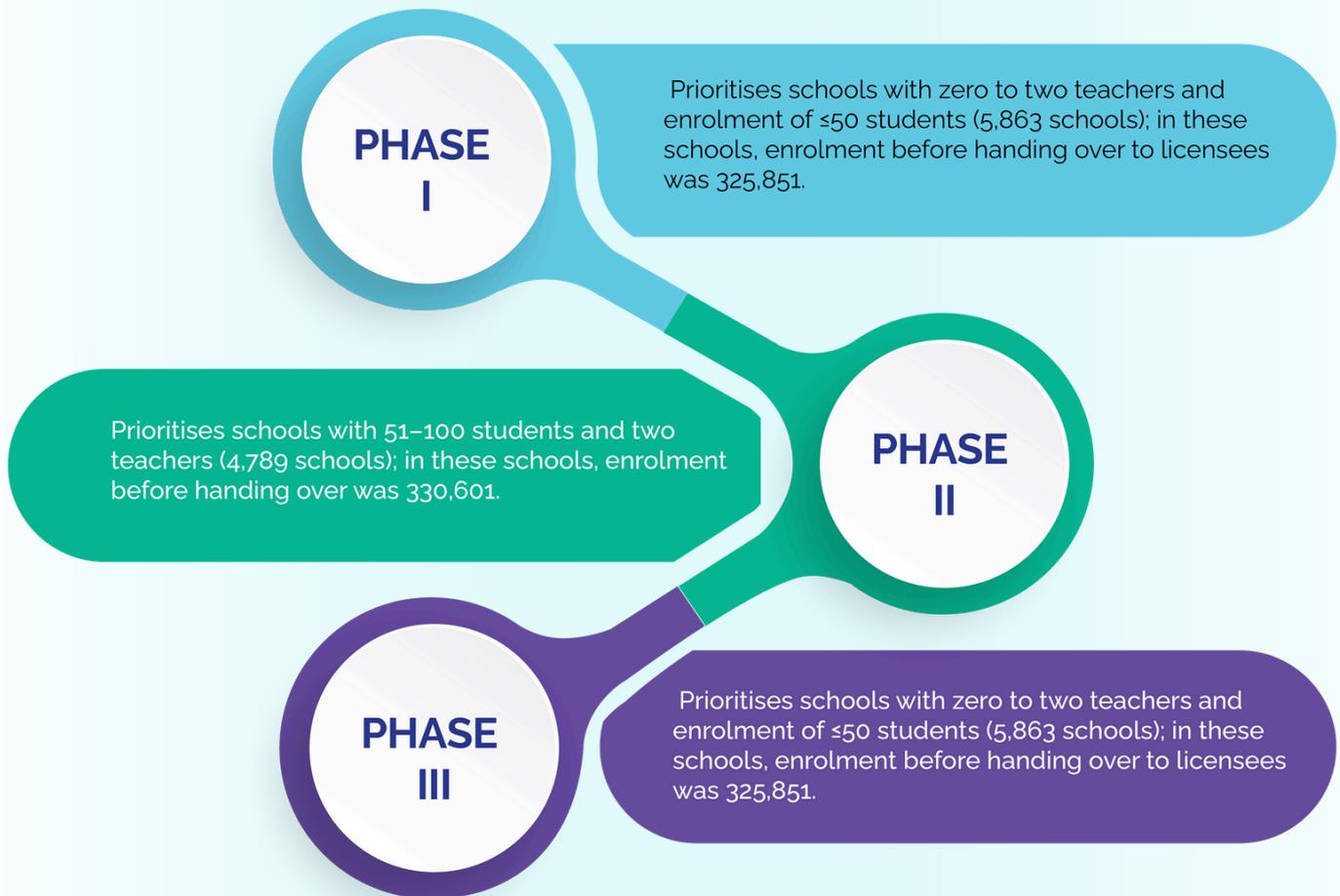
# IMPLEMENTATION PROCESSES

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## School Selection

PSRP follows a phased approach to outsourcing school management, transferring operational control to private operators under government oversight. Unlike previous PPP models that broadly targeted schools based on enrolment, PSRP employs a more structured classification system, considering teacher availability, school infrastructure, and students' performance. PEIMA leads the selection process, using district-level education data to identify schools most in need of intervention (Government of Punjab, 2024b).

The outsourcing under PSRP follows a three-phase model, by way of prioritising:



## Challenges in Compliance Monitoring and Enforcement

Punjab's experience with PPPs in education, particularly under PEF and PSSP, has yielded important lessons in regard to expanding access. However, these gains have often been undermined to some extent by regulatory shortcomings, inconsistent monitoring, and institutional conflicts of interest (Mott MacDonald, 2021a; KII, academic community, 2025). PSRP has improved some structural features, such as performance-linked funding and more defined oversight roles, to address persistent governance challenges. Despite these reforms, much more needs to be done to realise PSRP's potential to deliver accountability and sustained improvements in service delivery.

Private operators/teachers (PEF/PEIMA licensees) express concern that the speed of school outsourcing by PEF/PEIMA is too rapid, potentially compromising planning and oversight (FGD with teachers, 2025)



**“Under the PSSP model, monitoring relied heavily on field visits conducted by the Program Monitoring and Implementation Unit’s (PMIU) Monitoring and Evaluation Assistants (MEAs). However, only 730 MEAs are currently deployed, out of 1,100 sanctioned positions, creating significant coverage gaps. In some instances, MEAs were unable to visit individual schools for an entire academic quarter.”**

- KII, PMIU, 2025

More importantly, MEAs are primarily focused on resource availability and basic compliance metrics, with little attention given to the quality of instruction, learning outcomes, and students' performance.

Teachers in outsourced schools complain about a lack of transparency around funding calculations. Many are unaware of the criteria used to determine their allocations (FGD with teachers, 2025).

One key condition set by PEF is that disbursement of funds to private operators is contingent on students enrolled in outsourced schools having valid with National Database & Registration Authority- (NADRA-) issued B-Forms. Teachers in outsourced schools further revealed that when they assumed management of the schools, over half of the B-Forms of students provided by the outgoing management were linked to other schools. While the PEF monitoring team inspects sites and makes recommendations on improvements in fulfilling the B-Forms requirement, student enrolment, and attendance record-keeping, PEF does not ensure sufficient funding to implement those recommendations (FGD with teachers, 2025)

Significant discrepancies exist between actual and reported enrolment. For example, in one outsourced school managed by a young entrepreneur, the actual student count was 140, while the PEF-SIS recorded only 80 and made payments for just 66 students. These inaccuracies are often due to outdated records, non-compliance with department-level data, and the NADRA B-Form mandatory requirement for enrolment verification and payment disbursement (FGD with teachers, 2025).

PSRP's monitoring architecture reflects an evolution in approach, introducing a multi-tiered system that combines technological integration with institutional oversight. PEF's SIS now registers every student's B-Form to assign a unique student ID, enabling real-time tracking of enrolment and dropout through integration with NADRA databases. This has significantly enhanced data reliability and improved the accuracy of student headcounts used for funding disbursements (KII, PEF, 2025, and KII, educational chain, 2025). However, while this digital system offers real-time alerts and dashboard visibility, it remains limited in its capacity to capture qualitative dimensions of school performance.

To address this, PEF is in the process of recruiting 113 new MEOs, whose role will extend beyond compliance to include assessments of instructional quality (Notification Advertisement, PEF, 2025). In parallel, the National Commission for Human Development (NCHD) has been contracted to conduct random field verifications at each PSRP school, focusing primarily on student attendance (KII, PEF, and KII, PEIMA, 2025). Although the monitoring burden is distributed across multiple actors, coordination remains a challenge, particularly in triangulating data from PMIU, PEF, PEIMA, and NCHD.

## Institutional Overlap

The implementation of PSRP has highlighted challenges in institutional clarity and accountability. A central issue is the overlapping roles and operational ambiguity between PEIMA and PEF (KII with SED, PEIMA, PEF, 2025). While PSRP is formally administered by PEIMA, the programme is almost entirely operationalised using PEF's personnel, systems, and monitoring architecture. This arrangement stems from PEIMA's limited human resource capacity, which has required the secondment of PEF staff (KII, PEIMA, 2025).

Without a clearly defined division of labour, PSRP risks institutional drift, where critical oversight functions may fall through the cracks due to unclear mandates and overlapping responsibilities.

Moreover, PEIMA continues to function both as the contract manager and as the evaluator of service delivery performance. Risks arising from this duality can be addressed by third-party monitoring or an autonomous regulatory authority to ensure impartial performance assessments.

Another related concern is the proposed expansion of Assistant Education Officers' (AEOs') roles under PSRP. The provincial government intends to assign AEOs to mentor teachers in both government-managed government schools and outsourced or privately managed government schools. While this is an important step towards ensuring instructional quality in outsourced schools, the feasibility of this model is questionable given existing staff constraints. Punjab currently has around 3,000 AEOs, many of whom are already overburdened with their government-managed schools' portfolios. Without adequate support or staff augmentation, their expanded responsibilities under PSRP may prove ineffective (KII, PEIMA, 2025).

## Funding, Equity, and Teacher Availability

Under PSRP, performance-linked funding mechanisms have been introduced to improve financial discipline. However, reports suggest that operators face delays in reimbursement, particularly in cases where performance assessments are contested (KII, private school chain, 2025). This creates operational uncertainty.

While PSRP aims to introduce high accountability standards, there is little clarity on how penalties will be enforced against operators who underperform. Stakeholders from SED have raised concerns that, in the absence of strong contractual consequences, PSRP could replicate PSSP's failures in regard to ensuring compliance (KII, SED, 2025).

PSRP's school selection criteria prioritise underperforming public schools for outsourcing, but questions remain about the programme's ability to address geographic disparities in education access.



**“Schools allocated to us are located in difficult-to-access, less populated, riverine, and border areas. For such schools, it poses a challenge to achieve the enrolment target and recruit better-qualified teachers.”**

- KII, individual and young entrepreneurs, 2025

Interviews with school operators suggest that PSRP may face similar challenges. Without targeted incentives to encourage school operators to expand into rural and hard-to-reach areas, PSRP could exacerbate existing inequalities in education provision.

The expansion of PSRP has the potential to significantly restructure teacher recruitment and professional development practices in Punjab. By shifting the management of schools to private operators, the programme has, to some degree, helped address persistent teacher shortages, particularly in previously underserved areas. However, this shift from government-employed, career-track teachers to contract-based staffing under PSRP has raised concerns about workforce sustainability, teacher motivation, and instructional quality (Government of Punjab, 2024a; Government of Punjab 2024b).

Teachers in outsourced schools, where the transition has not taken place yet, express frustration at the sudden suspension of essential support and financial resources. They note that while student performance improved following a recruitment drive and increased teacher availability in 2017–18, this progress was short-lived. Teacher transfers, retirement, and a lack of replacements have severely impacted teaching capacity (FGD with teachers, 2025)

Schools that previously had four to five teachers are now underperforming due to overwhelming workloads and limited capacity. For instance, one teacher shared,



**“In 2019–20, we had four teachers; two were transferred, and one passed away. And there was no replacement for anyone. Now, my school has been selected for outsourcing under Phase 2.”**

- FGD with teachers, 2025

The decline in the number of teaching staff has led to increased student dropout rates and a shift to private schools due to inadequate teacher availability. While SED has allowed head teachers, with support from the School Council, to engage temporary contract teachers using Non-Salary Budget (NSB) funds, this is not a sustainable solution. These contracts are limited to three months and capped at PKR 5,000 for teachers with intermediate qualifications and PKR 7,500 for those with a bachelor's degree. Schools with limited NSB allocations (e.g. PKR 13,000) struggle to cover even basic operational costs like utility bills and sanitation, let alone hire additional staff. (FGD with teachers, 2025)

In large cities, there is generally better availability of qualified teachers who meet the minimum requirement of a bachelor's degree or higher. However, as the level of qualification increases, so does the expected salary, making it more challenging for schools with limited budgets to attract and retain better-qualified staff. In one case, at the time of transition, the school had four teachers provided by the CARE Foundation, in addition to government-appointed teachers. After taking over, the licensee retained only two of the CARE Foundation teachers (FGD with teachers, 2025)

Teachers in PSRP schools are no longer entitled to the financial security and career benefits associated with public sector employment. KIIs with SED officials and private school operators reveal that a majority of the newly recruited teachers, particularly those employed by individual operators and young education entrepreneurs, earn between PKR 15,000 and PKR 18,000 per month, with headteachers earning around PKR 35,000. These salaries are significantly lower than government scales and are offered without pension benefits, maternity leave, or healthcare coverage (KII, private operator, 2025). While operators often argue that these lower wages reflect reduced hours or different responsibilities, KIIs suggest that teaching loads are in fact comparable to those in public schools.

This wage model has two key limitations. First, private school operators claim that per-student subsidies do not provide enough fiscal space to raise teacher salaries while maintaining other operational standards, particularly in remote areas where qualified teachers are harder to recruit (KII with educational chains, ed-tech firms, and individual and young entrepreneurs). Second, low pay and lack of job security drive high attrition, with many teachers viewing PSRP schools as stepping stones towards more stable or better-paying employment. This turnover disrupts instructional continuity and diminishes returns on training investments. It needs to be kept in mind that under the terms of the contract, teachers need to be paid a monthly salary of only PKR 18,000, which is about half the minimum wage mandated by the government. This is, of course, not a problem limited only to outsourced schools: it applies to a very large number of low-fee private schools as well as schools running under the PPP model more generally.

Professional development is similarly uneven. While some larger education chains and NGOs have embedded continuous professional development (CPD) systems, a substantial proportion of PSRP schools – particularly those managed by first-time licensees and young entrepreneurs – lack access to quality training. These gaps are especially problematic given the introduction of new content, multi-grade teaching approaches, and national curriculum alignment requirements. KIIs indicate that limited CPD offerings, combined with high turnover, disincentivise operators from investing in teacher training, perpetuating instructional deficits in low-capacity schools.

To address these gaps, the Punjab Government is working through the newly merged PECTAA structure to provide targeted CPD support. With the support of anticipated donor-funded programmes, a centralised digital content hub is planned at PECTAA to deliver synchronous and blended learning modules for teachers in both government managed government schools and privately managed government schools (KII, PEF, 2025). These interventions aim to bridge professional development disparities and support instructional quality across the PPP system. PEF has also signalled its intent to collaborate with ed-tech partners to improve CPD access for smaller providers and to scale coaching models for teacher development.

Contractual provisions under PSRP require operators to meet minimum benchmarks for teacher salaries and retention. However, enforcement remains limited, at least for the transition period of one year of PSRP and in regions where qualified teachers are difficult to engage (KII, PEF, and KII PEIMA, 2025). Despite the existence of retention clauses and salary reporting requirements, there are no meaningful financial penalties for non-compliance, and the monitoring systems for tracking violations are underdeveloped. These shortcomings mirror past challenges under the PSSP model and risk undermining programme credibility. Comparative evidence from the Partnership Schools for Liberia programme demonstrates that linking funding to teacher salary compliance and professional development can enhance workforce stability and accountability (Romero et al., 2020).

During FGDs, teachers shared that the first tranche of PEF funding was delayed by up to five months, forcing schools to cover operational costs from their resources. Although PEF has promised reimbursements, such delays strain already limited budgets (FGD with teachers, 2025).

Furthermore, despite clear eligibility criteria in the PEF/PEIMA ToRs, underqualified teachers are often hired and are paid salaries below the established minimum thresholds. Teachers emphasise that while government schools typically employ holders of master's degrees, it is extremely difficult for outsourced schools to attract similarly qualified staff due to limited funds (FGD with teachers, 2025).

In sum, while PSRP has created space for flexible staffing and innovation in teacher management, its long-term success hinges on addressing wage disparities, standardising CPD access, and improving regulatory enforcement to safeguard the quality of teaching and learning in outsourced schools.

Large networks such as the Citizens Foundation, Read Foundation, and CARE Foundation embed CPD into their models, offering training and mentoring programmes, and pedagogical workshops. In contrast, smaller private operators – particularly first-time education entrepreneurs and individuals – often lack the capacity for CPD. Many provide only brief induction sessions at the start of the year, with little to no follow-up.

PEF, in collaboration with QAED (now subsumed under PECTAA), has coordinated content-based training for outsourced school teachers (Government of Punjab, 2024b). The training covered four core subjects – English, mathematics, science, and Urdu – with two days allocated to each. According to the teachers, the duration of training is inadequate when compared to the one-month induction training provided by SED and QAED to regular government school teachers. Moreover, the duration and depth of training for outsourced teachers is limited, given the relatively lower qualifications of many teachers in outsourced schools. Large educational chains have a comprehensive and sustained professional development approach. Teachers also raise concerns about staff turnover following participation in training. Many trained teachers leave for other schools that offer slightly higher salaries, leading to a poor return on investment for the schools that invested in their training (FGD with teachers, 2025).

PSRP envisages that PECTAA will offer relevant training to individuals and young entrepreneurs (KII, PEIMA, 2025). Some international evidence suggests that such training makes a difference. In Colombia's Concession Schools, structured professional development programmes led to significant learning gains, while schools lacking training investments saw stagnant or declining student performance (Bonilla-Angel, 2011). Similarly, under the Partnership Schools for Liberia programme, schools with regular teacher mentoring recorded a 16% increase in literacy rates, compared to only 3% in schools without structured training (Romero and Sandefur, 2021).

## Enrolment Gains and Equity concerns

Enrolment expansion is at the heart of PSRP, which, along with PEF's NSP and FAS, aims to enrol five million out-of-school children (OOSC) over five years. This ambitious target underpins the programme's requisite fiscal commitments and necessitates rigorous monitoring of actual enrolment trends across phases.

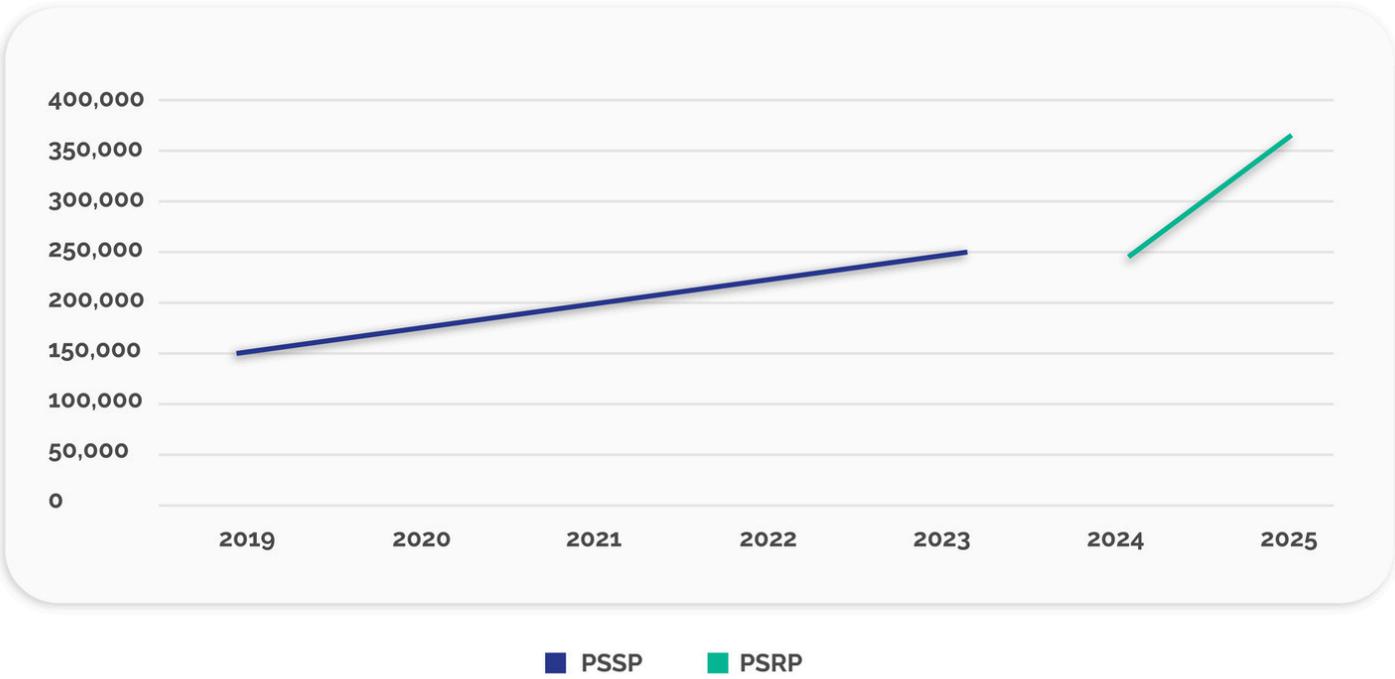
At the start of PSRP Phase 1, enrolment figures reported by PMIU stood at 325,851 students across the selected government schools. However, a third-party headcount conducted by NCHD revealed a lower baseline of approximately 242,000 students, highlighting significant discrepancies between reported and actual figures (KII, PEF, 2025). As at 5 March 2025, the third-party verified enrolment had increased to approximately 369,000 students, representing a 52% increase over the verified baseline. Enrolment for Phase 2 is ongoing, and final NADRA-verified figures are expected after 15 April 2025, once data have been processed through the PEF-SIS real-time student information system.

The PEF-SIS platform has introduced a more robust mechanism for verification of enrolment, by linking each student's record to their B-Form, which is authenticated through NADRA. This approach aims to reduce misreporting and improve real-time tracking of enrolment fluctuations, especially dropouts. Given that payments to licensees are performance-linked, accurate headcounts are critical for both transparency and financial disbursement.

In parallel, PEF is scaling up its outreach under the FAS and NSP programmes, with 1,100 new schools expected to be launched (KII, PEF, 2025). The combined efforts under PSRP and PEF's legacy PPP schemes are intended to significantly reduce the OOSC burden across Punjab. However, this expansion comes with corresponding fiscal pressure.

In sum, while initial enrolment figures suggest promising momentum, sustained scale-up will require not just accurate enrolment verification systems but also reliable financing to match the programme's expanding footprint.

**Figure 1: Enrollment gains in outsourced schools before and after PSRP implementation**



Source: SAHE estimates based on PEIMA Annual Report 2023–2024, PMIU, 2025

The figure above illustrates enrolment trends in outsourced schools before and after the implementation of PSRP. Between 2019 and 2022, student enrolment increased gradually, reflecting incremental improvements in PPP interventions. However, a sharp spike in enrolment occurred in 2024, coinciding with PSRP Phase 1, which outsourced 5,863 schools to private operators. This surge suggests that outsourcing expanded access to education, particularly in previously underperforming or non-functional schools. However, questions remain regarding the sustainability of these gains, potential selective enrolment practices, and the long-term retention of students. While the initial impact appears positive, ongoing monitoring is needed to ensure equitable access and prevent enrolment manipulation for performance-based funding incentives.

Liberia's Partnership Schools for Liberia programme exhibited similar exclusionary tendencies, with reports indicating that lower-achieving students were systematically transferred to non-outsourced schools to maintain performance-based funding (Romero *et al.*, 2020). Similarly, Ansari (2023), citing Romero *et al.* (2020) refers to private operators pushing excess pupils to other government schools.

To address these concerns, PEIMA has proposed independent audits, though their implementation remains limited (PEIMA, 2025). Additionally, learning gains appear to be unevenly distributed across different student populations. While urban schools with stronger private operators have shown consistent improvements, rural PSRP schools have faced greater operational challenges, including lower teacher retention and weaker learning gains.

# School Infrastructure and Learning Environment

The transition to outsourced school management under PSRP has generated early improvements in physical infrastructure, verified by third-party monitors such as NCHD and corroborated by SED's internal monitoring systems. Key indicators show that the number of teachers has increased from approximately 8,000 to over 15,000, while the availability of furniture has risen from 379,042 units to 521,369 (KIs with PMIU, PEIMA, and PEF, 2025).

Further infrastructure upgrades undertaken by licensees include:



Government school teachers, as well as outsourced school teachers who participated in an FGD, mention the poor physical infrastructure of PSRP-identified schools (FGD with teachers, 2025).



**“We completed the renovation work with PEF support of up to PKR 150,000. Due to improved facilities, parents' trust in the school has increased, leading to a rise in student admissions. All newly engaged teachers and staff members are from the local community.”**

- FGD with teachers, 2025

These improvements suggest a significant enhancement in the school environment and readiness for learning. While it may be premature to draw conclusions on the impact of these changes on learning outcomes, the expanded infrastructure and increased teacher presence point towards positive developments in access and classroom conditions.

However, sustainability concerns remain, particularly regarding the consistency of such upgrades across all operators, and the capacity of licensees to maintain improvements over time. Future evaluations should assess how infrastructure enhancements correlate with improvements in teaching quality, student retention, and learning outcomes.

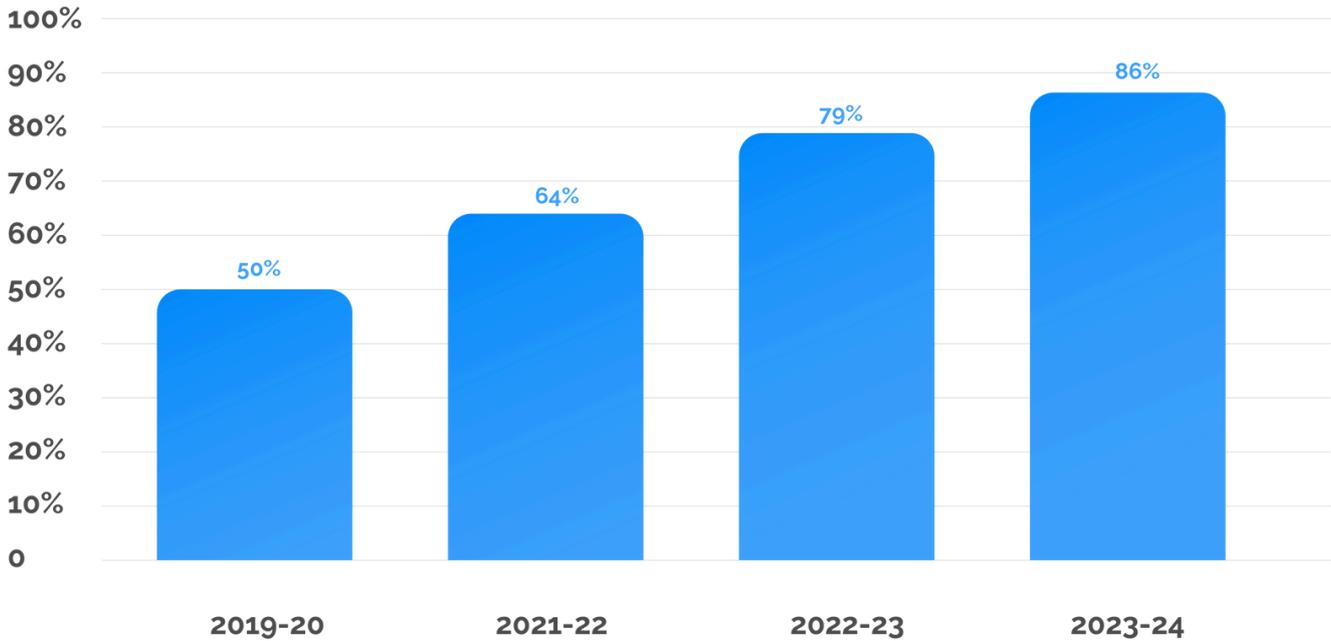
# STUDENT PERFORMANCE

QAT results reveal subject-specific disparities, urban–rural gaps, and concerns about the sustainability of gains (PEIMA, 2024; QAT results retrieved from PEIMA Webpage; and Mott MacDonald, 2021a). The high-stakes nature of QAT-based funding raises questions about the reliability of reported improvements and potential unintended consequences.

The Item Bank System developed by PEC, aimed at improving test standardisation, involves developing an item bank for school-based assessment, as well as large-scale tests. The system functions as a repository of test items (questions), with associated information like difficulty level, subject, grade level, and usage history. Data related to student performance, including comparisons at regional, district, and provincial levels, are made available to schools and education administrators. The system, developed with the help of local and international experts, ensures uniform assessment across Punjab and helps assess the cognitive abilities of students in line with the national curriculum.

A core assumption underlying PSRP is that outsourced schools will outperform government-run schools in key learning indicators. Initial trends support this to some extent, with QAT pass rates in PSRP schools rising from 50% in 2019–2020 to 86% in 2023–2024 (PEC, 2024). However, findings from the 2024 Large-Scale Assessment reveal a more nuanced picture. While students in Grade 2 perform comparably across PSRP, PEF, and government schools, learning gaps emerge by Grade 3 and widen in subsequent years. This suggests that while PSRP schools may be effective in foundational learning, these gains are not consistently sustained as students' progress to higher grades.

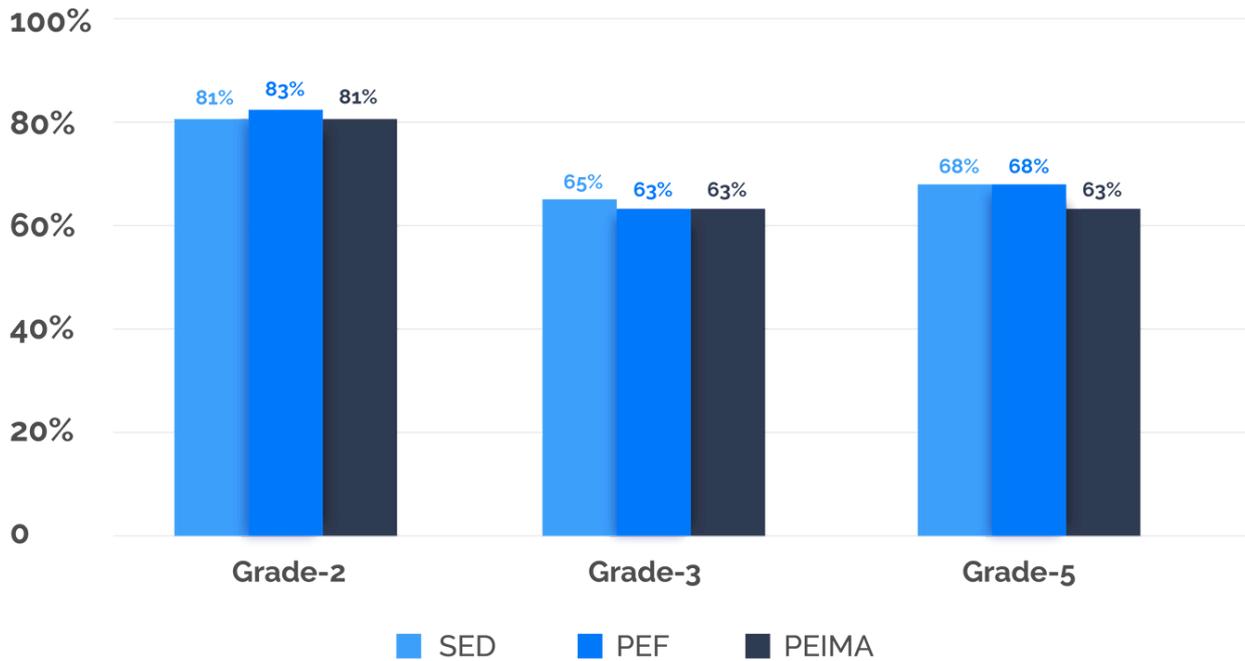
**Figure 2: Performance in QATs of students enrolled in PSSP/PEIMA Schools (%)**



Source: PEIMA, QAT results for 2019, 2021, 2022, and 2024

In the first year of outsourcing, PSRP schools initially performed worse than non-outsourced schools due to the transitional process of engaging teachers, enrolment drive, and disruptions in school management. By the second year, performance improved, largely driven by a targeted focus on meeting QAT benchmarks. However, these short-term gains may not necessarily translate into long-term learning improvements.

**Figure 3: Students' performance by school administration in Large-Scale Assessment (%)**



Source: PEC, 2024

Another concern is the possibility of selective enrolment practices in some PSRP schools. Teachers report cases where lower-performing students are discreetly transferred to non-outsourced government schools, allowing the remaining student body to meet QAT performance thresholds (KIIs with individuals and young entrepreneurs, educational chains, and academic community, 2025). While no formal policies on exclusion exist, such practices distort the true impact of PSRP and raise equity concerns. If left unaddressed, they risk inflating performance metrics while failing to improve educational outcomes for all students.

Ansari (2023) has also pointed out that there is no evidence to support the claim that PPP schools can play a more effective role than public schools in regard to improving learning outcomes for the poorest students.

# FINANCIAL MECHANISM

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The PSRP initiative is characterised by some fiscal vulnerabilities. First, the government's per-student subsidy remains fixed and does not adjust for inflation or fluctuating operational costs. This disproportionately affects smaller or low-cost private operators, some of whom report difficulties in covering expenses such as teacher salaries, utilities, and school maintenance (KII, private operators, 2025). Without a periodic review and indexing mechanism, the sustainability of these providers is at risk, potentially resulting in compromised service delivery or even closure.

Meanwhile, outsourcing will generate long-term but not short-term fiscal savings. Although the government has halted new teacher recruitment in outsourced schools since 2017, teachers already serving remain on the payroll and are simply reallocated from privately managed government schools to government-managed government schools, offering no immediate cost reduction (KII, SED, 2025). At the same time, PSRP operators are now expected to fill approximately 52,800 previously vacant positions, with an expected hiring of four teachers per school. This will be the figure after the outsourcing under all three phases of PSRP has been completed. This could pose a challenge not just in terms of the availability of qualified teachers but also the enrolment necessary for generating adequate funds for covering salaries and other costs.

The fiscal trajectory of PSRP has significant long-term implications for Punjab's education sector. As the government aims to bring five million OOSC into the education system over five years through PSRP and legacy PPP programmes such as PEF's NSP and FAS, costs will escalate. Current estimates suggest that the enrolment of 1 million additional children per year will require approximately PKR 18 billion annually. PKR 9.1 billion was approved for PSRP in the current fiscal year.



**“We need not be that concerned about the financing of this initiative. This is a commitment from the executive.”**

*- KII, PEF, 2025*

In PSRP, the only tangible cost reduction so far comes from the NSB. Broad estimates from the Budget and Planning Wing of SED suggest that the outsourcing model could, at this stage, generate savings of up to PKR 3.3 billion in NSB expenditures once all three PSRP phases are fully operational (KII, Budget and Planning Wing, SED, 2025).

According to Ansari (2023), the practice of allocating funds for PPPs to PEF and PEIMA through the development budget raises the possibility of public education being undermined, even as PPPs are supported. It needs to be kept in mind, he points out, that the development budget is meant for financing improvements in public school infrastructure and facilities, and supporting new education initiatives.



**“Currently, the budget for both PEIMA and PEF is being allocated from the development budget in the realm of other development programme funds. Since PEF and PEIMA have to roll out PSRP phases that would require sustained funds, this could be made a part of the non-development/recurring budget.”**

*- KII, academic community, 2025*



**“In any case, it needs to be ensured that development expenditure be available for public sector schools for carrying out necessary improvements.”**

*- KII, former Additional Secretary, SED, 2025*

Outsourced schools, properly managed, can supplement the government's efforts at improving education delivery overall, but education access and quality can improve across the board only when government-managed government schools are provided the necessary support as well.

At the operational level, PSRP's cost trajectory reflects similar concerns. The per-student subsidy has nearly doubled from PKR 700 under PSSP to PKR 1,200 under PSRP, excluding an additional PKR 300 earmarked for infrastructure support (PEIMA Notifications, 2024; PEIMA Annual Report, 2023–24). These escalating costs, when combined with contractual overheads, performance-based disbursement conditions, and growing administrative demands, are pushing overall expenditures higher, with yet to be ascertained returns in system-wide efficiency. The government's claim that the cost per child in government schools (at close to PKR 4,000), is much higher, in any case, has been questioned by critics of PPP models (KII, PTU).

Table 3 below summarises key financial risks within PSRP, their operational implications, and policy responses drawn from comparative PPP models.

**Table 3: Financial viability of outsourcing of schools**

Financial concern in PSRP	Implications	Proposed solution	Lessons from national and international models
Rising per-student costs in outsourced schools	The cost could rise in the future, particularly if some private parties take up the option of converting primary schools into middle/lower secondary schools. (KIs with educational chains, and SED)	The cost could rise in the future, particularly if some private parties take up the option of converting primary schools into middle/lower secondary schools. (KIs with educational chains, and SED)	Colombia's Concession Schools: Initially projected as cost-saving, but per-student expenses grew over time, requiring restructured contracts with private operators
Possibility of delayed government payments to private operators	Cash flow constraints can force some low-cost providers to operate with low numbers of teaching staff, or staff who are not motivated or sufficiently qualified, or could even exit the programme, disrupting education continuity. (KIs with private operators, educational chains and NGOs)	Introduce escrow accounts for pre-allocated operator payments, preventing delays and ensuring financial predictability for schools.	Sindh's EMO model (Pakistan): Use of escrow accounts reduced delays in payments to private school operators
Fixed per-student subsidies, with no inflation adjustment	Funding does not account for rising operational costs (teacher salaries, materials, infrastructure upkeep), making long-term financial sustainability a challenge. (KIs with private operators, educational chains)	Index per-student funding to inflation and create a periodic subsidy review mechanism to prevent operator instability	Liberia's Partnership Schools: Operators initially accepted low per-student payments but later demanded higher subsidies, creating financial instability
Private operators' financial instability	Smaller providers struggle to remain viable, leading to potential school closures or reallocation if funding mechanisms are not effective. (KIs with individual and young entrepreneurs and private operators)	Implement performance-based funding models where payments are not just linked to enrolment and learning outcomes-based subsidies, but also the availability of qualified staff certified by government institutions	Uganda's PPP model: Faced operator failures due to unsustainable per-student funding. Adjusted to outcome-linked financing to incentivise quality improvements
Need for more financial oversight	Teachers are paid a mandated salary and paid on time through banking channels. Charges against the school infrastructure are justified	Mandate third-party financial audits, public expenditure tracking, and operator funding disclosures to improve accountability	Charter schools (USA): Implement regular third-party audits to monitor the cost effectiveness of public funding used in private-run schools

# PERSPECTIVES ON PSRP

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Teachers' unions, particularly PTU, view PSRP as an attempt to dismantle public education rather than reform it. They argue that instead of outsourcing, the government should have prioritised permanent teacher recruitment and school governance improvements. A major issue is the outsourcing of government school buildings and resources, followed by wage disparity between public and private sectors, and within the private sector, and job insecurity.



**'The official minimum salary for a teacher set under PSRP is PKR 15,000 to PKR 18,000; many teachers were reported to be receiving salaries below this and at times as little as PKR 10,000, especially in rural areas.'**

*- KII, PTU, 2025)*



**'Teachers in PSRP have no additional benefit in the form of pensions, benefits, and career pathways. This has led to high turnover, undermining instructional quality. In any case, we do not give that much weightage to teachers because they often do not stay for long.'**

*- KII, PEF, 2025)*

Teachers in schools selected for Phase 2 outsourcing have expressed significant uncertainty regarding their future roles. Many report not receiving any formal communication about potential transfers, the nature of their new assignments, or the locations to which they may be relocated (FGD with teachers, 2025)

Operational challenges have been further compounded by funding delays. In several outsourced schools, the suspension of monthly per-child NSB funds has resulted in unpaid utility bills and the deterioration of school infrastructure. Additionally, delays in the delivery of textbooks from PMIU have forced students to rely on used materials, adversely impacting student engagement (FGD with teachers, 2025).

However, the Punjab Government positions PSRP as a necessary reform to improve school efficiency, address teacher shortages, and enhance accountability. Officials cite increased enrolment – from 250,000 to 369,000 in Phase 1 – along with reduced teacher absenteeism and performance-based oversight, as key successes. They also highlight infrastructure upgrades under private management, including better maintenance, digital attendance tracking, and classroom investments.

On their part, private operators stress the need for greater autonomy in hiring, as in being able to recruit less qualified teachers at lower salaries against certain positions (KII, with individual and young entrepreneurs, 2025). Ed-tech firms see the programme as an opportunity to integrate digital learning tools, though rural infrastructure limitations pose challenges (KII, ed-tech firm, 2025).

Financial viability remains a concern. Some private operators argue that the PKR 1,200 to PKR 1,500 per-student subsidy is insufficient, with actual costs exceeding PKR 2,500 (KII, educational chain, 2025). This funding gap raises concerns about potential compromises in teacher salaries, classroom investments, and instructional quality, as operators balance financial sustainability with education outcomes. On the other hand, there may be instances of cost-cutting for profit, even with the given subsidy. High levels of subsidy can be justified where quality education is on offer, but not otherwise. This aspect of financing again underlines the need for a sensitive and effective monitoring system.

Smaller private operators are more likely to face challenges with regard to achieving sufficient enrolment to generate the minimum funds required for teacher salaries, as well as other costs.

# RECAP AND CONCLUSION

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Under PSRP, underperforming and understaffed government schools with minimal student enrolment (often due to the absence of teaching staff and the fact that they involve multi-grade teaching settings), and which have seen a decline in student retention over the years, have been outsourced to private operators by PEF/PEIMA. This has taken place in a phased manner. PSRP employs a structured classification system, targeting schools based on teacher availability, student enrolment, school infrastructure, and students' performance.

Between 2019 and 2022, student enrolment increased gradually, reflecting incremental improvements in PPP interventions. However, a sharp spike in enrolment occurred in 2024, coinciding with PSRP Phase 1, which outsourced 5,863 schools to private operators. As of 5th March 2025, third-party (i.e., NCHD-verified) enrolment had increased to approximately 369,000 students, representing a 52% increase over the verified baseline of 242,000.

The PEF-SIS platform has introduced a more robust mechanism for enrolment verification by linking each student's record to their B-Form, which is authenticated through NADRA. This approach aims to reduce misreporting and improve real-time tracking of enrolment fluctuations, especially dropouts. Given that payments to licensees are performance-linked, accurate headcounts are critical for both transparency and financial disbursement. Initial enrolment figures suggest promising momentum, but sustained scale-up will require not just accurate enrolment verification systems but also reliable financing to match the programme's expanding footprint. Enrolment expansion is at the heart of the PRSP, which, along with the PEF's other programmes, aspires to enrol 5 million OOSC over the next five years.

Various sources report improvement in student enrolment under Phase 1. While the initial impact appears positive, ongoing monitoring is needed to ensure equitable access and prevent enrolment manipulation due to performance-based funding incentives. Concerns also arise regarding selective admissions practices, in the form of excluding low-performing students in order to boost QAT results so as to receive sustained funding from PEF/PEIMA. Students coming from the most deprived households are often least likely to be admitted because of the low level of their foundational learning. It takes considerable effort to ensure that such students clear the high-stakes QAT, and the possibility of their being turned away is relatively greater. Rigorous monitoring is required to ensure that this does not become a routine practice.

According to SED and other sources, the current shortage of teachers in Punjab's public sector schools is over 100,000. With an expected hiring of four teachers per school, 52,800 teachers are expected to be hired under PSRP by licensees after all three phases have been completed. After the re-assigning of the 22,000 teachers on the government's payroll from outsourced schools to public sector schools, the remaining teacher shortage within the latter is expected to be approximately 50,000. However, the government claims it will be lower than 40,000.

By shifting the management of schools to private operators, the programme has, to some degree, helped address persistent teacher shortages, particularly in previously underserved areas. However, this shift from government-employed, career-track teachers to contract-based staffing under PSRP has raised concerns about workforce sustainability, teacher motivation, and instructional quality.

Currently, most outsourced schools are operating with less than the requisite teachers and hope to enhance enrolment to a point where they can get increased funding to be able to afford more and appropriately qualified teachers. In some cases, teachers have complained about teacher transfers, retirement, and a lack of replacements severely impacting teaching instructional quality over time.

Professional development is similarly uneven. While some larger education chains and NGOs have embedded CPD systems, a substantial proportion of PSRP schools, particularly those managed by first-time licensees and young entrepreneurs, lack access to quality training. Limited CPD offerings, combined with high turnover, disincentivise operators from investing in teacher training, perpetuating instructional deficits in low-capacity schools.

A significant challenge is achieving the programme's objective of improving quality, given that teacher salaries are low (as is the case in low-fee private schools). In the absence of a regime of credible certification, outsourced schools will mostly attract teachers who are neither proficient in their subjects nor pedagogically prepared. Consequently, student learning will show limited improvement across the board, barring exceptional cases where licensee organisations have the experience and the ability to train teachers. Initially, QAT pass rates in PSRP schools rose from 50% in 2019–2020 to 86% in 2023–2024. However, findings from the Large-Scale Assessment reveal a more nuanced picture (PEC, 2024). Students in Grade 2 perform comparably across PSRP, PEF, and government schools.

By aligning funding incentives to QAT results, PSRP risks encouraging a narrow focus on test preparation at the expense of holistic learning. Evidence from high-stakes assessment models worldwide suggests that performance-linked funding can lead to instructional narrowing, where teachers focus primarily on exam techniques rather than comprehensive subject mastery and problem-solving skills.

Punjab's experience with PPPs in education, particularly under PEF and PSSP, has yielded important lessons in regard to expanding access. However, these gains have often been undermined to some extent by regulatory shortcomings, inconsistent monitoring, and institutional conflicts of interest. PSRP has improved some structural features, by way of adding layered monitoring and more defined oversight roles to address persistent governance challenges. Despite these reforms, much more needs to be done to realise PSRP's potential to deliver accountability and sustained improvements in service delivery.



**“Under the PSRP model, monitoring relies on field visits of MEAs, AEOs, and NCHD. However, only 730 MEAs are currently deployed, out of 1,100 sanctioned positions, creating significant coverage gaps.”**

*- KII, PMIU, 2025*

PSRP's layered monitoring approach primarily focuses on resource availability and basic compliance metrics, with little attention given to the quality of instruction/learning outcomes and students' performance, teacher certification, or classroom practices.

The PEF-SIS now registers every student's B-Form to assign unique student IDs, enabling real-time tracking of enrolment and dropout through integration with NADRA databases. This has significantly enhanced data reliability and improved the accuracy of student headcounts used for funding disbursements. However, while this digital system offers real-time alerts and dashboard visibility, it remains limited in its capacity to capture qualitative dimensions of school performance.

Contractual provisions under PSRP require operators to meet minimum benchmarks for teacher salaries and retention. However, enforcement remains limited, at least during the transition period of one year of PSRP and in regions where qualified teachers are difficult to engage. Despite conditions pertaining to minimum teacher strength, remuneration, and reporting requirements, there are no meaningful financial penalties for non-compliance, and the monitoring systems for tracking violations are underdeveloped. These shortcomings mirror past challenges under the PSSP model and risk undermining programme effectiveness.

The current outsourcing model is characterised by some fiscal vulnerabilities. First, the government's per-student subsidy remains fixed and does not adjust for inflation or fluctuating operational costs. This will disproportionately affect smaller or low-cost private operators, who may well face difficulties in covering rising expenses such as teacher salaries, utilities, and school maintenance. Without a periodic review and indexing mechanism, the quality of service delivery, as well as the sustainability of these providers, is at risk.

Meanwhile, outsourcing will generate long-term but not short-term fiscal savings. The only tangible cost reduction so far comes from the NSB, which will no longer be made available to the outsourced schools. Broad estimates from the Budget and Planning Wing of SED suggest that the outsourcing model could, at this stage, generate savings of up to PKR 3.3 billion in NSB expenditures once all three PSRP phases are fully operational. Although the government has halted new teacher recruitment in outsourced schools since 2017, teachers already serving remain on the payroll and are simply reallocated to public sector schools, offering no immediate cost reduction.

The fiscal trajectory of PSRP has significant long-term implications for Punjab's education sector. As the government aspires to bring 5 million OOSC into the education system over five years through PSRP and other PPP programmes, costs will escalate. Current estimates suggest that the enrolment of 1 million additional children per year will require approximately PKR 18 billion annually, and the funds are expected to come largely from development expenditure and by way of executive commitment. It could be a step towards sustainability if expenditure on outsourced schools were to be met through the non-development/recurrent budget and more resources were made available for much-needed development expenditure on government-managed government schools.

PEF encourages licensees to upgrade primary schools to middle or higher levels. However, the PSRP Phase 1 ToRs do not indicate whether the per-child funding will be revised to reflect the increased costs associated with these upgrades. Teachers confirm that many schools have added new grades and some have constructed additional classrooms, but this has significantly increased operational costs (FGD with teachers, 2025).

The model's long-term success will depend on robust financial planning, timely disbursement mechanisms, and the development of diversified funding streams.

# RECOMMENDATIONS AND AREAS FOR FURTHER RESEARCH

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**01.** Index per-student funding to inflation and introduce periodic subsidy reviews to ensure operator viability.
- Develop a detailed and sustainable financing roadmap for enrolling 5 million children (KII, PEIMA, 2025), with targeted subsidies for rural and marginalised populations.



**02.**
- 

**03.** Create a unified, accountable regulatory structure, with third-party financial audits and a clear separation of contracting and monitoring functions.
- Strengthen quality monitoring by expanding the AEO mandate or introducing civil society-led verification mechanisms.



**04.**
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**05.** Operationalise PECTAA-led teacher professional development systems, especially for schools run by small entrepreneurs and individuals.
- Design a comprehensive monitoring and evaluation system that integrates quantitative metrics with qualitative indicators of learning and inclusion.



**06.**
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**07.** Apply independent third-party audits to validate operator compliance with contractual obligations, including financial transparency, teacher salaries, and infrastructure investment. Implement digital compliance systems leveraging real-time monitoring to track school operations and service delivery, ensuring adherence to regulatory standards (KII, SED, 2025).

Future research could explore the following:



Parental perceptions about their children's schooling in outsourced, privately managed schools and the issues that, in their view, need to be addressed.



Does the instructional quality conform to minimum standards?



Teacher motivation and turnover.



Direct and indirect costs of PSRP-managed schools, including subsidies, teacher salaries, infrastructure costs, and administrative expenditures.



Cost differentials between outsourced and government-managed schools, to determine whether PSRP delivers better learning outcomes per unit of spending.



Alternative financing models, such as co-financing arrangements with donors or impact investment funds, to ensure PSRP's expansion remains fiscally responsible (Barrera-Osorio et al., 2017).

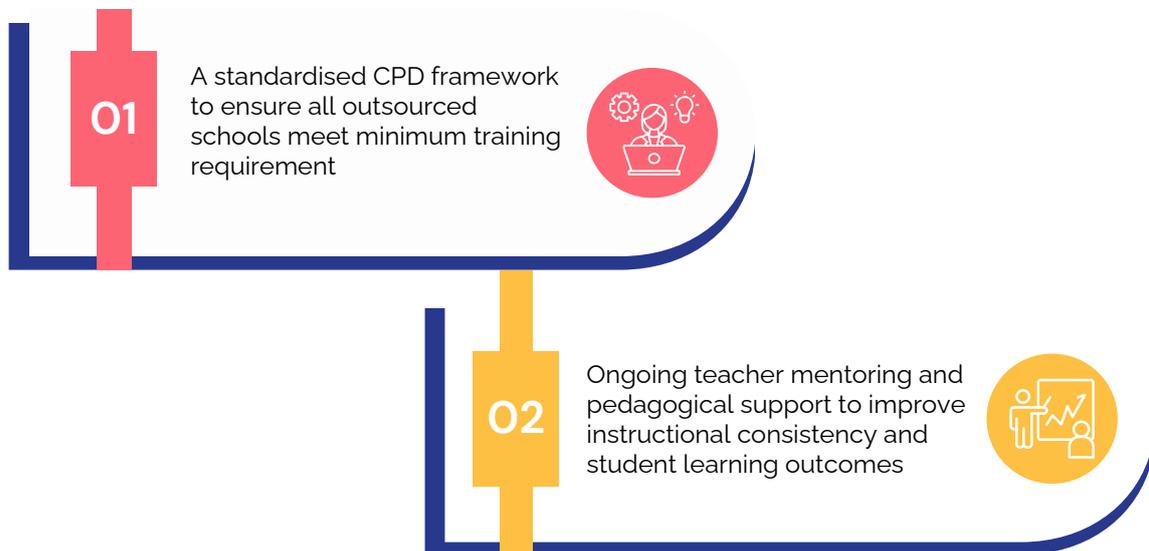
Outsourced schools may well help to improve education delivery in Punjab, but the nature of some of the problems that beset the province's education system at a fundamental level is such that the government cannot simply rely on the private sector to resolve them.

For instance, the government needs to take primary responsibility for ensuring that the system produces in requisite numbers (through its colleges and universities) teachers with an adequate level of content pedagogical knowledge to cater to the demands of outsourced, as well as public sector, schools.

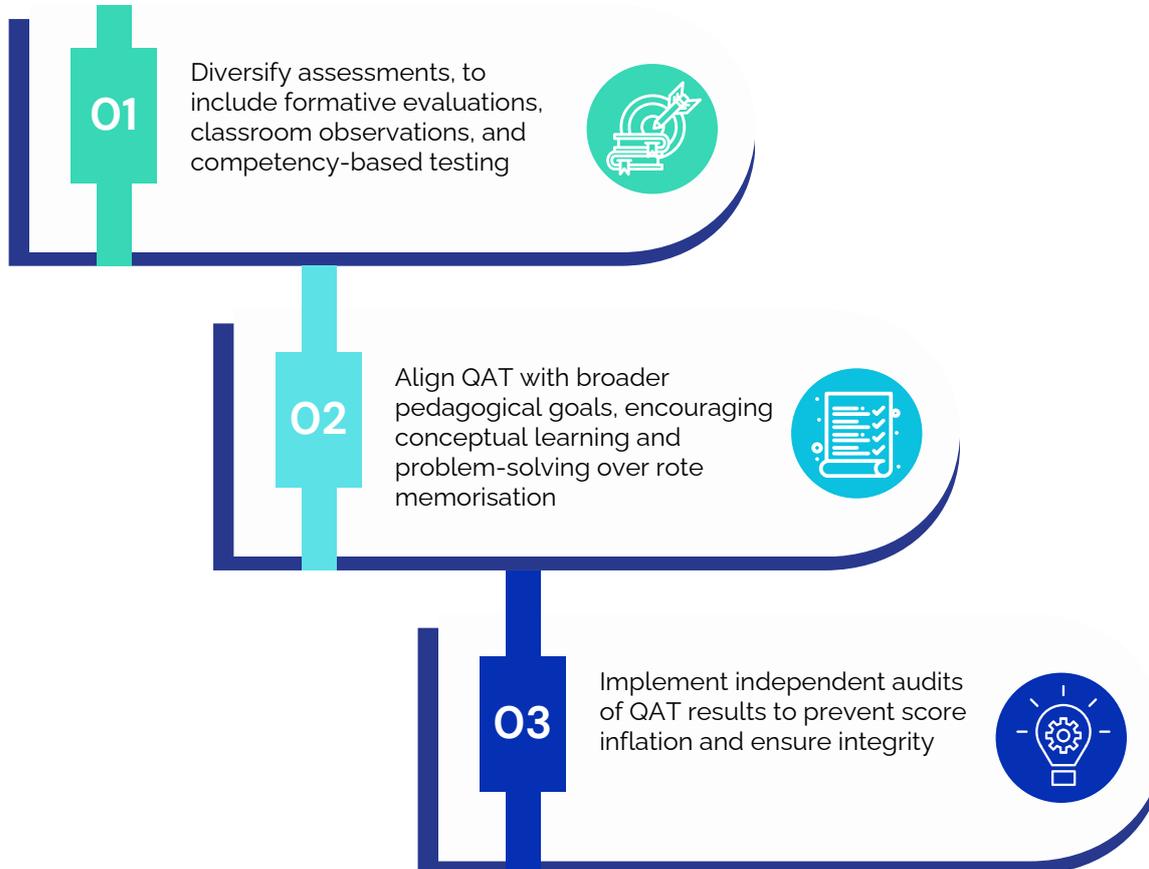
Another area that calls for urgent action is children's nutritional deficiency and its impact on their cognitive development. Given the very high levels of malnourishment and stunting among Punjab's children, it is imperative for the government to introduce a school meals programme for both outsourced as well as public sector schools.

There is little doubt that the recommendations outlined above will come at a high cost, but in the years to come the costs of not addressing these fundamental issues will be unimaginably high.

Meanwhile, PSRP risks being unable to deliver quality education at scale in the absence of:



Also, to prevent test-driven distortions and artificial score inflation, PSRP should:



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## Annex 1: Outsourcing of schools under PSSP, PSRP (Phase 1 and Phase 2)

No.	District	PSRP Phase 1	PSRP Phase 2
1.	Lahore	51	52
2.	Kasur	119	136
3.	Sheikhupura	136	124
4.	Nankana Sahib	94	77
5.	Gujranwala	227	154
6.	Hafizabad	99	104
7.	Narowal	62	80
8.	Sialkot	306	211
9.	Mandi Bahauddin	59	61
10.	Gujrat	172	166
11.	Rawalpindi	256	108
12.	Attock	246	122
13.	Jhelum	163	87
14.	Chakwal	226	90
15.	Faisalabad	148	138
16.	Jhang	106	133
17.	Toba Tek Singh	137	86
18.	Chinot	86	64
19.	Sargodha	259	218
20.	Khushab	212	98
21.	Mianwali	150	104
22.	Bhakkar	195	116
23.	Sahiwal	100	121
24.	Okara	156	152
25.	Pakpattan	83	85

No.	District	PSRP Phase 1	PSRP Phase 2
26.	Multan	86	141
27.	Khanewal	126	82
28.	Vehari	170	161
29.	Lodhran	68	61
30.	Bahawalpur	179	195
31.	Bahawalnagar	347	104
32.	R. Y. Khan	377	211
33.	Dera Ghazi Khan	241	218
34.	Muzaffargarh	94	220
35.	Rajanpur	190	95
36.	Layyah	137	157
	Total	5,863	658