Fundación Paraguaya
Pioneering a new model in education

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# Table of Contents

Foreword.................................................................................................................................3
Introduction ................................................................................................................................4
  Microfinance .........................................................................................................................4
  Self-funded education .........................................................................................................4
School backgrounds ..................................................................................................................5
  San Francisco School ..........................................................................................................5
  Mbaracayú Education Centre (Centro Educativo Mbaracayú) ...........................................5
Business element .....................................................................................................................7
  San Francisco School ..........................................................................................................7
    The Hotel/ Conference Centre .........................................................................................7
  Agriculture ..........................................................................................................................7
  Miscellaneous ......................................................................................................................8
  Use of grants .........................................................................................................................8
Mbaracayú ................................................................................................................................8
  Hotel ....................................................................................................................................9
  Nursery and Tree Planting .................................................................................................9
  Internships ..........................................................................................................................9
  Harvest Partnership ............................................................................................................9
  Agriculture ..........................................................................................................................9
Social element ...........................................................................................................................11
Conclusions ................................................................................................................................14
Developing Developed ............................................................................................................15
Acknowledgments ....................................................................................................................17
Foreword

The San Francisco Organic Farm School is located 45kms north of the centre of Asunción, the capital of Paraguay. With 150 students (60 girls, 90 boys) aged 15-18 and 24 teachers (12 part-time, 12 full-time), the school looks like any other. However, San Francisco is unique in Paraguay and perhaps the World.

The Paraguay Ministry of Education mandates 180 days of school attendance per year; students at San Francisco study 220 days per year for up to 10 hours per day. High school drop-out rates in Paraguay are said to be some of the highest in Latin America at 25-35% (according to the most recent publicly available data in 2002\(^1\)), with the blame placed on factors such as students being from low-income families, adolescent pregnancies, lack of interest and low educational level of mothers\(^2\). At San Francisco the drop-out rate is lower than 10% with the school standing by a core philosophy of holding itself accountable for student retention – they propose that a school with a high drop-out rate is probably just a bad school.

Finally, Paraguayan government spending on education is around 4% of Gross Domestic Product (GDP)\(^3\). The San Francisco School doesn’t require or want a single Guarani of this. It is 100% self-funded.

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\(^{1}\) Social Panorama of Latin America, 2001-2002, published by the Economic Commission for Latin America and the Caribbean (ECLAC)

\(^{2}\) [http://www.eclac.cl/cgi-bin/getProd.asp?xml=/prensa/noticias/comunicados/2/11262/P11262.xml&amp;xsl=/prensa/tpl-i/p6f.xsl&amp;base=deype/tpl/top-bottom.xslt](http://www.eclac.cl/cgi-bin/getProd.asp?xml=/prensa/noticias/comunicados/2/11262/P11262.xml%26xsl=/prensa/tpl-i/p6f.xsl%26base=deype/tpl/top-bottom.xslt)

\(^{3}\) 4% in 2007, peak of 5.3% in 2000 - [http://www.indexmundi.com/facts/paraguay/public-spending-on-education](http://www.indexmundi.com/facts/paraguay/public-spending-on-education)
Introduction
San Francisco school is part of the educational branch of Fundación Paraguaya, a 25 year-old Non-Government Organisation (NGO) “devoted to the promotion of entrepreneurship and self-help to eliminate poverty around the world”\(^4\), or in the words of Martin Burt, Founder and CEO:

“Fundación Paraguaya is a non-profit social business that has a microfinance component and an educational component both of which are trying to innovate and disseminate new methodologies for poverty elimination around the World”\(^5\).

Microfinance
This case study will focus on the educational branch of Fundación Paraguaya as this was where the bulk of research and interviews were conducted. Interested readers should note that the Microfinance branch of Fundación Paraguaya existed long before the Education branch and is an extremely interesting study in its own right. Unfortunately, it is beyond the scope of this report.

Self-funded education
Fundación Paraguaya operates four schools in Paraguay, two of which were visited as part of this research:

1. The San Francisco Organic Farm School
2. The Mbaracayú Education Centre

Fundación Paraguaya’s innovation is an educational model (and therefore the provision of education) funded 100% from the sale of goods and services produced by teachers and students on campus as an integrated part of a curriculum. Martin Burt explains that the poorest of the poor can finance their own education without government subsidies, without scholarships, without donations and without NGO’s sending volunteers. This is all achieved through business entrepreneurship and all funded by the very thing that students are working to provision for themselves i.e. an education.

In the following sections, we’ll present an overview of how the school model operates using examples from the two campuses visited. In addition, we’ll try to highlight some of the externalities\(^6\) that arise, or may arise, from this type of school model.

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\(^5\) Interview February 2012

\(^6\) An externality is a side-effect of something. It can be positive or negative
School backgrounds

San Francisco School
In 2002, Fundación Paraguaya was given control of the government-funded 40 year old agricultural school that was San Francisco’s previous incarnation. Fundación Paraguaya set itself the task of making San Francisco 100% self-sufficient in 5 years, a goal that it achieved on time in 2007. Currently, the school generates around US$400,000 per annum.

Up until 2005 the school was boys-only with girls admitted from 2006. Currently, there are around 150 students aged 15-18 (90 boys, 60 girls), all of whom are full-time boarders living on the school grounds.

Students past and present are mainly local Paraguayans though February 2012 saw the intake of 4 international students from Haiti as well as the appointment of a Haitian teacher named Joel. Joel’s role includes acting as a mentor for the Haitian students who, barring an outside donation, are unlikely to return home until they graduate in 3 years. This is a poignant demonstration that San Francisco is no charity. Previous international students have originated from Argentina and Bolivia.

Students graduating from San Francisco will leave with a full High School Diploma certificate and specialisation in:

1. Agricultural Technician
2. Hotel and Rural Tourism

The students’ day starts at 05:45 (wake up) and finishes at 21:45 (lights out) with half the school working on practical study “in the field” (07:30 – 11:00, break, 13:00 – 16:00) and half the school studying in the classroom (07:00 – 18:00, including 1 hour lunch break). Due to the need to keep the school’s “productive units” operational all year round, students are also split into groups for school holidays, taking 1 month off each.

Twenty-two subjects (practical and classroom) are studied at San Francisco with traditional classroom subjects such as maths and biology being used purely to supplement the bachelor’s certificates being studied: graduates do not necessarily need to know advanced calculus but do need to be able to calculate crop yields, planting areas and densities, basic accounting of assets, interest rates on loans, projected revenues from eggs produced etc.

Mbaracayú Education Centre (Centro Educativo Mbaracayú)
Mbaracayú is a co-operation between Fundación Paraguaya, who brings the expertise of creating and running a self-sufficient school, and Fundación Moses Bertoni who manage the Mbaracayú Forest Reserve in which the school is located. The reserve is the largest single remaining area of the Atlantic Rainforest that once covered the entire area from eastern Paraguay through Argentina to the Atlantic coast of Brazil before it was deforested.

Fundación Paraguaya won the start-up funds for Mbaracayú through a Nike Foundation competition for the best project to “unleash the girl effect”. Unleashing the “Girl Effect” is considered an extremely important outcome for Fundación Paraguaya at both their all-girls and co-ed schools.

Mbaracayú was opened in 2009 with Nike providing US$2million on an “as needed” rolling monthly basis for 4 years, meaning that self-sufficiency is required by the end of 2013/ beginning 2014. In

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7 See www.girleffect.org
2011, school income covered 53% of school operating costs, including depreciation. This meant that the school met its target of achieving 50% self-sufficiency by the end of 2011 and is on course to meet its target of 75% at the beginning of 2013 and 100% for 2014 (end of the 5 year period).

Unlike San Francisco, Mbaracayú lies in an isolated and impoverished rural area and cannot benefit from proximity to a large city where it can sell its produce. The school therefore works in/ is working to create cooperatives of local producers aimed at attracting larger buyers of, for example, wheat and sesame to the area – none of the farms in the locality, including the school, grows enough produce on their own to be of interest to these buyers.

Mbaracayú’s rural location means a different social landscape and set of social issues to those of an urban area. The school is ambitiously tackling some of these issues in an effort to change the social dynamics of the area. The main way in which it tries to achieve this is by admitting only girls, educating them and therefore unleashing the Girl Effect. One example of the Girl Effect in action is through the empowerment of adolescent girls to postpone having children. One effect of large numbers of children at a young age is population growth. Population growth in turn is linked to other negative social measures such re-entrenchment of poverty in an already poor region and creation of multiple negative environmental and social externalities such as pollution, unemployment, sparse provision of services (such as health and education), malnutrition, deforestation, environmental exploitation, sexual discrimination etc.

There are 150 girls at Mbaracayú, 50 in each year. The majority of the girls come from the area around the reserve and were found through a process where the teachers went from door to door literally asking for students. All the girls are full-time borders. In terms of staffing there are 7 full-time local teachers and 5 part-time technical teachers who travel from San Francisco school near Asunción and stay for 2 days at a time.

Graduates from Mbaracayú receive a full High School Diploma certificate with specialisation in:

1. Environmental Science

Study for the certificate includes Tourism modules (primarily through the running of the on-site hotel) and modules in Natural Resource Management. All other subjects (e.g. Biology, Maths) support the Environmental Science Bachelors. The school day and basic elements of study are adopted from the San Francisco school model.
Business element
This section aims to give a non-exhaustive overview of how the schools are generating income through their various “productive units” and other initiatives.

San Francisco School
San Francisco generates around US$400,000 per year, which this year (2012) is a little more than is required to cover its costs. With teacher salaries in San Francisco being the normal national minimum of US$5 per hour, this slight profit provides an opportunity to increase staff remuneration in the future as well as to fund improvement projects such as the hotel swimming pool (mentioned below).

All productive units listed below are managed by third year (graduating) students on a rotating basis, overseen by a permanent member of staff, 40% of whom are former students currently. The general staffing of each productive unit is done by first and second year students who report to their third year manager. In this way, all students learn how each unit is run from the ground up before being given the opportunity to run it for themselves as part of their third year course. Third year students have the opportunity in some productive units to earn a share of revenue as a bonus for additional business they have brought in.

The business effect of having students run and staff each unit is to drastically reduce salary requirements for each unit compared to a non-social business version of the same. From an educational point of view, graduating students have all gained experience in running a micro-business.

The Hotel/ Conference Centre
The biggest single revenue generator at the school is the hotel/ conference centre, accounting for around 40% of revenue (approx. US$160,000pa). San Francisco’s hotel has 4 times played host to the president of Paraguay. Prices start at a modest US$14 per night.

The hotel is only occupied to 20% of its capacity per month (capacity is 200 people per night). This equates to a potential revenue stream of around US$800,000 - US$1,000,000pa if this one productive unit could be exploited to something approaching its maximum.

Plans are afoot to increase the occupancy rate of the hotel with a focused marketing campaign which is currently being planned, the launch of a website (www.hotelcerrito.com) and a plan to install a swimming pool next year to attract more guests. Additional revenue is generated by up-selling to guests, for example guests can spend a day working on the farm with the students learning about the school model. San Francisco is working to add more and more activities to its list (such as trips to the Chaco area of Paraguay) and therefore increase the revenue generated from their tourism micro-business.

Agriculture
San Francisco is a working farm incorporating several independent productive units such as the following:

- **A dairy farm** producing in excess of 250 litres of milk per day
- **A milk processing plant** producing 5 kinds of cheese, bottled milk and Dulce de Leche (sweet tasting South American syrupy sauce). The cover photo on this document shows some of these products on sale in a local shop.
- **A pig shed** with 32 sows and 5 boars. Each sow births 2 litters of 10-12 piglets per year which are suckled for approximately 40 days before being sold for around US$30 – US$40 each
(annual revenue of around US$25,000). A sow (breeding female) sells for around US$500. The facility could accommodate 100 sows if they expand and plans have been drawn up for students from the carpentry unit to be involved in doing this work. This could more than double revenue from the pig shed in the future.

- **A chicken coup** is the largest revenue generator on the agricultural side through the sale of free range eggs and slaughter. Students are taught about the benefits of producing eggs free range such as lower levels of diseases, lower expenditure on drugs, lower stress levels (which may add to the length of time a chicken produces eggs for) as well as other opinion based benefits such as better tasting eggs. Students must also learn to manage the chicken population in such a way as to maintain an even production level. This requires them to consider factors such as time taken for a chick to start laying eggs, gestation period, average mortality rates etc.

- **An organic farm** producing crops such as parsley, leeks, onions, garlic, tomatoes and sugar cane. After harvesting, the sugar cane is sold to a local sugar factory that helps the school by preparing the fields with machinery – this negates the need for the school to purchase its own machines. All the crops are sold in either the school shop or Asunción. The market for organic food in Paraguay is still relatively new and so the school must work to educate its consumer base in order to protect and grow long term crop revenues. Sugar cane is the most profitable crop and although not in any plans it is perhaps feasible that one day the school could seek to increase profitability and education opportunities around sugar by building their own sugar processing plant and developing their own sugar brand.

Agricultural produce at San Francisco currently provides 60-70% of all food (school meals) consumed, representing a huge saving on running costs for the school. The other 30-40% of food required for student consumption that is not produced at the school is expensive (e.g. meat, rice and pasta). In the future it may be possible to reduce this cost by building new material into their curriculum and simultaneously expanding the range of agricultural produce at San Francisco.

**Miscellaneous**

- **A local shop** is owned and run by San Francisco where school produce is sold alongside other items. Excess profits are fed back in to the school. Anyone buying from the shop knows that they are directly supporting the running of the school.

- **A carpentry workshop** doesn’t contribute revenues directly but is one of the subjects studied by the students and is sometimes used to carry out work projects around the school, thus saving on construction and maintenance expenses.

**Use of grants**

San Francisco occasionally makes use of grants from NGO’s and other international organisations to fund initial costs of a new project. For example a Czech NGO may provide funds to cover construction materials for the extension to the pig shed. San Francisco does not have to pay this money back but it does have to pay the depreciation costs on the grant. This serves to maintain the business integrity of San Francisco (ensuring that it is does not become a charity) and for the Czech NGO they will see that their money invested will go further towards serving their social objective as compared to a donation made to a traditional charity. San Francisco will invest the money in to the creation of something (in this case a pig shed) that will generate income years into the future which is used directly to fund the education of children and expand this schooling model.

**Mbaracayú**

Unlike San Francisco, Mbaracayú is not yet self-sufficient and therefore has greater need to source new revenue streams and grow existing ones, however the school is on target to be self-sufficient within its 5 year Nike funding period.
Hotel
As with San Francisco, a hotel provides the main source of revenue for the school (50% in this case) and the main potential for growth. Private rooms are around US$25 per night with higher and lower value options. The hotel has a capacity of 45 people per night and is currently visited by around 50 guests per month. Based on these numbers, accounting for meals served (food is taken from the school’s farm produce) and activities partaken in (e.g. jungle nature tours, biking, waterfall visits, canoeing), we estimate that revenue from the hotel is around US$2500-3000 per month, US$30,000-36,000pa.

The hotel has only been running since November 2011 (4 months at time of writing) and Mbaracayú is working to grow its profile and therefore expand this revenue stream, utilising the appeal of the rainforest in which it lies. We calculate that a target of US$100,000-130,000pa is a reasonable target by the time the school needs to be self-sufficient in 2014.

Nursery and Tree Planting
Paraguay’s “Forest Law” of 1973 states that landowners in forested areas of more than 20 hectares (1ha = 100m x 100m) must retain at least 25% forest cover in addition to maintaining 100m of forest cover along each side of rivers and streams (to protect against erosion and river migration)\(^8\). The school notes that in reality this law is not adhered to and has spotted an opportunity, dedicating 2 hectares to production of saplings of native tree species. Mbaracayú approaches local farmers, talking to them about the need for tree coverage due to environmental impact (such as erosion) as well as by law and offers them the opportunity to buy the school’s saplings to plant on their land. In addition, landowners can employ the school to plant and tend to the saplings they buy (although in the long term, winning of and delivery of big “tree planting” contracts may not be fully compatible with the school’s educational objectives).

In their program of talking to local landowners, the students learn about the benefits of tree coverage as opposed to other land uses such as the intensive soya production which is regarded as one of the main reasons for deforestation in the region.

Currently the nursery is not profitable, only generating revenues equivalent to 19% of its cost base. However, the potential for this unit is large.

Internships
Mbaracayú has been running a teacher internship program for the past two years, taking in overseas people and inducting them into everyday school life. These interns help to operate the school, receive a unique Paraguayan experience and pay US$400 per month covering their costs and also making a contribution towards the running of the school.

Harvest Partnership
Mbaracayú has recently begun working with local tea (an extremely popular drink throughout South America called “Mate”) producers under a harvest and processing partnership. The school undertakes the harvest and all processing for the landowner and in return is entitled to 60% of revenues from the tea sold with 40% going to the landowner.

Agriculture
Following the successful example of San Francisco School, Mbaracayú is developing its farming units including pig production, eggs, milk and beef. At present, none of these are making a profit

(although beef breaks even). With the animal units, this is partly due to the cost of animal feed (a big cost for the school). Also, the geography of the school creates additional costs with the plantations and animal houses being located some distance from the classrooms. This means that other than salaries, fuel costs and vehicle maintenance make up the largest costs on the school’s balance sheet with up to 50kms per day driven in order to transport students between different parts of the school. Mbaracayú is working to address this, for example by having students eat on-site rather than in the school dining room and aiming for only one journey per day to the other productive units of the school.
Social element

Provision of education is generally considered a social outcome/objective and much of the social impact of Fundación Paraguaya’s endeavours at San Francisco and Mbaracayú fall within this category. Analysis of Paraguay’s education sector suggests that less than 30% of children advance to secondary education\(^9\) and less than 1% receive university degrees\(^{10}\). Therefore many students at Fundación Paraguaya’s schools would not otherwise have received an education beyond primary level (for the more rural schools and female-only schools such as Mbaracayú, this would likely apply to all students) and this simple fact taken in isolation could be considered sufficient to earn Fundación Paraguaya’s educational program its social credentials. However, using Mbaracayú as an example, a few points may give the more sceptical reader some insight in to the education experience at a Fundación Paraguaya school:

- Full academic program leading to a high school diploma with a specialisation in Environmental Science.
- School library.
- 30 computers (Fundación Paraguaya inform us that this is a rarity in all but the most expensive private Paraguayan high schools).
- English language classes.
- Incentives for extra-curricular reading.
- Additional training by outside experts in leadership, job-hunting skills, tourism and gastronomy.
- Opportunities for domestic and foreign travel (funded by charitable means rather than from the school’s budget). Such experiences in recent years have included:
  - exchange programs with other schools in Paraguay
  - youth conferences in Brazil, Argentina and Mexico
  - Sports competitions in Paris and Rio de Janeiro
- In 2012 (first year of graduation at Mbaracayú) , 1 student on full scholarship at prestigious EARTH University in Costa Rica and 7 others on scholarships at university in Villa Rica Paraguay.

In order to be as objective as possible, we would hope to examine the paths of children of similar backgrounds that have not received a secondary education and compare to graduates from Fundación Paraguaya’s schools. Unfortunately, this is beyond the scope of our research but we are able to use some proxy measures and anecdotal examples.

- **Impacting youth unemployment**: Youth unemployment (ages 15-24) in Paraguay is 11.8% (8.7% males, 16.8 females)\(^{11}\) – ranked 92 in the world\(^{12}\) as of 2008. 40% of San Francisco’s permanent staff are ex-pupils currently (7 out of 19 employees), often employed the year after graduation meaning that the school is a job creator for young people as well as for the “non-young people” segment of the workforce. This model is copied in Mbaracayú although it is at an earlier stage.

- **Producing employable graduates**: The fact that the schools are employing their own students demonstrates that the schools are not simply creating jobs; they are also injecting employable graduates into the wider workforce. As part of their third year course all

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\(^9\) Secondary education in Paraguay is from 14 – 18 years. Education until 14 years has been compulsory since 1909.

\(^{10}\) StateUniversity.com report - [http://education.stateuniversity.com/pages/1177/Paraguay-EDUCATIONAL-SYSTEM-OVERVIEW.html](http://education.stateuniversity.com/pages/1177/Paraguay-EDUCATIONAL-SYSTEM-OVERVIEW.html)

\(^{11}\) Indexmundi.com – figure as of 2008.

\(^{12}\) Comparable to Australia, not considering the male-female discrepancy
students have shown that they are capable of running a micro business, managing, supervising and teaching. Fundación Paraguaya’s records show that within four months of graduation, very nearly all of their graduates are productively engaged in one or a combination of the following:

- Work in the formal sector
- Their own economic activities (thereby created their own jobs)
- Spreading their knowledge as ‘Agriculture Extension Agents’, ‘Microfinance Officers’ or technical staff in agricultural staff (including Fundación Paraguaya schools)
- And/ Or, they have entered University (such students often start their own small business to finance their expenses at university)

**Reducing teenage pregnancy rates:** Teenage pregnancy rates in South America are second only to Sub-Saharan Africa at approximately 76 in 1000 births\(^{13}\). It is reported that in Paraguay, 11% of adolescent women do not know of any contraceptive methods\(^{14}\), slightly lower than the continental average. Teachers at Mbaracayú girls’ school inform us that it would not be uncommon for up to half the girls in the locality to be pregnant before they turn 20. Official statistics put the national figure at around 25%\(^{15}\). At Mbaracayú, since opening, there have been only 4 cases of pregnancy – a rate of around 2%.

**Reducing illegal hunting:** There is anecdotal evidence of some criminal activity having stopped – hunting in the Mbaracayú reserve is illegal and a problem. Teachers report that at least one group of hunters (a member of which is a father of one of the students) has approached the school and explained that they have stopped hunting due to the presence of the school students in the forest and the importance of the reserve and its biodiversity as pressed upon them by their children and the school. These are issues of which the perpetrators were not aware of beforehand.

**Reduced school drops-out rates:** According to a 2002 report by ECLAC\(^{16}\), dropping out of school is far more common among adolescents from low income households. This is generally considered one of the main mechanisms by which social inequality is transmitted generationally.

- 37% of Latin American adolescents (15-19 years) drop out of school before completing secondary education.
- This rate is much higher in rural areas.
- Paraguay’s urban rates are amongst the highest in Latin America at 25-30%\(^{17}\) though decreasing.
- In Paraguay’s rural areas the problem is increasing, 56% in 1990, 69% in 1999, and perhaps as high as 80-85% in our worst case scenario extrapolation for present day.
- “Low level of education of a mother increases the likelihood of the child dropping out by over 170%”.

In Fundación Paraguaya’s schools the drop-out rate is lower than 10%. This indicates that the style of education at Fundación Paraguaya’s school is appealing to secondary school students in a way that state provisioned education in the country is not. Whether it be the

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\(^{13}\) [www.redsemiac.com](http://www.redsemiac.com) report – “Latin America: Teenage Pregnancy”


\(^{17}\) Extrapolating 1990-1999 trend to present day. [http://www.eclac.org/prensa/noticias/comunicados/2/11262/chartspanosoc2ing.pdf](http://www.eclac.org/prensa/noticias/comunicados/2/11262/chartspanosoc2ing.pdf)
hands-on nature of their study, the understanding of the opportunity being afforded to them, the opportunity to see direct economic outputs from their studies, the full daily regime at the school not allowing them time to really consider dropping out, the boarding school set up and clear and strict rules making it logistically difficult to drop out, or any number of other factors, the schools are succeeding where state run schools are failing in engaging and/or retaining students.

The above points constitute some of the readily measurable examples of the social impact that Fundación Paraguaya’s schools are having. There are however many other points that are beyond the scope of this report to measure but we feel should be noted to inspire thought/discussion and/or future research.

- **Improving the outlook for young people (particularly women):** Low drop-out rates mean that more students finish their education and are therefore provided with employment and lifestyle options they would not otherwise have had.
- **Impact of increased education levels, employment and reduced teenage pregnancy on crime rates:** The desire and requirement to commit crime is reduced as education and employment increase. Lower unmarried pregnancy rates in developed economies have also been linked with lower crime rates 20 years later when the children reach adulthood. This directly applies to reduction of teenage pregnancy rates.
- **Potential impact on government budgets of self-sufficient or partially self-sufficient schools:** In the long run, the growth of this type of education reduces the burden of education on government budgets. Unlike the UK, Paraguay has no national level exam at 16 or 18 (GCSE’s or A-Levels respectively in the UK) and therefore it is difficult to compare student achievements against other ‘regular’ schools. If educational outputs are shown to be equal to or higher than comparable regular schools, it would be arguable that Fundación Paraguaya’s model is also more successful in educating children.
- **Impact of local focus on social cohesion:** Local people are incentivised to buy produce from the school as it will directly impact them through employment, education of their children, crime rates, economic outlook of the area, growth of social interaction between residents of an area etc. This is less easy to realise when buying from, for example, a national supermarket chain. In the developed world, nurturing of local economies and economic regionalisation are increasingly being recognised for the social value they bring to an area beyond the pure monetary savings available to consumers at large multinational goods and service providers. Initiatives such as local currencies (e.g. the Bristol Pound) and local cooperatives can be seen as attempts to expand this ‘localisation route’ (as opposed to ‘globalisation’ route) towards economic and social enrichment. Fundación Paraguaya’s school shop is an example of a place where social efficiencies will be realised through localisation of spending.

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19 This refers to the idea that we may prefer to buy from people who recognise us and who; we trust/ we can hold a short conversation with/ we know will likely reciprocate (buy from our business in return)/ we like/ we believe have our best interests at heart/ etc. as opposed to buying from a large national supplier who may seem more anonymous to us, despite the fact that they may be cheaper in monetary terms.

Conclusions

Fundación Paraguaya’s achievements at the two schools visited are admirable and inspiring. There appears to be genuine social impact on the lives and livelihoods of everyone involved with the schools but also the potential for wider reaching effects beyond the fences of the schools’ campuses. In addition, through their partnership with “Teach a Man to Fish”22, Fundación Paraguaya is working to spread its model - currently 5 schools are in the process of being set up in Tanzania, aiming for self-sufficiency in 5 years, showing that the model is scalable nationally and internationally. Also discussed during our interviews was the possibility of opening a self-sufficient university based on the same principals propagated in Fundación Paraguaya’s schools. Given the low rate of students reaching university level education in Paraguay (around 1%), Fundación Paraguaya could begin addressing issues surrounding higher education in Paraguay.

In the San Francisco Organic Farm School, Fundación Paraguaya has a flagship to display to the world in support of their ideas for education. The school is a demonstration that a Social Business can be successful in a field where many would detest the idea of a conventional business being involved in i.e. education of children. The key is to ensure that the business is (and remains) genuinely ‘social’ and Fundación Paraguaya firmly meets this criteria in our eyes.

Most interesting of all are the fledgling examples of genuine social engineering that have taken place; whether it be the near elimination of school drop outs amongst the impoverished community at San Francisco or the drastic reduction in teenage pregnancy amongst the girls at Mbaracayú. These are demonstrations that Fundación Paraguaya is having a tangible effect beyond simply provisioning education to a small group of children. Students are able to see direct outputs from what they are being taught, able to see an economic benefit in terms of income produced and experience an emotional benefit in terms of a feeling of worth from having produced it. These examples of social engineering hint at the possibility of other social externalities that Fundación Paraguaya may not initially have targeted; some of these were touched on at the end of the ‘Social Element’ section.

The schools do not claim to be “finished articles” nor does Fundación Paraguaya claim that its model for education is a substitute for/ incompatible with other methods of education. Fundación Paraguaya simply believes that a good school must hold itself accountable and not make excuses. If Fundación Paraguaya’s schools were not good schools producing good educations and quality products for sale they would begin to lose money as the students and teachers lost motivation and the local community lost faith. Fundación Paraguaya would end up having to pick up the bill for the shortfalls in the budgets and the schools would eventually need to be closed down. Essentially the social business would go bust, not necessarily because of external factors but maybe just because it was a bad business. The schools are judged by their market, just like any conventional business.

22UK based organisation devoted to spreading this type of education model under the core principles of ‘Poverty Reduction’, ‘Education’ and ‘Entrepreneurship’. http://www.teachamantofish.org.uk/
Developing Developed

As part of the Hot Runnings Social Enterprise Project, in partnership with ClearlySo, we wish to examine the implications of the social businesses we meet in terms of the developed world and specifically, because we are British, the UK.

Fundación Paraguaya’s education model is particularly interesting due to the possibility of expansion on a national scale. The education system in the UK is something which affects every single citizen and we all contribute to its financing. Fully self-sufficient secondary education is not a realistic, necessary or even desirable goal in the UK, however partial self-sufficient schooling may be. What if secondary schools were required to finance part of their cost base from the sale of goods and services produced in class as part of a curriculum?

- Students giving tours of the local area to tourists having studied local history in History class.
- School bands performing in local venues having studied in Music class.
- Students running low cost/ affordable English language classes to local non-English speaking immigrants or tourists in the area.
- Language students running basic low cost French/ Spanish/ German classes for the local community.
- Drama students planning and putting on chargeable productions (this is nothing new).
- Chemistry students at a school producing a range of soaps or cosmetics for sale.
- Geography, Biology and Physics students operating a small field growing seasonal crops for sale, learning practical applications for knowledge of the hydrological cycle, nitrogen cycle, the changing of the seasons, lifecycle of plants, etc.
- Students planning the financing of such projects in Maths classes and analysing the relative success or failure of each in Economics/ Business Studies.

Some may argue that such things represent the commercialisation of education however this would constitute a misunderstanding of the theme of our discussion. The principal of schools generating income is nothing new - local fairs and cultural events (e.g. Guy Fawkes Night) as well as school plays are examples of enterprises that schools are already involved in and generate income from. The difference is that these things are not generally considered in terms of their educational benefit if they were included into the school’s curriculum. If we accept that the planning, organising and understanding of such things holds educational benefit in itself, then why is it such a big step to imagine that other real-life, income generating activities exist that could be taken on by schools and incorporated in to curriculums for existing subjects? Such an approach not only reinforces the topics being studied but also engages students by showing them practical applications for their education and giving them a direct economic and emotional output from their study at no extra cost to the tax payer – actually, a reduced cost to the tax payer. Michael Gove, the UK Minister for Education is expressly committed to narrowing the educational achievement gap between rich and poor and Fundación Paraguaya’s model appears to be one demonstration of how to get the ‘poor’ achieving.

Additionally, in a UK climate highly geared towards fostering aiding of entrepreneurship and small businesses (see organisations such as NCEE (National Centre for Entrepreneurship in Education), StartUp Britain, Young Enterprise and various government funded institutions), and particularly Social Businesses (see the coalition Government’s “Big Society Bank”), teaching practical business skills in school integrated with curriculums is arguably a better way of nurturing aspiring entrepreneurs/ social entrepreneurs than theory based university degrees and other post-secondary school courses. Students will be equipped with some of the skills necessary to take their ideas forward as soon as they finish or even before they finish their A-Level or A-Level equivalent (at 18 years old) examinations.
In the UK, the ‘Free School’ set up is a potential route for such a model to be adopted. Free Schools can be started by anyone who can convince enough people that they are worthy of planning and provisioning their children’s educations. The Government gives a cash allowance per student per year to fund the school. A social entrepreneur might adopt an approach such as “in five years, our school is targeting to be using only 80% of the Government allowance per student, with the shortfall being made up from the sale of goods and services produced in class as part of our curriculum.” Any year in which they were unable to generate the shortfall, they would have the Government allowance to fall back on as a safety net.

A key factor in the success of Fundación Paraguaya’s schools not mentioned in the case study above is its bottom-up approach to assigning responsibility for self-sufficiency. The primary responsibility for the success of each school business lies with the teachers of the technical subjects. Giving teachers this responsibility ensures that the knowledge and skills required to run small businesses successfully are entrenched in the classroom and learning is directly linked to practical activities.

To support each teacher, in addition to the Headmaster and Director of Curriculum, all Fundación Paraguaya schools employ a “(Vice) Director for Self Sufficiency” at the top managerial level. This person does not necessarily require an educational background; rather they need a business head to make sure that someone at the top managerial level of the school is also taking a share of responsibility for self-sufficiency – if the school’s produce fails in quality, its businesses will go bust.

In the UK we would recommend a similar role be created in any schools attempting to adopt this model. The Director should be highly regarded for their business credentials in addition to having a strong social conscience i.e. a social entrepreneur/businessman - not necessarily teacher. They can also play an extremely important role by acting as a business mentor to each of the teachers that oversee a revenue stream and help teachers of non-revenue generating subjects to examine ways in which they could build revenue generation in to their curriculum in a way that enhances education in the subject.
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Writing our first Social Enterprise case study has set us on an extremely inspiring path, provided much source of discussion and debate and opened our eyes to a new way of thinking about business and society. We hope that this and the case studies to follow will help to grow interest and understanding in your respective causes.