

IMPACT REPORT

JULY-NOVEMBER,
2025

FINANCIAL STIMULATION MODEL

Prepared by:
Social Lab Nepal





About Social Lab

Social Lab Nepal is a non-profit committed to tackling pressing socio-economic challenges through social entrepreneurship and innovation. Our core focus is on education and social entrepreneurship, where we integrate experiential learning, research and development, project design and management, and entrepreneurial training to foster sustainable impact.

Social Lab collaborates with a diverse range of stakeholders, including social entrepreneurs, civil society organizations, academic institutions, corporations, policy researchers, and activists, to develop and implement innovative solutions that drive social reform and create lasting positive change.

Working Areas



Education



Social Entrepreneurship



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Abbreviations

FSM: Financial Stimulation Model

ECA: Extra-Curricular Activities

SMC: School Management Committee

PTA: Parent Teacher Association

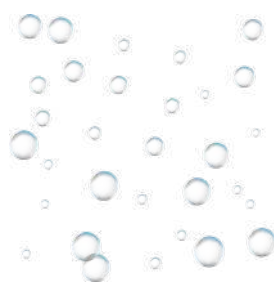
KPI: Key Performance Indicators

KII: Key Informant Interview

FGD: Focus Group Discussion

SDG: Sustainable Development Goals

UN: United Nations



Key Performance Indicators



78

number of students participated in FSM



3

FSM Marketplace Conducted



43

Student Trained with Foundational Financial Literacy



12

Teachers Trained on FSM functionality and Implementation



78

Students Trained on duties and responsibilities in FSM Model



1

FSM Manual Design and Developed



Foreword



The final months of 2025 have been nothing short of extraordinary. Our collaboration with Books for Change Switzerland has illuminated what is possible when shared dreams meet unwavering commitment. What once began as a small component of our School Support Program has now blossomed into the Project “Financial Stimulation Model”, piloted in one of Lalitpur’s most geographically challenged regions, Bagmati Rural Municipality.

My heart is filled with profound gratitude for Books for Change Switzerland. Their belief in our vision and willingness to walk alongside us has transformed our long-held aspiration into a living, breathing reality. Equally, I extend my heartfelt appreciation to our project team, resource persons, teachers, students, the School Management Committee, and the local government. Their dedication, co-ownership, and resilience have been the pulse that carried this project forward.

FSM has emerged not only as a scalable and sustainable intervention but as a bold and transformative step toward reimagining what public education in Nepal can look like. It carries the power to shift narratives, uplift communities, and inspire new possibilities for generations to come. Children can see hopes and dreams thrive every single day upon their arrivals into the classroom. Teachers feel inspired and happy for the children towards their positive attitude and ambition. Public Schools, which were once neglected and mundane, are now observed as happy corners.

On behalf of Social Lab Nepal, I extend our deepest thanks to Books for Change Switzerland for placing their trust in us and for choosing to pilot this initiative in Shree Saatkanya Basic School, one of the most overlooked and vulnerable schools in our project regions. Together, we take pride in planting the seeds of change where they are needed the most. We look ahead with hope and determination for a continued partnership as we pursue our shared mission of confronting educational poverty in rural Nepal.

Ajit Bhatta
Executive Director
Social Lab Nepal

Key Statistics



100%

Teachers feel the school has become more vibrant and lively because of FSM's components.



34%

of students grasped basic financial literacy concepts through FSM.



100%

of students now perceive school as a safe and joyful learning environment



90%

of students participated in the token bank to deposit their tokens and carry out transactions



84%

Feel motivated to come school regularly to learn and at the same time, earn tokens.



20%

increase in student attendance at Shree Satkanya Basic School



93%

students feel that FSM helped teachers use the behavior chart to warn them before resorting to corporal punishment

Research Objectives

Bagmati Rural Municipality in Lalitpur is close to Kathmandu, yet many public primary schools still struggle with weak infrastructure, low English skills, corporal punishment, limited financial literacy, and poor student support. Problems such as irregular attendance, low academic performance, and behavior issues remain common.

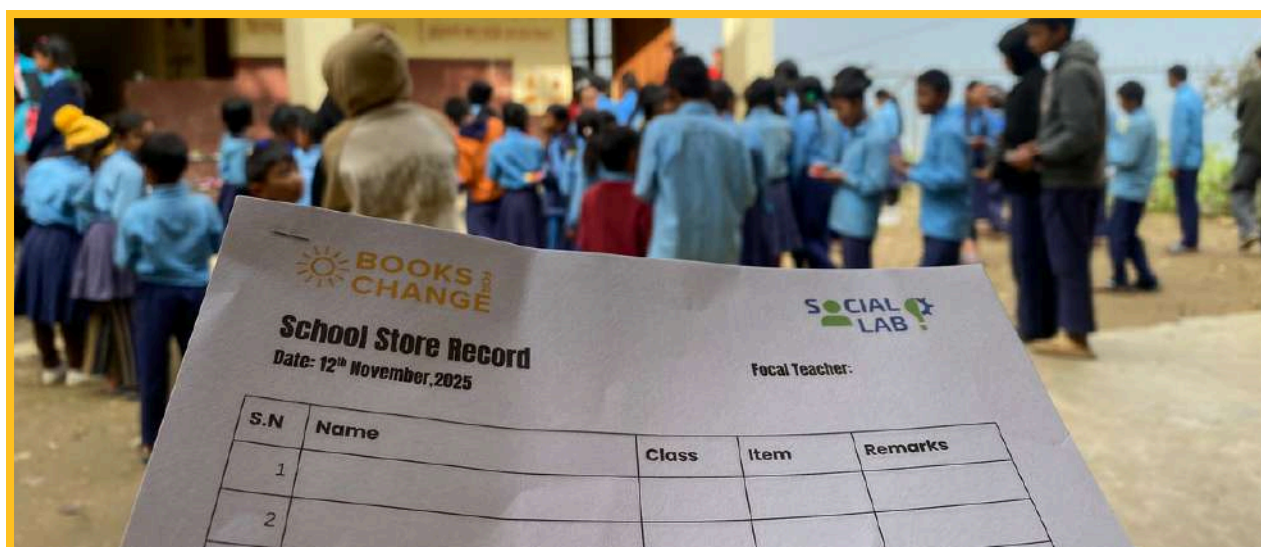
This evaluation aims to understand how the Financial Stimulation Model (FSM) is helping to address these challenges. The objectives are to:



- Measure the impact of FSM on students' learning, financial literacy, and social-emotional skills.



- Review the program's efficiency, community involvement, and potential for long-term sustainability.



Evaluation Structure

The Financial Stimulation Model’s impact evaluation follows the OECD Evaluation Criteria to assess how well the program meets school needs, uses resources, achieves results, and builds lasting change. Data was collected through surveys, interviews, and group discussions.

Relevance

Examines whether FSM activities address the real needs of the schools, especially in improving student behavior and financial literacy.

Efficiency

Look at how well time, budget, and materials were used during implementation.

Effectiveness

Assesses whether FSM led to better attendance, improved student behavior, stronger engagement in learning, and skill development.

Sustainability

Reviews long-term potential by considering school leadership commitment, local government support, community involvement, and plans to integrate FSM into the school system.

Data Collection Method

A mixed-method approach was used, combining both numbers and lived experiences. More weight was given to qualitative insights, as changes in behavior, motivation, and classroom culture are best understood through direct conversations and observations.

Tools



The **Key Informant Interview (KII)** with the school principal and FSM focal teachers was taken to explore leadership and program-specific insights.



A Standardized **Survey** with teachers and parents was used to collect quantitative and qualitative data from teachers on program impact.



Guided **Focus Group Discussions (FGD)** with students, and teachers was organized to capture detailed experiences and perceptions.

Sample Selection

01 STUDENTS

- Two students from each grade (5-8) were randomly selected for FGDs.



02 TEACHERS

- KIIs were held with the head teacher and teachers directly involved in FSM.

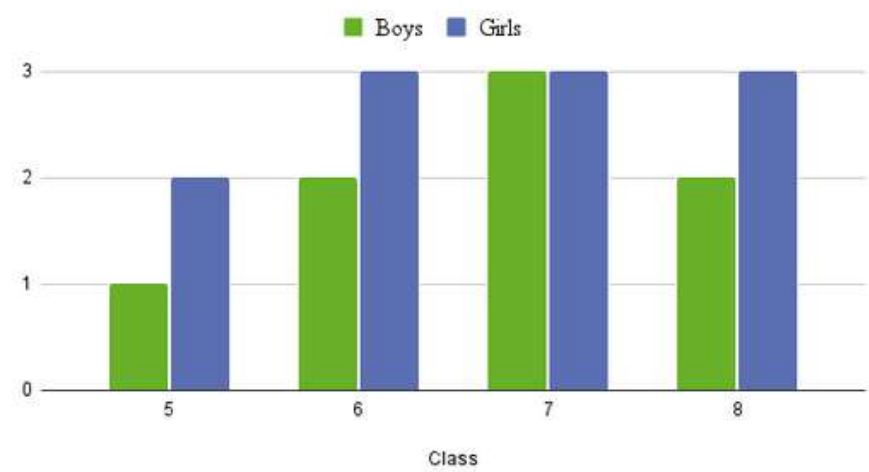


Survey Participants



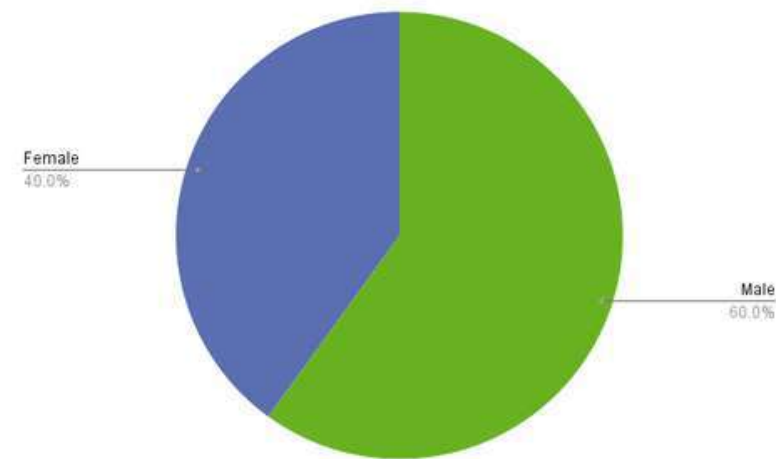
Number of Students participated in Survey

Boys and Girls



Total number of Students: 19

Number of Teachers participated in Survey



Total Number of Teachers: 6

Research Limitations

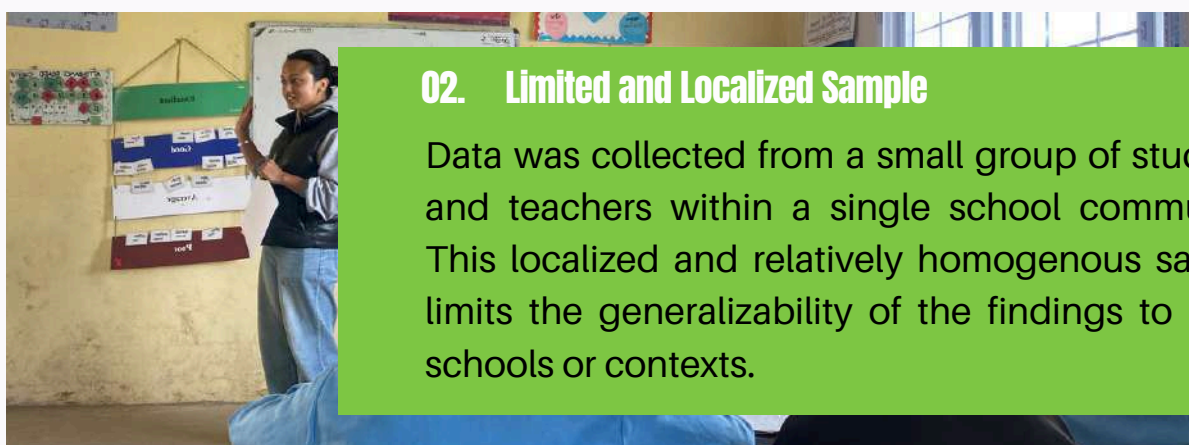
01. Short Project Duration

Data was collected from a limited group of stakeholders within one or a few schools, representing a relatively homogenous community. This narrow scope may not fully reflect the experiences or conditions of schools in other areas.



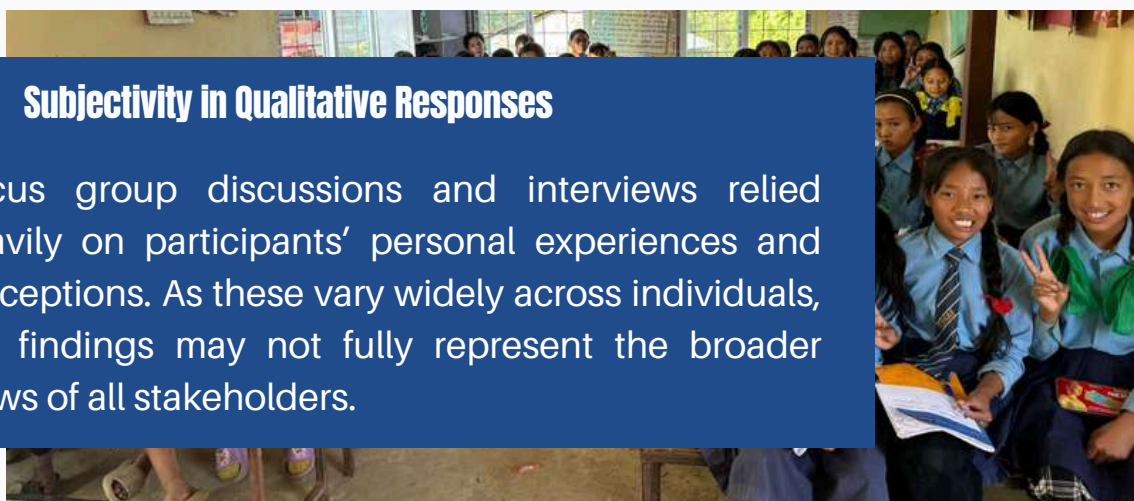
02. Limited and Localized Sample

Data was collected from a small group of students and teachers within a single school community. This localized and relatively homogenous sample limits the generalizability of the findings to other schools or contexts.



03. Subjectivity in Qualitative Responses

Focus group discussions and interviews relied heavily on participants' personal experiences and perceptions. As these vary widely across individuals, the findings may not fully represent the broader views of all stakeholders.



Research Limitations

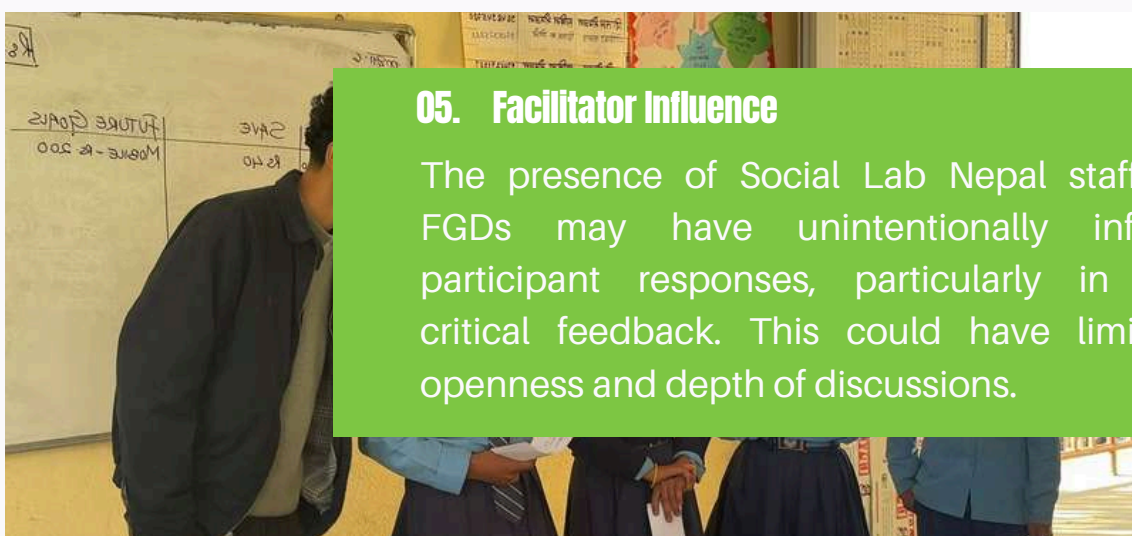
04. Communication and Interpretation Challenges

Younger students and parents with limited literacy occasionally faced difficulties understanding questions or expressing their views clearly. Instances of shyness/hesitation may have affected the accuracy and detail of the information shared.



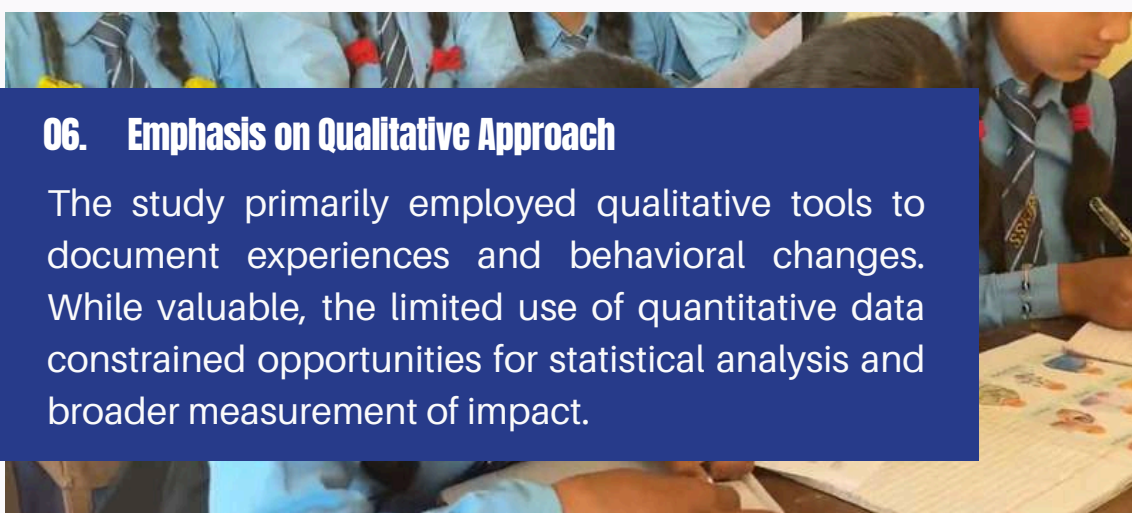
05. Facilitator Influence

The presence of Social Lab Nepal staff during FGDs may have unintentionally influenced participant responses, particularly in sharing critical feedback. This could have limited the openness and depth of discussions.



06. Emphasis on Qualitative Approach

The study primarily employed qualitative tools to document experiences and behavioral changes. While valuable, the limited use of quantitative data constrained opportunities for statistical analysis and broader measurement of impact.





Background

Public education in Nepal has faced long-standing challenges. While 84% of students in basic education attend public schools, many parents with financial means prefer private schools due to concerns over academic performance, weak infrastructure, limited extracurricular activities, and inconsistent teacher engagement. As a result, public schools predominantly serve children from low-income and historically marginalized communities, many of whom are already affected by generational poverty. National data shows that over 20% of Nepal's population still lives below the poverty line, with rural communities being the most vulnerable.

Breaking this cycle requires equipping children with practical life skills from an early age. Financial literacy is a proven tool for strengthening decision-making, building assets, and supporting long-term economic mobility. When taught early, children develop positive habits around saving, budgeting, and planning; skills that directly contribute to reducing poverty over time.

The Financial Stimulation Model (FSM) addresses this gap by integrating financial literacy with positive behavioral reinforcement. Through an incentive-based token system, FSM teaches children how to earn, save, and manage resources, while also functioning as a creative extracurricular activity that makes learning enjoyable and practical. The model also supports teachers by replacing punitive discipline with constructive behavioral guidance, helping reduce physical punishment and creating a safer, more respectful learning environment.

With support from Books For Change (BFC), Social Lab Nepal piloted FSM at Shree Satkanya Basic School in Bhattedanda, Lalitpur, demonstrating its potential to improve student engagement, strengthen financial understanding, and foster positive school culture.

Contribution to Sustainable Development Goals (SDGs)

The Financial Stimulation Model (FSM) strengthens Nepal's public education system by integrating early financial literacy, improving student behavior, and motivating regular school attendance. By building lifelong financial skills and reducing harmful practices like corporal punishment, FSM supports more equitable, engaging, and safe learning environments. FSM contributes directly to the 2030 Agenda by demonstrating how development Agencies, CSOs and School Stakeholders partnerships can translate global goals into local impact.

Key linkage with the SDGs



By equipping children with financial knowledge, saving habits, and responsible decision-making skills at an early age, FSM lays the foundation for long-term economic resilience and poverty reduction.



FSM strengthens public-school learning by using practical, participatory tools that boost attendance, focus, and engagement while promoting safer classrooms by reducing corporal punishment through positive, behavior-based motivation.



FSM creates equal opportunities for girls to participate, learn financial skills, and exercise agency in school decision-making, thereby contributing to gender-equitable learning outcomes.



Operating in semi-remote and underserved public schools, FSM ensures that children from low-income communities receive access to the same quality of financial literacy and behavioral learning.

Financial Stimulation Model (FSM)

2.1 Relevance

This section assesses how well FSM responds to the school's real needs and priorities, and whether its components meaningfully address student behavior, motivation, and financial literacy gaps.

Indicators	Highly Unsatisfactory	Unsatisfactory	Satisfactory	Highly Satisfactory
Alignment of FSM components with school priorities				✓
Relevance of the token-based behavior system to reducing corporal punishment			✓	
Fit of financial literacy sessions with students' socioeconomic context		✓		
Integration of FSM with classroom routines and school improvement plans				✓
Relevance				✓

Finding 1: FSM showed great relevance in the public schools to address the critical issues of creating vibrant learning space, teaching financial literacy from early age found vital while the training designed for the students were not fitted due to the execution problem from the trainers.



Strong Alignment with School and Community Needs

Although close to Kathmandu, Bagmati Rural Municipality remains underdeveloped. Most Satkanya students come from humble Tamang households, and 17 have lost one or both parents. This makes FSM highly relevant for improving attendance, building early life skills, and creating a joyful learning environment.

Facilitator Reflections



Bisakha Maharjan:

During the session, I realized that one of my biggest challenges was translating certain English terms into Nepali on the spot. My limited fluency in quick translation caused a few pauses as I searched for the right words to explain concepts clearly. Fortunately, my fellow facilitator and the project associate supported me throughout, helping maintain the flow. Reflecting on my session design, I noticed that the language could have been simpler to ensure better understanding. I also saw how excited and engaged the children became when visual materials, games, and small rewards like chocolates were used. Moving forward, I plan to make my sessions more practical, interactive, and activity-based so that the content feels simple, relatable, and enjoyable for the students.



Swornima Shrestha:

Although this wasn't my first time teaching young learners from public schools, each experience feels different because of the diverse backgrounds the students come from. This time, motivating them was particularly challenging, and getting everyone to listen required patience and preparation. But I also saw how their faces lit up with small rewards and fun activities. Budgeting games, needs-versus-wants discussions, and the balloon story about trust helped them connect money concepts to real life. I noticed that visual aids, group tasks, and interactive activities significantly increased their enthusiasm and participation. This experience was a meaningful opportunity for me to better understand how to engage young minds with compassion and creativity.

Though we're still in the early phase, the first three-month FSM cycle was new even for us. Students are happier, classrooms feel more exciting, and they're already learning to earn and save. These small steps will have a big impact; seeing them take responsibility and earn on their own is truly amazing.

FSM Focal Teacher at Satkanya Basic School- Bhattedanda, Bagmati RM



✓ Notable Impact Seen by Teachers

FSM effectively promotes responsibility, hygiene, and financial literacy through practical activities, fitting well with school priorities and addressing students' economic backgrounds.

2.2 Efficiency

This section examines how effectively time, resources, and processes were utilized, and how smoothly FSM activities were implemented within the school's existing structures.

Indicators	Highly Unsatisfactory	Unsatisfactory	Satisfactory	Highly Satisfactory
Efficient use of project resources during implementation				✓
Timeliness and clarity of teacher orientation and student sensitization based on project timeline			✓	
Ability of teachers to manage FSM processes alongside regular teaching duties				✓
Adaptability in resolving early challenges (ranking confusion, chart tampering, access fairness)			✓	
Efficiency				✓

Finding 2: Student tampering were faced early days of implementation. After proper guidance and warnings and the complain mechanism set, it was reduced later. Also, few rounds of training in the early phase of the model to both teacher and student are seen important for better functioning.



FSM demonstrated highly satisfactory resource use, with marketplace items purchased based on student preference surveys and securely stored in the school office. Teachers managed their time well to support model implementation. However, orientation alone proved insufficient; follow-up trainings and marketplace walkthroughs were identified as essential for smoother and more effective implementation.

2.3 Effectiveness

This section measures the extent to which FSM achieved its intended outcomes, including improved behavior, attendance, engagement, and financial literacy among student

Indicators	Highly Unsatisfactory	Unsatisfactory	Satisfactory	Highly Satisfactory
Improvement in student behavior, hygiene, discipline, and classroom conduct			✓	
Increased attendance and participation as a result of FSM motivation			✓	
Students' demonstrated understanding of basic financial literacy (saving, spending, interest)			✓	
Increased engagement in homework, assignments, and class activities			✓	
Effectiveness			✓	

Finding 3: *With the project running for only three months, students were observed progressing from the attention phase to the awareness phase. Meaningful behavior change typically begins after awareness develops. At this stage, satisfactory improvements were noted in student behavior, understanding of basic financial literacy, and overall academic engagement.*



✔ **Promotion of Positive Behavior and Attendance**

The FSM program drives improvements in discipline, hygiene, class participation, and attendance through its incentive system.

✔ **Engagement and Academic Improvement**

Students, including those who struggled before, show greater motivation, involvement, and eagerness to complete homework.

✔ **Development of Financial Literacy and Responsible Habits**

Linking behavior with token rewards encourages conscious spending and saving, fostering financial skills and positive daily habits.



"Even though we are only at our third Marketplace, students have already learned key financial skills and their attendance has improved. Despite interruptions from festivals and the Gen Z protest, they are now showing real behavioral change. I also had the opportunity to share the model at a local government meeting."

Ram Prasad Ghimire, Principal, Shree Satkanya Basic School

2.4 Sustainability

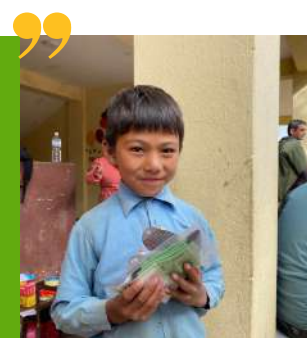
This section evaluates the likelihood of FSM continuing beyond the project period through school ownership, teacher capacity, and local government support.

Indicators	Highly Unsatisfactory	Unsatisfactory	Satisfactory	Highly Satisfactory
School ownership of FSM components (token bank, behavior chart, marketplace)			✓	
Teachers' capacity to independently manage FSM systems and student tracking			✓	
Commitment of local government to continue funding FSM activities and materials	✓			
Integration of FSM routines into school's annual plan, timetable, and improvement strategy		✓		
Sustainability		✓		

Finding 4: Given the project's short three-month duration, limited progress has been made toward long-term sustainability. However, orientations, support visits, and teachers' direct engagement during marketplace implementation have strengthened their confidence. With adequate resources, they have slim believe they can continue running the model independently after the project ends.

I walk an hour to school every day, but I still attend regularly and take care of my hygiene. FSM's positive reinforcement motivates me a lot. I've become one of the top token earners, saving nearly 300 tokens and buying important study items. I also share what I learn with my family at home.

Dipen Syangtan, Class 4



Proposed Steps to Strengthen Sustainability

✓ Strengthening School Capacity

To strengthen project sustainability, Social Lab will conduct two rounds of teacher trainings covering data management, marketplace operations, and toolkit orientation.



✓ Building Partnerships with Local Government

With the FSM program now expanded to classes 1–8 and local governments providing funding, the sustainability of FSM in these schools is well assured.



✓ Enhancing Parent Participation in FSM

With the FSM program now expanded to classes 1–8 and local governments providing funding, the sustainability of FSM in these schools is well assured.

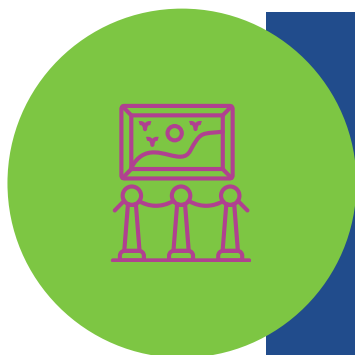


2.5 Suggestions and Areas of Improvement



Strengthening the implementation & Securing Sustainability

As this was a three-month pilot and the model's smooth implementation was disrupted by the GenZ protest and festival breaks, teachers suggested extending the project to strengthen its sustainability.



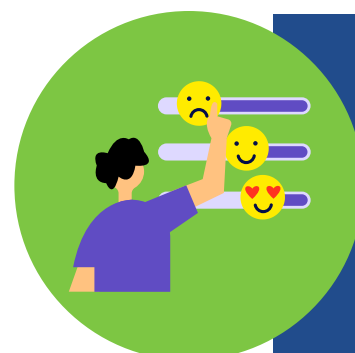
Walkthrough of FSM Marketplace

During the orientation and training, teachers suggested conducting a demo of the FSM marketplace walkthrough to ensure they feel confident and not overwhelmed during the first marketplace event.



Context Friendly Training

Students suggested delivering more context-friendly financial literacy training. They shared that the language and materials used by the in-house trainers were unclear, and the heavy use of English made the content difficult for them to understand.



Manipulation of Behavior Charts

Students tampered with behavior charts in teachers' absence; teachers suggest digitalizing the system for transparency, requiring infrastructure and training.

5.6 Learning

1. Strengthening Engagement with Local Government

Keeping the local government informed is essential for long-term sustainability, and we were aware of its importance from the beginning. However, due to distance and unsafe road conditions during the monsoon, we were only able to meet the Ward Chairperson and could not build a strong rapport with other officials. A key learning is the need to explore alternative communication channels and engagement strategies in future phases.

2. Need for a Child-Friendly Financial Literacy Module

Teaching financial concepts through the FSM marketplace and token bank proved far more effective than theoretical sessions. We learned that a solid, child-friendly financial literacy module is needed to help students grasp concepts more clearly. Our theoretical sessions did not go as well as expected, highlighting the importance of simplifying content and making it more engaging.

3. Importance of Marketplace Walkthrough During Orientation

A marketplace walkthrough should be included during the orientation to minimize confusion for both students and teachers. During the first marketplace, the project team faced significant challenges navigating the process, showing the importance of clear demonstrations before implementation.

4. Managing Expectations of ECD-Class 2 Students

Managing the expectations of ECD to Class 2 students was challenging, as they were not part of FSM and often watched older students purchase goodies while leaving empty-handed. This highlighted the need for creative engagement strategies to ensure younger students also feel included and motivated.



Conclusion

The Financial Stimulation Model has proven to be an effective intervention in addressing the critical gap in lifelong skills; particularly financial literacy, while simultaneously fostering positive behaviors such as regular attendance, improved hygiene, and active participation in academic and extracurricular activities. By using a positive reinforcement approach, FSM has successfully motivated students to engage more meaningfully in their learning environment.

Although implemented as a short-term pilot, the transformation within the school is evident. A once quiet and disengaged learning space has become vibrant, energetic, and student-centered. Attendance has improved, participation has increased, and students now experience a renewed sense of hope. For many, FSM has shown that despite their circumstances, hard work and financial literacy skills can help them imagine and work toward a different future; one that breaks the cycle of poverty.

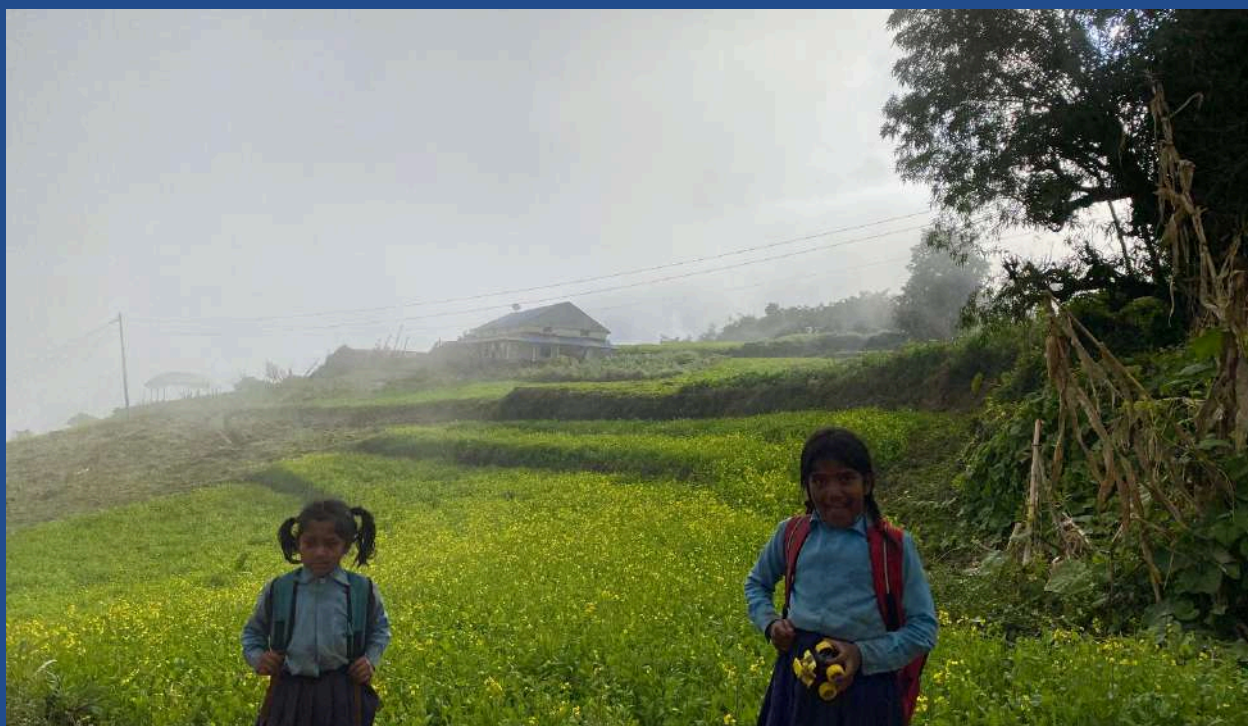




Despite its local scale, the project has contributed meaningfully to broader development goals, particularly in advancing quality education, promoting gender equality, and reducing inequalities. The progress observed and stories heard reflect genuine impact; however, given the short duration, students are still transitioning from awareness to deeper behavior change. Continued engagement and a longer-term partnership with Books for Change would further strengthen sustainability and embed FSM practices more firmly within the school system.



On behalf of the students and teachers of Shree Satkanya Basic School, we express our heartfelt gratitude and appreciation for the support that made this meaningful transformation possible.



Financial Stimulation Model



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