

Understanding Household and School Proprietor Needs in Low-Fee Private Schools in Ghana

A Needs and Impact Assessment
of the IDP Rising Schools Program

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Background of the Study



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The IDP Rising Schools Program (IDPRSP) provides low-fee private schools (LFPS) with access to training and financing

IDPRSP supplies 1) **training** and 2) micro **loans** to LFPS, which provide a quality education to low-income children at an affordable price.

Since 2009, when the program was established, IDPRSP has grown to over 500 schools, which serve nearly 123 thousand students.



IDPRSP proprietors are trained in financial literacy and school management



Eligible schools are able to apply for asset acquisition or working capital loans



524

SCHOOL PROPRIETORS



122,767

STUDENTS



345

LOANS DISBURSED



96%

LOAN REPAYMENT RATE

Aims of the report:

- 1) Measure the impact of IDPRSP
- 2) Understand the needs of LFPS and households' perceptions of quality education services

In addressing these dual objectives, this analysis analyzes:

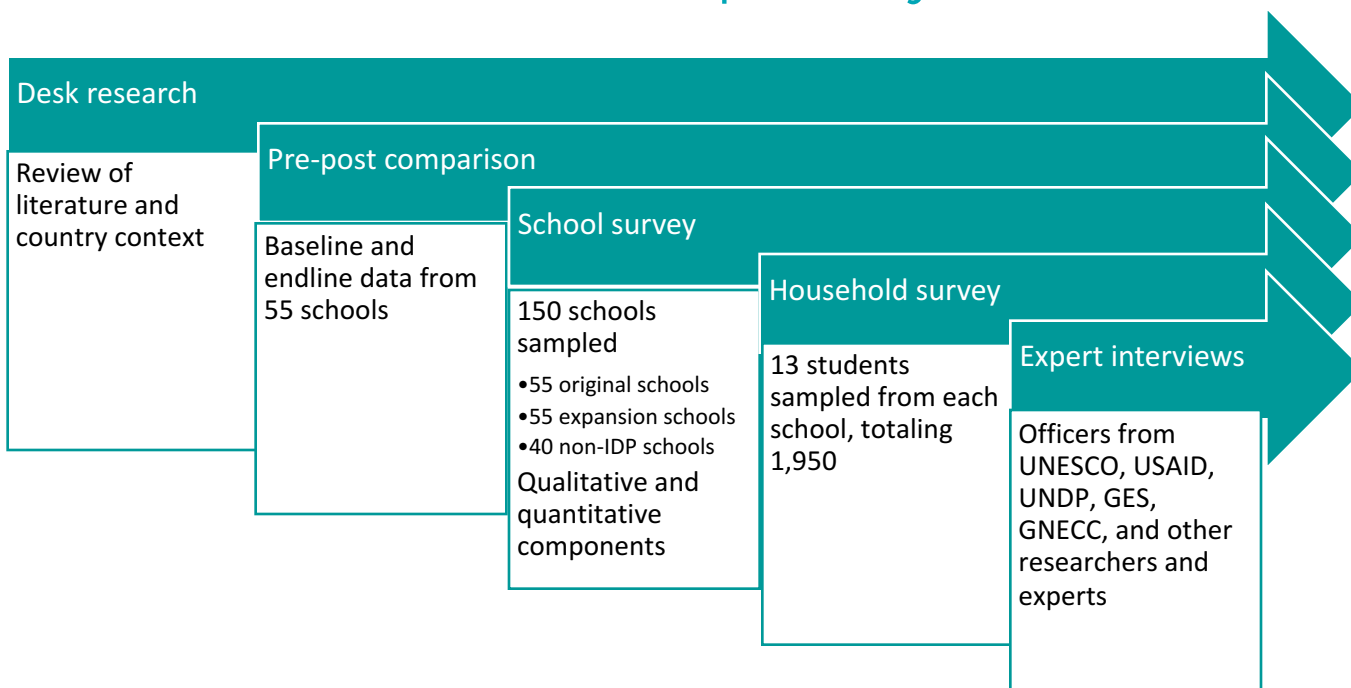
Priorities, motivations, and strategies of LFPS proprietors

School profitability and sustainability

Affordability



The study employs a mix-methods approach that includes desk research and primary data collection



The report was written and managed by Results for Development Institute with key support from Consumer Insight Consult Africa and guidance from the IDP Foundation, Inc.

We define LFPS as schools that are affordable to the lowest two income quintiles in Ghana

For the purposes of this report, schools are considered low-fee if school fees are below 402 GHC per year.

- This threshold is identified based on the **criteria of affordability**.
- Education is affordable if a household spends less than 10 percent of income on school fees for all children.
- Based on average household size and income, the average household in the bottom two income quintiles can afford to pay **402 GHC** in school fees per year.
- Using this threshold, 65% of sampled IDPRSP schools could be considered affordable and low fee.

Affordable annual school fees by region

Region	Quintile 1 and 2 (Mean)
Ghana	402
Western	546
Central	305
Greater Accra	471
Volta	347
Easter	332
Ashanti	604
Brong Ahafo	318
Northern	220
Upper East	155
Upper West	210

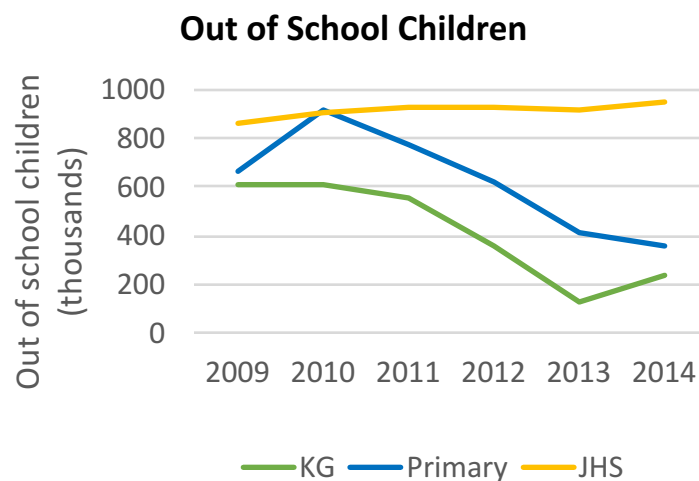
Education in Ghana



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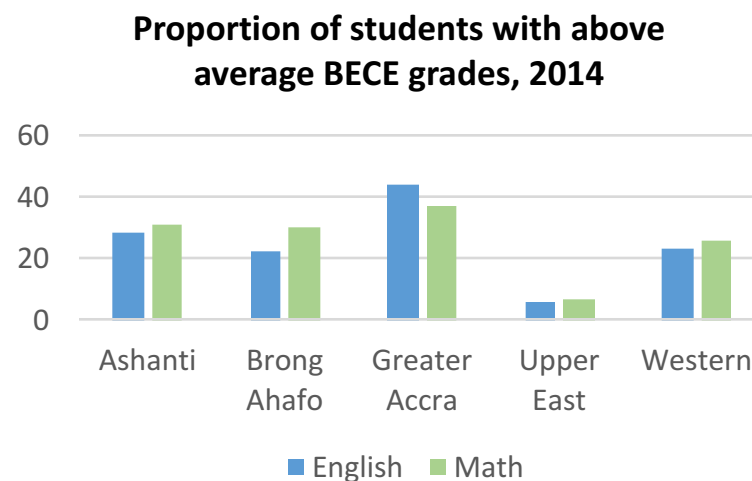
Access to education has rapidly increased...

- Primary enrollment nearly doubled between 2000 and 2011, partly due to:
 - Population growth
 - Economic growth
 - Changes in government policy
- KG and primary NER have risen rapidly, decreasing the number of out of school children.



...but significant inequalities remain¹

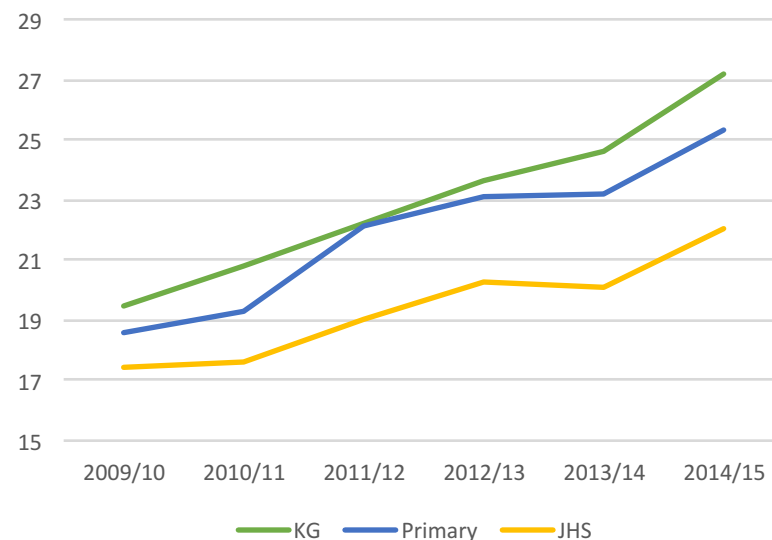
- **Income:** net enrollment rate of richest quintile is 24 points higher than the poorest quintile.
- **Location:** Net attendance rate in urban areas is 12 points higher than in rural areas, and Northern regions have much poorer education outcomes.



Private sector growth has outpaced government school expansion

- Despite taxes and a lack of government support, the private sector is growing rapidly.
- This is largely caused by rising incomes and challenges faced by government schools, including:
 - **Rapid growth in enrollment**, which has overcrowded classrooms.
 - High levels of **teacher absenteeism**, reaching 20 to 30 percent.
 - **Poor student outcomes**. For example, only 35 and 16 percent of students in the last year of primary school were proficient in English and math respectively.

Percent of total enrollment in private schools



Number of government and private schools

		2009/10	2014/15	Percent change
Kindergarten	Government	12,481	13,828	10.8%
	Private	4,990	7,132	43.0%
Primary	Government	13,835	14,405	4.1%
	Private	4,722	6,904	46.2%
JHS	Government	7,969	9,445	18.5%
	Private	2,799	4,395	57.0%

Literature shows that LFPS satisfy the demand for quality schooling among low-income households

- LFPS offer quality education to lower-income households.
- Literature describes greater **efficiency, accountability, and lower operating costs** in LFPS.
- Households choose LFPS because they are closer, seem to yield **higher test scores**, and because teachers are less likely to be **absent**.
- Although tuition and supplemental fees are higher than in government schools, many households feel the price represents a good investment in quality.



Findings:

Overview of the sampled schools



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A wide variety of schools were sampled through this study

Profiles of sampled schools by region

Brong Ahafo

Average enrollment: 278
Average primary tuition fee: 70 GHC per year
Teacher Salary Range: 72-104 GHC per month
Number of schools within 30 min walk: 1.34
Government and 0.71 Private
Average household income (GHC): 7,383 per year

Ashanti

Average enrollment: 279
Average primary tuition fee: 56 GHC per year
Teacher Salary Range: 110-140 GHC per month
Number of schools within 30 min walk: 0.7
Government and 1.24 Private
Average household income (GHC): 9,195 per year

Western

Average enrollment: 344
Average primary tuition fee: 53 GHC per year
Teacher Salary Range: 124-163 GHC per month
Number of schools within 30 min walk: 1.13
Government and 1.83 Private
Average household income (GHC): 10,541 per year



Upper East

Average enrollment: 360
Average primary tuition fee: 96 GHC per year
Teacher Salary Range: 131-181 GHC per month
Number of schools within 30 min walk: 0.97
Government and 0.67 Private
Average household income (GHC): 11,263 per year

Greater Accra

Average enrollment: 229
Average primary tuition fee: 74 GHC per year
Teacher Salary Range: 205-279 GHC per month
Number of schools within 30 min walk: 0.5
Government and 4.68 Private
Average household income (GHC): 11,726 per year

Although most schools have infrastructure needs, their immediate infrastructure challenges vary



Findings:

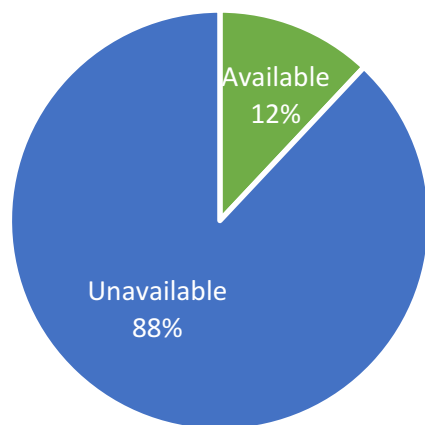
Challenges and Needs of LFPS



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Proprietors lack the financial resources to pursue school improvements

Resource availability



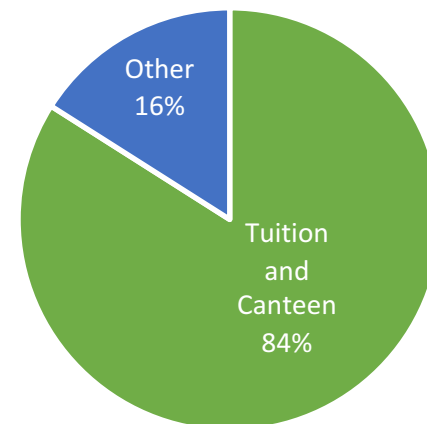
- Few schools have the necessary resources to finance school improvements.

Profitability



- Only one-third of schools are profitable

Revenue



- Revenue streams are not diversified

Improved infrastructure is the greatest need among proprietors

- 44% say infrastructure is the school's biggest challenge.
- 75% say improved infrastructure is either the top priority, an area they want to invest in, or a challenge faced by the school.
- Infrastructure is weakest in schools that are rural, unregistered, or located in the Upper East.
- Household satisfaction with infrastructure is lower than with any other school characteristic.



Priority Needs for Quality Improvement, Proprietors' free response

	Frequency	Percent
General infrastructure and completion of existing structures	59	39%
Teacher qualification/skills	22	15%
Increase number of buildings/classrooms	21	14%
More/better transportation	15	10%
Computers / IT education	12	8%
Acquire textbooks/learning materials	11	7%
Increase learning or academic performance of students	8	5%
Toilets, water and sanitation	5	3%

Schools with constrained finances invest in infrastructure gradually



LFPS train teachers internally in order to keep costs low

- LFPS generally hire teachers with fewer qualifications and less experience than those hired by government schools.
- 91% of schools have teacher guidelines
- 67% provide pre-service training
- 82% provide in-service training
- Staff salaries account for 17% of total expenses in LFPS compared to nearly 83 percent of total expenditures in government schools.
- Average monthly teacher salary in surveyed LFPS is 140 GHC, compared to 1,300 GHC in government schools...
- ...Yet LFPS teachers rarely leave because of low wages.

Ways LFPS pay for teacher training

	N	%
Train internally	89	72%
Pay for GES training	39	32%
Pay a company to train teachers	19	15%
Free GES training	18	15%
Free trainings by other organizations	9	7%

Top reasons for teacher resignation

	Percent
Further education	67%
Teacher relocated	13%
Low salary	9%
Misunderstanding / conflict	6%
Not sure/do not know	5%
Location of school	4%

Households perceive LFPS teachers as high-quality

Households view teacher quality as the top determinant of school quality



Parents are satisfied with teacher quality

Determinants of school quality, head of household free response

	Percent
Qualified teachers	31%
Teaching and learning materials	23%
School academic performance	15%
Good teaching	14%
Good facilities	6%
Good infrastructure	6%
Student academic performance	4%
Reasonable tuition fees	4%

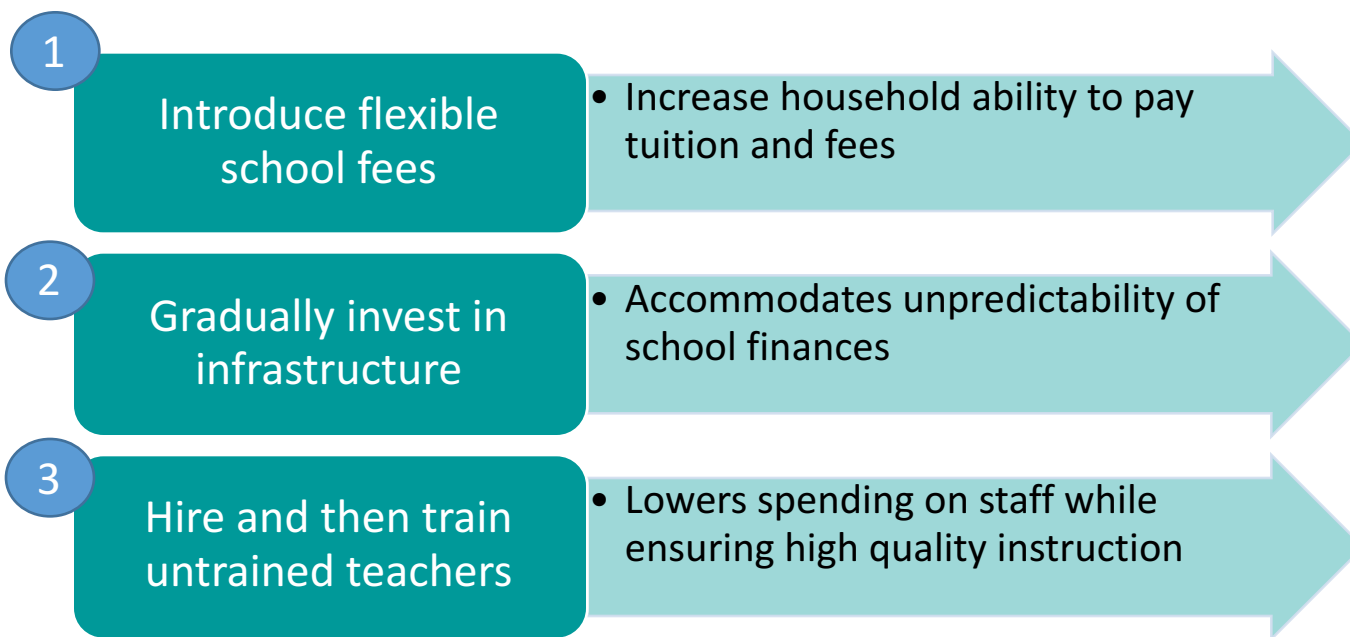
Parents' reported satisfaction ranked on a scale of 1-5

	IDPRSP	Non-IDPRSP
Head Teacher	4.47	4.51
Teachers	4.30	4.38
Performance of your child at this school	4.28	4.32
School management decisions	4.00	4.04
School Fundraising activities	3.79	3.8
School Facilities	3.58	3.59

LFPS innovate in order to overcome tight finances

Despite financial challenges, the average age of surveyed schools is 14 years.

Schools adopt three strategies to overcome financial challenges.



Findings:

Household Financing of Education



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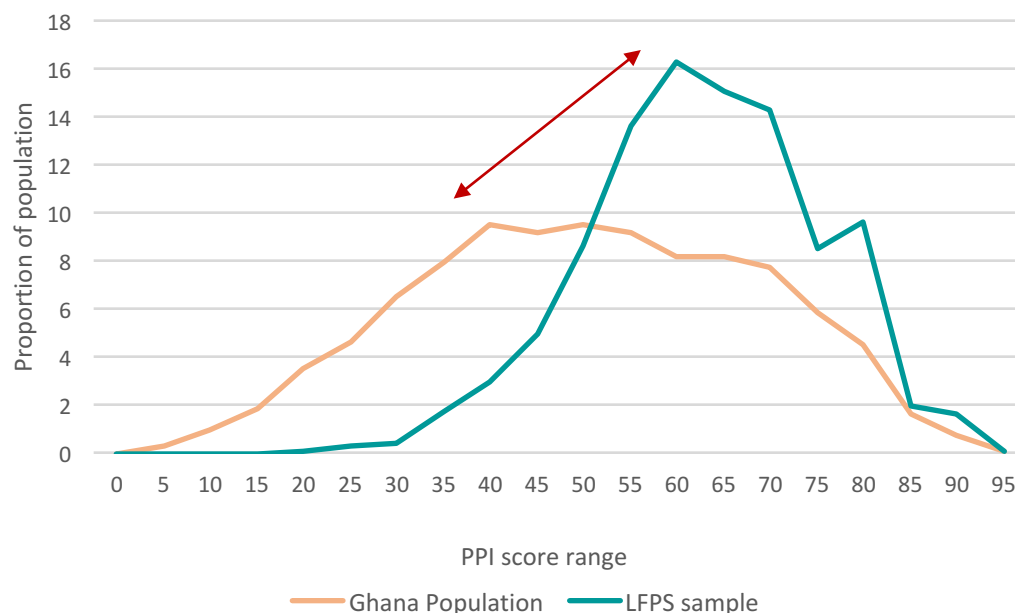
Children from Ghana's lowest-income households are not enrolled in sampled schools

- Progress out of Poverty Index measures poverty likelihood on 100-point scale.

	PPI score	Proportion below \$2.50/day
Ghana average	52.5	23%
LFPS average	64	9%

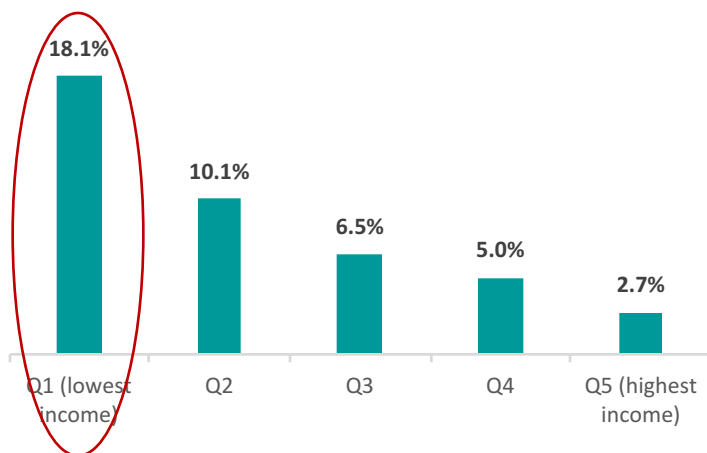
- Only 2.4 percent of enrollment is drawn from the 25 percent of Ghana's population with the lowest living standards.

Comparison of PPI score distribution between LFPS sample and overall population of Ghana



School fees place a heavy financial burden on low income households

Annual expenditure on school fees as a proportion of total household income



Total yearly education expenditure by income quintile (GHC)

	Total cost	Per-child cost	% of income spent on education per child
Q1 (lowest income)	434	191	9.75%
Q2	451	195	4.72%
Q3	443	195	2.88%
Q4	535	226	2.11%
Q5 (highest income)	530	221	1.14%

- The average household spends 8.2 percent of its income on education expenses.
- 27% of households spend over 10% of their income – an unaffordable amount – on education costs.
- Education is inelastic – per-child spending only increases by 22% between the lowest- and highest-income quintiles.

Variable household income leads many students to miss class

- Children in 27% of households sometimes miss school because of a shortage of money.
- Only 1% of households have school-aged, out-of-school children.
- 27% of households choose schools because they offer flexible fees.

Proportion of households where children miss school because of money shortages

Ashanti	31.4%
Brong Ahafo	21.4%
Greater Accra	42.9%
Upper East	24.7%
Western	16.1%

Flexible fees mean that households don't have to save large sums of money to send children to school...

...but if they don't have cash on hand, their children miss class.

Findings:

Impact Assessment



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Proprietors gained most from financial training

- 45 percent of IDPRSP school proprietors report that the most useful component of IDPRSP training is financial accounting and bookkeeping.
- Keeping more financial books is correlated with greater likelihood of profitability.
- The majority of schools that participated in the Sesame Workshop still use the acquired techniques.

Most useful concept learned from proprietor training

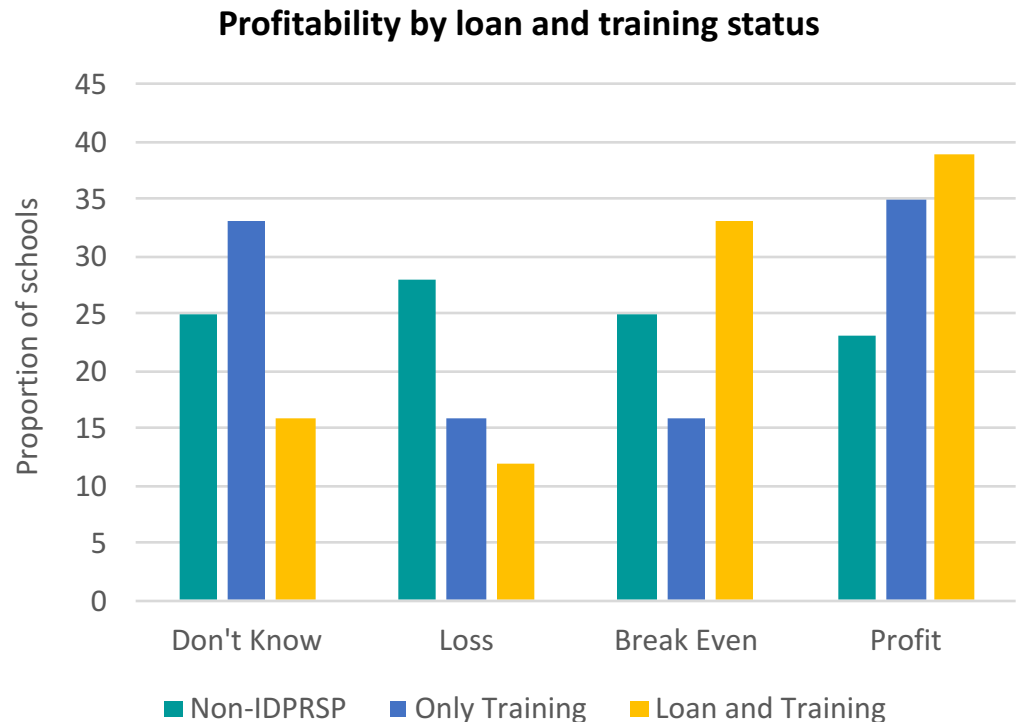
	Frequency	Percent
Financial Accounting/Bookkeeping	50	45%
School Management	15	14%
Paying Yourself	7	6%
Importance of teacher training	5	5%
Parent and community engagement	3	3%
Situational analysis	2	2%
Income generation	2	2%
Separation of private and school accounts	2	2%
Sesame workshop	2	2%

Reported changes as a result of IDPRSP training

	Frequency	Percent
Financial Management	41	37%
School Management	12	11%
Improved teaching	12	11%
Improved/stable finances	8	7%
Enrollment	7	6%
Improved client (parent) relationship	5	5%
Infrastructure	5	5%
TLMs	2	2%
Hygiene	2	2%
Diet	2	2%

Schools that received loans and training are more profitable than those that didn't

- On average, only one third of sampled schools made a profit in the last year.
- IDPRSP schools are more likely to be profitable than non-IDP schools.
- IDPRSP schools earn more revenue than non-IDPRSP schools.



Loans help improve infrastructure, but are not accessed by the neediest schools

- Loans enabled schools to make needed improvements, most frequently involving infrastructure.
- IDP schools with greater need also less likely to receive loans
 - Schools that received training but not loans have 18% more students per toilet and 19% lower average household income than those that received loans.
- There is a significant need for continued financing, as schools still lack resources to make improvements.

Top cited changes as a result of IDPRSP loans

	Frequency	Percent
General school infrastructure	18	35%
Additional Classroom	15	29%
Vehicle/School Bus	6	12%
Other	5	10%
Land Acquisition	4	8%
Teaching	2	4%
TLM	1	2%

Reason for not receiving Sinapi Aba loan

	Frequency	Percent
No Reason	19	17%
Already servicing other loans	7	6%
Interest rate is too high	6	5%
Did not meet Sinapi Aba requirements	6	5%
Lack of resources	3	3%
Now intend to get loan	3	3%
Other	5	5%
Total	49	45%

Conclusions



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The key takeaways from this report are:

1

- This study disputes the notion that proprietors are ruthless business owners. To the contrary, findings suggest that **most proprietors are either breaking even or suffering a small loss**.
- Despite these financial constraints, LFPS demonstrate **resilience**, owing to their ability to adapt and keep costs, especially teacher salaries, low.

2

- **Poor infrastructure** emerged consistently as the greatest challenge faced by LFPS, in addition to being the most pressing need to improve school quality. Parental satisfaction of current school infrastructure is also low, although it is not the most important factor in choosing schools.

3

- Our data suggest that proprietors understand the importance of **teaching quality** as an input to high academic performance, as over 80 percent of LFPS invest in teacher training. As a result, parental satisfaction with teacher quality and academic performance of schools are relatively high.

Takeaways continued...

4

- LFPS in our sample are **not reaching the poorest** segments of the Ghanaian population, and households who send children to the sampled schools have significantly higher living standards than the average Ghanaian household. Even so, the financial burden of education at LFPS is significant for most households, and is greatest among those who have multiple children in school and those who fall into the bottom income quintiles.

5

- IDPRSP has had a modest positive impact on the financial stability of LFPS. Proprietors from IDP schools **benefitted from the financial training on accounting and bookkeeping** and are more likely to save in order to invest in future projects. Schools who participated in the IDPRSP are significantly more likely to be **profitable** than comparable schools who did not participate.

This study suggests that, while significant improvement to LFPS must be made, they have an important role to play in complementing governmental efforts to provide access to quality education. It is hoped that the conclusions from this study can assist policymakers, researchers, and practitioners to identify ways to improve such access in a manner that is both equitable and sustainable.

Recommendations



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Recommendation 1: Expand data collection and analysis

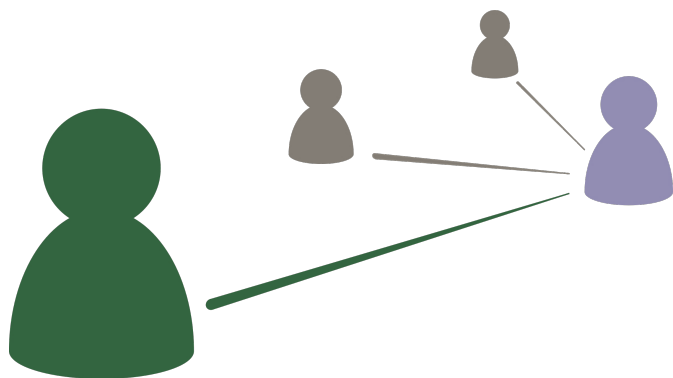
- The availability of quality data on LFPS is a premium.
- Stakeholders that support LFPS should strive to **routinely collect, analyze, and publish** program data on access, quality, affordability, and finance.
- The collection of longitudinal data would be particularly beneficial as it would allow for :
 - An analysis of trends over time
 - Promote the topic of LFPS
 - Serve as a global public good



- IDPRSP should seek to expand data collection on the following indicators:
 - Teacher trainings (number of trainings provided and how they were financed)
 - TLMS
 - Furniture
 - Quality of buildings
- IDPRSP could, over time, consider mapping these data to BECE scores to better understand the relationship between profitability, assets, and quality.

Recommendation 2: Continue offering loans and provide additional support to improve teaching quality

- Interested stakeholders should continue facilitating LFPS **access to micro loans** for infrastructure development projects.
 - Schools identify improved infrastructure as the top priority need
 - School proprietors lack the resources to fund infrastructure improvement



- Concerted efforts to **improve teacher quality** should serve as a natural next step for IDPRSP and other donors.
 - Growth of the low-fee private school sector will inevitably lead to competition and schools that are able to distinguish themselves through the provision of high-quality education (measured by more than solely test scores) will continue to thrive.
 - Interviews with education experts in Ghana suggest that more can be done to boost the frequency and quality of existing teacher training.

Recommendation 3: Increase engagement in advocacy activities

- IDPRSP and other similar donors should **play the role of knowledge broker** by highlighting successful models or operational modalities found in LFPS and sharing them with private and public sector stakeholders.
- Sharing of good practices and successes could fill a general lack of knowledge in this sector and **inform the development of clear standards** on teacher-pupil ratios, infrastructure, sanitation, school grounds, etc.
- It is **unlikely that the poorest households will ever be able to afford LFPS without government subsidization**. Supporters of the low-fee private school sector should advocate for the introduction of public-private partnerships (PPPs) such as voucher programs or contract schools in order to lower education costs.
- Donors should also **advocate for PPPs** in the form of subsidies for teacher secondments, provision of free TLMS, free attendance to government teacher training, and supportive supervision by education officers.

Thank you

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