



**RESULTS FOR
DEVELOPMENT**

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

A Needs and Impact Assessment of the IDP
Rising Schools Program

Prepared by Results for Development Institute, in
partnership with Consumer Insight Consult Africa, for
the IDP Foundation, Inc.

Executive Summary

Mirroring global trends,¹ Ghana has experienced rapid expansion in access to education over the past fifteen years. Between 2000 and 2011 the net primary enrollment rate more than doubled from 30 percent to 77 percent due to a variety of factors, including a considerable rollback of education fees (which began in 1997), a tripling of education spending, and rising incomes.

Despite these gains, the goal of providing every child with access to quality education remains a distant one. The quality of instruction in public education is generally poor, teacher absenteeism is high, and in certain areas, access to government schools remains low.

Within this context, the private sector has emerged as a viable provider of quality education in Ghana. The number of private primary schools increased by more than 46 percent between 2009 and 2015 and enrollment rates in private schools have also increased rapidly, from 18 percent to 25 percent of total primary enrollment.

This rapid growth has occurred despite minimal support from the government. Private schools, even those which limit fees (so called Low-Fee Private Schools or LFPS) do not receive government funds, and while official policies mandate that the government provide textbooks and teacher training and subsidize exam fees, these types of government assistance do not, in practice, reach schools (Abdul-Hamid et al 2016).

To support efforts of private schools to improve access to education, the IDP Foundation, along with its partner organization Sinapi Aba Trust, created the IDP Rising Schools Program (IDPRSP) in 2009. The IDPRSP seeks to strengthen LFPS by providing their proprietors with microloans in addition to training in basic accounting, financial literacy, and school and human resource management.

After nearly seven years of support, the IDP Foundation commissioned this report to measure the impact of IDPRSP and to better understand the needs of LFPS more broadly in Ghana. In addressing these dual objectives, this analysis aims to complement existing studies by analyzing:

- **Priorities, motivations, and strategies of LFPS proprietors.** Interviews with proprietors of 150 low-fee private schools provided information on how school-level decisions are made with regard to saving, investing, and attracting students. When coupled with surveys from 1,950 households, they permit an investigation into the alignment of perceptions of quality between proprietors and parents.
- **School profitability and sustainability.** Using school-level financial data, this study analyzes school profitability and sustainability, thereby augmenting the literature on longevity and the finances of LFPS.
- **Affordability.** Traditional indicators like household education expenditures are paired with data on determinants of school choice to provide a more complete picture of school demand, willingness to pay for education, and level of financial burden.

¹ Global primary school net enrollment ratio was 84% in 1999 and is estimated to have been 93% in 2015 (UNESCO, Global Monitoring Report, 2015).

In sum, this study is intended to contribute empirical data to what has often been an ideologically-charged debate about what role LFPS can play in complementing government provision of education. In doing so, it aims to identify ways in which a variety of education stakeholders can support LFPS to improve access to quality education in Ghana.

While the full report explores a diverse set of themes, a selection of salient findings is highlighted below. Four major findings are followed by a set of priority recommendations for the IDP Foundation and other key actors.

Major report findings

1. *Despite a number of challenges, including poor infrastructure and a lack of financing, LFPS schools demonstrate impressive resilience.*

Consulted stakeholders, including parents, consistently note the sub-standard physical condition of schools as a critical impediment to providing safe, quality education. Our study suggests that this is especially the case for those located in rural regions like the Upper East, where less than 50 percent of schools have toilets. When asked to rank their satisfaction with various school features, households are least satisfied with school facilities.

The primary cause of poor infrastructure is a lack of financing, with only one-third of LFPS reporting to be profitable and only 13 percent having adequate resources to pay for quality improvement projects. Schools do not generate enough revenue to be able to save for one-off improvements, and proprietors are reluctant to increase fees, fearing that doing so would deter access. Because their revenue base is not diversified (tuition and canteen fees account, on average, for 84 percent of total annual revenue), and they often lack access to loans, proprietors are faced with difficult choice: increase fees and potentially lose students, or forestall much-needed school improvement projects.

Despite these serious threats to sustainability, LFPS have demonstrated an ability to adapt and survive. Our data reveal that the average age of LFPS is 14 years. While this longevity is the product of a number of adaptations, two are particularly important. First, LFPS are able to keep expenses much lower than in government schools because of their ability to maintain low staff costs. Whereas staff salaries account for 17 percent of total expenses in LFPS, they account for nearly 83 percent of total expenditures in government schools (2013, UIS Statistical Database). Second, LFPS' flexible fee payment structures, which recognize the unsteady nature of parent incomes, diminish the number of missed payments, thus allowing LFPS to maintain a relatively predictable flow of income.

2. *Teacher quality in LFPS is a priority for parents and proprietors alike.*

Parents cite teaching quality as the most important contributor to a quality school. Furthermore, data from this study suggest that parents who send their children to LFPS are generally satisfied with the caliber of teaching. Teacher quality ranked highest in satisfaction among parents of children in LFPS, suggesting a prioritization of teacher quality on the part of LFPS proprietors. Nearly 91 percent of schools report having guidelines for teachers and 82 percent provide in-service training to teachers.

In addition to teacher quality, parents view the availability of teaching and learning materials (TLM) and the overall academic performance of the school as strong indicators of overall school quality. Notably,

although parents are least satisfied with school infrastructure, they do not perceive it a top determinant of school quality.

3. Schools must take care to avoid excluding the lowest-income households.

This study shows, in clear terms, that LFPS are unaffordable to the lowest-income households, as only 2 percent of LFPS enrollment is drawn from the poorest 25 percent of Ghana's population.

Education costs are also burdensome for many who attend LFPS. Using the commonly accepted definition of education affordability -- where education is affordable if a household spends less than 10 percent of its income on education expenses (Lewin 2007 and Tooley 2013) -- 27 percent of those families incurring education expenses fail to meet the affordability threshold. This figure jumps to 36 percent in the rural, lower-income Upper East Region.

Households in the bottom income quintile of the study's sample spend on average six times as much on education as a proportion of income as do households in the top income quintile. However, the actual amount spent by the top income quintile in GHC is only 22 percent greater than the amount spent by the bottom income quintile -- hinting at a high income inelasticity for education spending within the sampled population.

The impact of this is notable. While permanent drop-outs are rare, survey data reveal that children temporarily stop attending school when parents are unable to pay fees. One in four households that send at least one of their children to a sampled LFPS notes that a shortage of money caused a child to miss school. These data suggest that any plan to garner additional revenue should carefully consider the financial burden school fees impose on lower-income households. In many cases, proprietors understand these risks and are hesitant to raise fees given fears of losing students from lower-income households.

4. IDPRSP program interventions have enabled LFPS proprietors to acquire more business acumen.

IDPRSP schools have responded favorably to the program's interventions, as they have boosted enrollment rates, increased the number of classrooms, and strengthened the quality of their infrastructure since joining the program. These results suggest that the program's main components are relevant and effective in achieving their intended objectives.

Of particular relevance to IDPRSP school proprietors is the training on financial accounting and bookkeeping, cited by nearly half as the single most valuable component. This is also reflected in practice: reported total revenue in IDPRSP schools is almost 73 percent higher than in non-IDPRSP schools.

In addition, training participants have retained the lessons imparted at the IDP Foundation sponsored Sesame Workshop, a separate workshop to the IDPRSP proprietor training and one that trains educators with practical strategies proven to help students learn. The majority of schools from a small sample of 37 schools that report having participated in the Sesame Workshop still use the acquired techniques.

Recommendations

Our study reinforces the importance of LFPS, highlighting that private schools are viewed by families as providing high-quality education and as positioning their children for future success. Nevertheless, more

can be done: the recommendations that follow offer guidance on how donors, foundations, and stakeholders of the low-fee private school sector can support the provision of high quality education by LFPS.

1. Conduct routine data analysis and expand data collection.

The availability of quality data on LFPS is low. As a result, those 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, bring attention to the topic of LFPS, and serve as a global public good.

2. Expand access to micro-loans for infrastructure development projects.

Households express relative dissatisfaction with the current state of infrastructure in schools. This need is also recognized by proprietors, who lack access to financing for these improvements. Micro loans provide access to new financing, and 32 of the 110 interviewed proprietors attribute improvements in general school infrastructure to the presence of micro loans. Given their effectiveness and the need expressed by proprietors, the IDP Foundation and other donors should expand LFPS access to micro loans for infrastructure development projects.

3. Invest in efforts to increase teaching quality in order to attract and retain students.

IDPRSP has focused primarily on improving access to education by helping proprietors improve infrastructure and financial and operational management of schools. While parents are generally satisfied with the caliber of teaching, concerted efforts to improve teacher quality should serve as a natural next step for IDPRSP and other LFPS stakeholders.

Although they are able to take advantage of the inherent incentives that drive improved teacher performance in the private sector, LFPS should continue to strive for better teaching quality. 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. As this report's findings emphasize, parents consider high teacher quality as a key determinant of their willingness to pay for education and school choice. While most proprietors are investing in in-service training, interviews with education experts in Ghana suggest that more can be done to boost the frequency and quality of existing teacher training.

4. Support the development of policies to better integrate government and private education services, primarily through a heightened role in advocacy and sharing of good practices.

Given its network of partners in both the government and private education sectors, IDPRSP is in a unique position to support the development of policies that improve the education sector as a whole. Using the successes of the program as a foundation, IDPRSP could play a knowledge broker role by highlighting successful models, operational modalities, or pricing innovations found in IDPRSP schools and share them with private and public sector stakeholders.

Sharing of good practices and successes could fill a general lack of knowledge in this sector and could inform the development, for example, of clear standards on teacher-pupil ratios, infrastructure, sanitation, and school grounds. For private schools that are compliant with basic standards and that

complement government education services in underserved remote or high-density areas, subsidies in the form of teacher secondments, provision of free textbooks and teaching materials, free attendance to government teacher training, and supportive supervision by the education officers could also be included in negotiated public-private partnerships.

Finally, it is unlikely that the poorest households will ever be able to afford high-quality private schools without financial assistance. As a result, key stakeholders should support research and accompanying dissemination on innovative pricing models to ensure sustainability and affordability. As an example, sectoral partners could advocate for the introduction of public-private partnerships such as voucher programs or contract schools in order to lower education costs without making private schools financially unsustainable.

Conclusion

In view of its expanding reach, the private school sector in Ghana cannot be ignored. Encouragingly, there is a growing body of evidence on its effectiveness and the sustainability of its schools. This study, which represents one of the most in-depth of its kind, adds to this evidence base by collecting and analyzing data on attitudes and perceptions from both sides of the market.

Importantly, this study disputes the notion that proprietors are ruthless business owners, for whom profit margins trump academic achievement. To the contrary, its findings suggest that most proprietors are either breaking even or suffering a small loss, and for those that are making profits, they are often quite modest. Unfortunately, this puts much needed-improvements to infrastructure and teaching quality in jeopardy, which in turn limits the ability of LFPS to reach their full potential.

In order for these institutions to achieve their aim of increasing access to quality education in a sustainable manner, contributions from many actors are needed. Parents and caregivers must continue to demand quality from proprietors. Proprietors must invest in evidence-based practices which improve learning, not just test scores. And perhaps most importantly, government and private education actors must enhance the extent of their collaboration, bound by a shared goal of enhancing learning. Exchanges between representatives from both sets of institutions, whether about pedagogical practices, or policies that promote inclusion, can be mutually reinforcing.

This study has contributed to an emerging consensus of how to support LFPS in a manner that does not detract from, but instead complements the efforts of government schools. If calls for better coordination and more supportive policies are heeded, the impact on the education sector will be long-lasting.