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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RESULTS FOR DEVELOPMENT

Overview

I.I. Background and Methodology

I.II. Findings – Needs Assessment

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Background of the Study

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

IDPRSP provides 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 550 schools, which serve nearly 132 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

557	131,980	379	93%
SCHOOL PROPRIETORS	STUDENTS	LOANS DISBURSED	LOAN REPAYMENT RAT

Aims of the report:

1) Assess the impact of IDP Rising Schools Program
2) Understand the needs of LFPS and households' perceptions of quality education services

Desk research

Review of literature and country context

Pre-post comparison

Baseline and mid line data

School survey

150 schools sampled

- 110 IDPRSP schools
- 40 non-IDPRSP schools

Qualitative and quantitative components

Household survey

13 students sampled from each school, totaling 1,950 Households

Expert interviews

Officers from GES, UNESCO, USAID, UNDP, GNECC, and other researchers and experts

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Definition of Low-fee private schools

Low-fee private schools are:

- Privately owned and managed by a local proprietor
- Schools that offer low school fees
  - Fees are considered “low” if fees for all children in a family are at most 10 percent of total family income *for the two lowest income quintile groups in Ghana*

- **This study does not include international private school chains and other non-state education providers such as religious schools or NGO schools**

Findings:

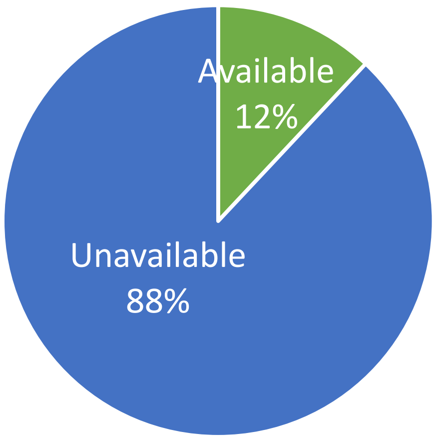
Challenges and Needs of LFPS

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 and an area they want to invest in.
- 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.

Proprietors lack the financial resources to pursue school improvements

Resource availability

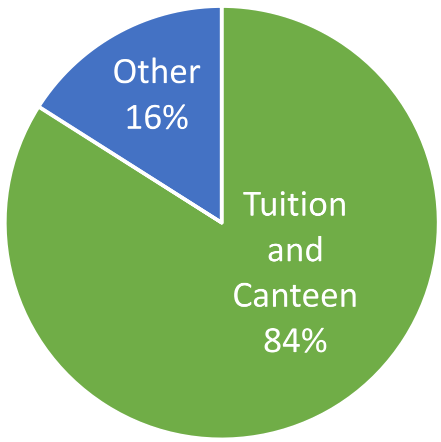


- Few schools have the necessary resources to finance school improvements.

Profitability

- Only one-third of schools are profitable

Revenue



- Revenue streams are not diversified

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.

1. Introduce flexible school fees
   - Increase household ability to pay tuition and fees
2. Gradually invest in infrastructure
   - Accommodates unpredictability of school finances
3. Hire and train inexperienced teachers
   - Lowers spending on staff while ensuring high quality instruction

Findings:

Household Financing of Education

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

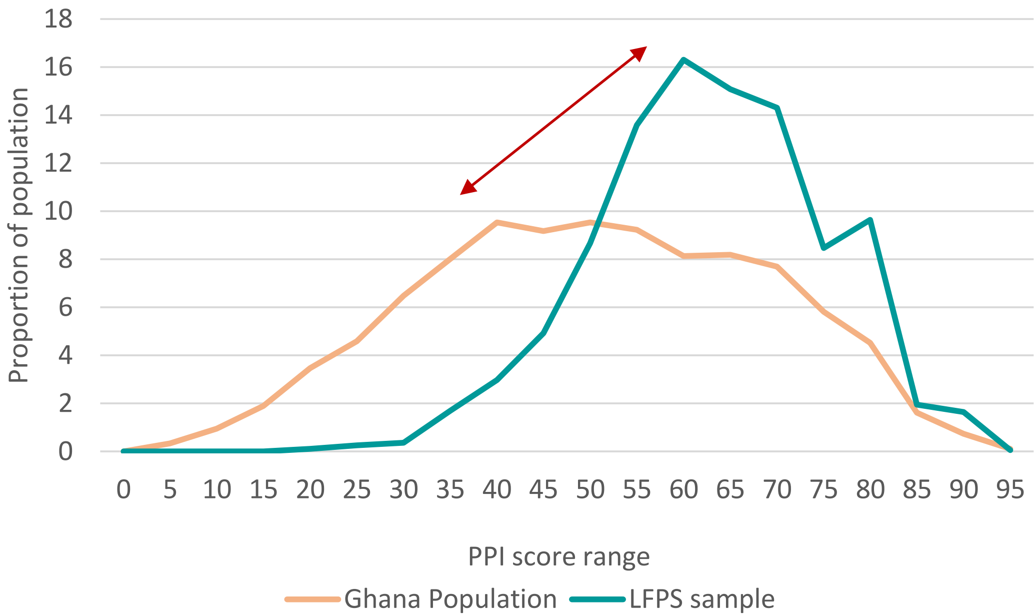
- Progress out of Poverty Index measures poverty likelihood on 100-point scale.

Figure 1.

	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.

Figure 2. Comparison of PPI score distribution between LFPS sample and overall population of Ghana



School fees place a heavy financial burden on low income households

Figure 3. Annual expenditure on school fees as a proportion of total household income

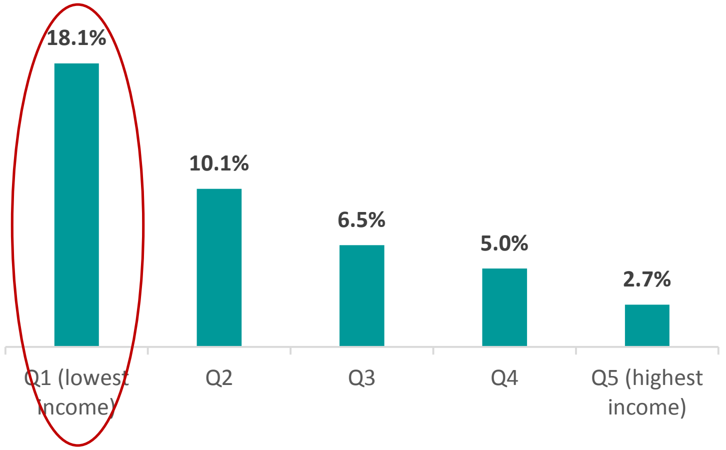


Figure 4. Total yearly education expenditure by income quintile (GHC)

	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.
- Children in 27% of households sometimes miss school because of a shortage of money.

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.

Figure 5. 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%

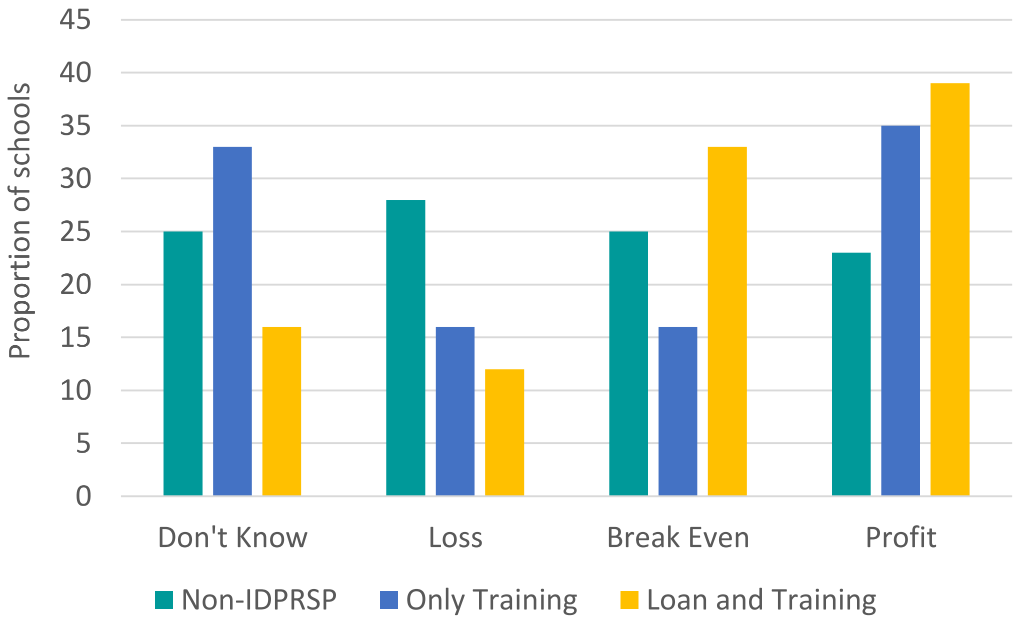
Figure 6. Reported changes as a result of IDPRSP training

	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.

Figure 7. Profitability by loan and training status



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.

Figure 8. 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%

Figure 9. 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

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**.

2

- **Poor infrastructure** emerged consistently as the greatest challenge faced by LFPS

3

- LFPS in our sample are **not reaching the poorest** segments of the Ghanaian population

4

- 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.

Thank you!

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