OPPORTUNITY
International

School Improvement Loans Linked to Positive Outcomes in Ghana and Uganda

Results from an assessment conducted by Three Stones International

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Summary

Opportunity International's (Opportunity) Education Finance (EduFinance) program supports affordable private schools to provide accessible, quality education to low-resource communities. Through partnerships with more than 35 financial institutions worldwide, Opportunity provides two types of lending products – the School Improvement Loan (SIL), which has provided over 8,000 education loans to entrepreneurs in order to finance school improvement, and the disbursement of over 215,000 School Fee Loans (SFL), helping to provide struggling families the ability to pay for their children's school fees, uniforms, materials and other needs .

Opportunity's School Improvement Loans (SIL) have been a key aspect of EduFinance program from the beginning. In 2014, EduFinance carried out an explorative study to identify potential areas of change in and around SIL client schools, with special attention paid to the effects that these loans had on the school and the community. That study found that for those schools observed, the loans resulted in a 24% increase in enrollment, 36% increase in teaching staff and 63% growth in income, on average. The loans also drove the creation of 11.3 new jobs on average by the end of the loan term, from teaching positions to fixed term construction.

Building from the 2014 study, in 2018 Opportunity partnered with Three Stones International to conduct a study to further understand the effectiveness of its SIL product after multiple cycles by identifying dimensions of change and assessing the breadth and depth of programmatic impact on a sample of participating schools, students, parents and the wider community. The study sought to confirm whether the outcomes identified in 2014 still held, as well as explore other unforeseen outcomes.

The final report found that there were significant improvements in the physical infrastructure of schools, with positive spillover effects into the community. While all schools did not report increases in enrollment levels, they did all see improvements in their ability to market themselves to the community. Further, schools were able to hire more teachers through increased working capital, though challenges such as timely teacher pay remain a common issue which can lead to higher turnover (common across all similar markets). Schools noted building stronger relationships with their communities as a result of improvements made using a SIL. This report highlights the numerous benefits that a SIL can bring to a community, affecting all members of the ecosystem, from proprietors, teachers and parents to, most importantly, the students.

Opportunity and Three Stones International designed an appreciative inquiry-based approach for this study, which is an iterative, qualitative methodology that is centered on a positive and constructive perspective on phenomena being observed. Through a combination of key informant interviews, focus group discussions and observations of school proprietors, teachers, students, parents and community members, the study aimed to capture an in-depth and holistic picture of EduFinance's SIL impact across its portfolio in Ghana and Uganda.

Key Findings from the Report

Infrastructure

- Across all study sites, there has been marked **improvements in the physical infrastructure** of schools, including the expansion of storied buildings and classrooms, increased safety and security through gates, as well as beautification.
- Moreover, these infrastructure investments had **significant spillover effects into the community**, including renovations of roads, availability of water resources in times of scarcity, as well as increased hygiene through better waste management (i.e. the removal of pit latrines and installation of septic tanks).

Enrollment

- In both Ghana and Uganda, enrollment rates remain inconsistent. For schools that witnessed increased enrollment, they attributed it to **improvements in the schools' marketability**, including better infrastructure, quality of teachers, school feedings and flexibility of fees, as well as **stronger community relationships** and support from parent-teacher associations (PTA).
- A small portion of schools interviewed reported **some competition from neighboring schools**, both government and private, playing a large role in decreases in enrollment, driving proprietors to rethink investment and growth strategies.

Teachers

- SILs are providing schools with **working capital to hire more teachers**, and to provide higher salary incentives based on attendance, punctuality and student performance. In Uganda, most schools are also providing alternative incentives, including payment for their children to attend the school, housing, transportation, and a spending allowance.
- Teachers cited benefits of their schools taking out SILs included **trainings, support and opportunities for learning**, including on financial literacy, teaching methods and communications skills with parents. Some teachers discussed **capacity-building** as a reason they were interested in working for their respective schools.
- Moreover, teachers highlighted the SIL as the reason their school was invited to participate in the Opportunity EduQuality program, supporting schools to **organize into clusters, through which they are able to network, exchange ideas** and foster inter-school competitions to support their students' learning.
- Despite the benefits and incentives provided to teachers, across all study sites there remained mixed feelings regarding salaries. In Ghana, although teachers were often uncertified and being paid a competitive rate for private schools, they nonetheless **expressed dissatisfaction at being paid less than their counterparts at government schools**. In Uganda, the common sentiment was that an increase in salary was nonetheless **insufficient to meet the increase in cost of living.**

School Performance

- Schools cited **improvements in their students' academic performance**. In half the study schools in Uganda, many students achieved Division One status. This was attributed to quality and dedication of teachers and lower student-to-teacher ratios.
- Strong performance, in turn, was reported as creating a **draw for new students to enroll**, even if some schools felt their physical infrastructure was not as appealing as compared to their competitors.

Parental Engagement

- In Uganda, schools are conducting a variety of **activities dedicated to engaging parents**, including Parent-Teacher Associations (PTAs) and class visits. Parents felt positively towards school proprietors and some mentioned appreciation for the flexibility shown in paying school fees. At many schools, parents felt included in decisions at the school and sometimes benefited from informal, in-kind school payment options, such as paying with food.
- In Ghana, parents also expressed positive sentiments towards schools' **flexibility in paying school fees**. Schools may find benefit from pointing these parents towards institutions offering SFL. Similarly, PTAs were cited as an important vehicle through which parents could influence school decisions.

Community Relationships

- In Uganda, school improvements are **fostering greater ties between parents, teachers and schools**, between parents and their children, and between the school and the community. **Schools are seen as role models** in diversity by community members, including between Muslims, Christians and other religions and nationalities. Furthermore, some **schools have also found ways to give back to the communities**, including offering bursaries to marginalized children and assisting community members with water. Some schools are also offering flexibility with school fees as a component of giving back to the community, with tailored payment plans or options for in-kind payment, such as food. This is an area where SFL from financial institutions could serve to support both the school and the parents.
- In Ghana, while there was limited direct interaction reported between schools and the community, schools have continually pushed for advancements on behalf of the community. One such method has been **advocating with the local authority towards fixing infrastructure** around the school, such as drains or contributing materials towards improving roads.

Local Economic Development

- Across all study sites, **schools have spurred local economic growth through employment and investment**. As employers, schools have hired full-time teachers, accountants/bursars, bus drivers, and hostel boarding staff, in addition to temporary cleaners, gardeners, plumbers, masons and construction workers. Schools are also contracting services from food vendors, tailors, nurses, private bus operators and others. Moreover, at multiple study sites, community members observed that there was an increase in retail shops in their neighborhoods as a result of population growth around the schools.

Methodology

To undertake this study, the research team collected data from 7 SIL clients in Ghana and 8 clients in Uganda between August and October 2018. The sample of schools intentionally included those clients who had participated in the 2014 study. By revisiting outcomes in these communities, as well as exploring new schools, this evaluation sought to identify attributable, valid categories where Opportunity can continue to expect to see impact. Within each school site, data was primarily collected from semi-structured key informant interviews (KII) with school proprietors, community members and SIL administrators, as well as from focus group discussions (FGDs) with teachers, students and parents. In Ghana, a total of 7 school proprietors and 7 community members participated in KIIs; 32 teachers, 50 students (aged 7 to 15 years), and 11 parents participated in FGDs. In Uganda, a total of 8 school proprietors and 8 community members participated in KIIs; 46 teachers, 53 students (aged 8-11), and 52 parents participated in FGDs. All referenced enrollment and student achievement numbers were self-reported by school leaders and not independently verified by the research team.

To allow for the capture of any unforeseen impacts of the SIL program, tools were deliberately open-ended and flexible, which allowed researchers to capture and explore crucial common concepts beyond the scope of the set tools used. Finally, an observation checklist was used both as a record-keeping tool, but also as a way for researchers to further identify impacts beyond the respondents' answers. Upon completion of fieldwork, all notes and transcripts were coded using the qualitative data analysis software, Dedoose. The analytic approach utilized was first to take a summary of all findings per school through identifying key activities that took place from the loan. This summary approach also included further exploration of key themes, which were later further extrapolated upon across the schools.