

# Increasing Access to Affordable, High Quality Education

## Research affirms School Improvement Loans help school proprietors meet parents' demands

**Project Overview** Opportunity International has been providing Education Finance (EduFinance) services to low-cost private schools for the past ten years. Opportunity's partnership with local schools in Uganda and Rwanda has helped expand education access for low-income families, finance improvements to school facilities, and improve the quality of education.

### Key Research Findings

- **For Financial Institutions:** With an increase in demand for higher quality education by parents, proprietors have used School Improvement Loans (SILs) to improve their facilities and expand access to education.
- **For Global Learning:** Financing affordable private schools leads to broader community impact by reaching hundreds of children per school and creating and sustaining jobs that boost local economies with every loan.

## RESEARCH CONTEXT

The UN Sustainable Development Goals affirm that every child deserves access to an affordable, quality education, yet nearly 263 million children and youth are out of school today. In fact, the World Bank reports that if all children in developing countries completed basic schooling, 171 million people could be lifted out of poverty.<sup>1</sup> Education is key to the work of eradicating extreme poverty. School enrollment and completion are necessary, but so is ensuring that the education children are receiving is high quality. Local private schools often offer communities a higher quality of education and reduce the enrollment burden on public schools, yet these schools frequently struggle to access financing and relevant training to improve their schools. To address this problem, Opportunity International's EduFinance program provides financial services to low-cost private schools with the goal of reducing risk of drop-out and increasing access to quality education.

## THE PROJECT

Opportunity's EduFinance program has provided financial services to schools and families since 2007 using two key products: School Improvement Loans (SILs) for private school proprietors, and School Fee Loans (SFLs) for families with school-aged children. In 2016, Opportunity enhanced its services by offering Education Quality programming for teachers and proprietors. As of June 2017, Opportunity had reached more than 2 million children through EduFinance, reporting an outstanding portfolio over \$40 million (USD). To better understand the impact of our SIL product, research was conducted in Uganda and Rwanda in February 2017. Nearly 200 parents and 87 school proprietors were interviewed, along with in-country EduFinance staff. This research found consistency between EduFinance's objectives and services, and the educational needs and aspirations expressed by local communities.

## KEY FINDINGS

**School proprietors are highly educated professionals.** Approximately 55% of the proprietors surveyed had a university degree, and an additional 33% had completed post-secondary education. Making financing accessible to educated, entrepreneurial individuals like school proprietors who want to invest in their communities ultimately combats "brain drain," reducing the need for highly-educated individuals to leave their communities in search of better employment opportunities elsewhere – which hinders localized economic growth.

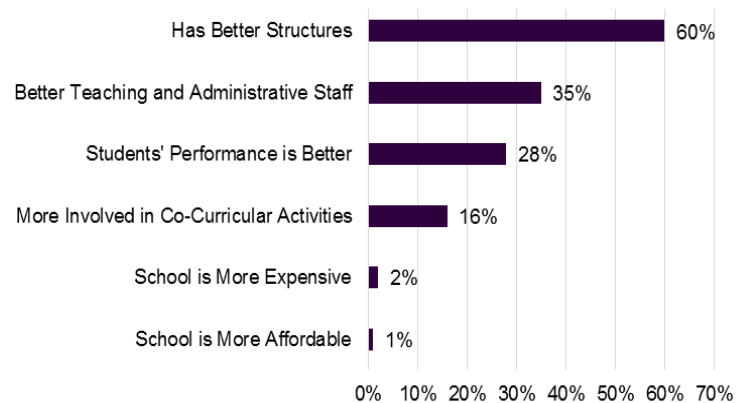
**Financed schools serve low-education, low-income families.** Most parents whose children attend our financed schools have received very little formal education. Only 41% of interviewed parents completed primary school, 33% completed secondary school, and 6% reported they had not received any formal education. Over two thirds of the parents are either self-employed or unemployed. Consequently, their income is not reliable, making the regular payment of school fees a challenge. Investing in the future of these families works to break cycles of

inter-generational poverty, as children can complete their education and pursue higher-paying, more secure jobs.<sup>ii</sup>

**Parents jointly consider distance, cost, safety, and quality to be key drivers of school choice.**

- 83% of parents interviewed said they chose where to send their children to school with their spouse, demonstrating a mutual interest in education.
- 61% of parents said they had moved their child from one school to another in the past three years – showing how parents continue to evaluate these key drivers of school even after making their initial decision.
- Parents expressed that Opportunity partner-financed private schools are addressing their key drivers of school choice (distance, cost, safety, quality), making them a better choice than other schooling options available.

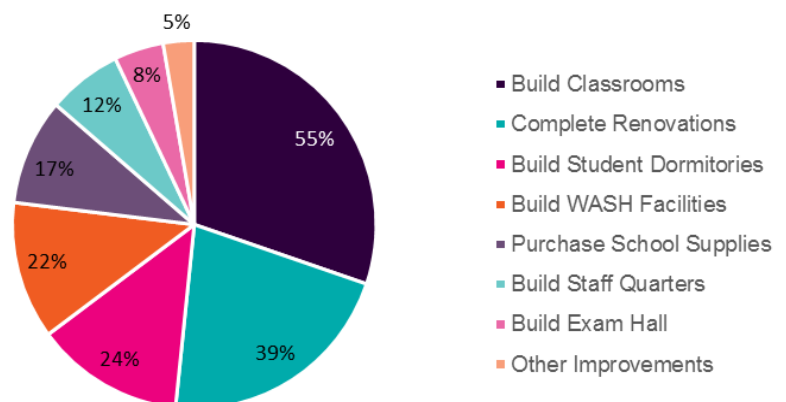
**Parents’ opinions when comparing Opportunity partner-financed schools with other schools**



**Schools use Opportunity loans to address the factors of distance, cost, safety and quality.**

- Some schools are building dormitories and providing transportation, lowering safety risks faced by children traveling to school.
- Proprietors prioritize keeping their school affordable, as families often struggle to pay school fees – even when they are only \$49 per term on average. Rather than increasing school fees, proprietors increase revenue by focusing on increasing student enrollment by expanding classrooms, investing in school infrastructure, and improving education quality to make their schools more attractive to parents.
- As schools become more financially stable, proprietors can hire more qualified teachers, leading to an increase in the quality of the education overall. Opportunity’s goal is not only to expand access to education, but also increase the quality of education students receive. Another study in Uganda found that girls attending Opportunity partner-financed schools showed 64% greater improvements in literacy and 32% greater improvements in numeracy over girls at non-financed schools.

**Proprietor Use of School Improvement Loans**



**Financially stable schools are generating jobs in their communities.** An estimated 185 new full and part time jobs were created by the 75 financed schools studied in Uganda. Additionally, private schools boost local businesses by buying school materials and hiring tradesmen to complete school renovations. These new local jobs and partnerships with the schools contribute to the community’s economic development.

**This study shows Opportunity’s strengths in:**

**Responsiveness:** Addressing educational challenges expressed by parents by financing local affordable private schools.

**Global Awareness:** Contributing to SDG #4: ensuring inclusive, quality education for all by 2030.

<sup>i</sup> World Bank, <https://olc.worldbank.org/sites/default/files/2015-03-gpe-case-for-investment-summary.pdf>

<sup>ii</sup> A UNESCO study found that each grade completed by a child translated to an increase in wages of 10% once they became adults. “Sustainable Development Begins with Education.” <http://unesdoc.unesco.org/images/0023/002305/230508e.pdf> Pg. 1