Low-fee Private Schooling in Ghana: Is growing demand improving equitable and affordable access for the poor?

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Pre-Publication Version

In Ghana, large proportionate increases in enrolment in private schools appear to have played a role in improving overall access, while the expansion of this sector raises issues of comparative quality, affordability and equity. In particular, the expansion of low-few private schools draws attention to issues of relative affordability and school choice behaviour. The paper is in two parts: first of all, it explores the developing patterns of access to private basic schools in rural districts, making use of data from the Ghana Living Standards Surveys; including the GLSS 5 community survey for rural areas and administrative data from the Ghana EMIS. Private schooling is selected even by the poorest groups, although rates of private school attendance increase dramatically with household consumption. Among other factors associated with private school choice are mother's education and other key indicators of the demand for education including religion and ethnicity alongside important supply-side effects of the availability of choice. Proportionate expenditure on private schooling increased markedly, especially among higher consumption groups. Overall inequality in terms of initial access to schooling as a whole decreased. The second part of the paper draws from qualitative data from the Consortium for Research on Educational Access, Transitions and Equity (CREATE), to explore the motivations behind poor families interests in low-fee private education, the forces which are shaping increasing demand, and the implications for public policy towards growth in low-fee private provision.

Introduction

The Millennium Development Goal of universal basic education for all the world's children faces some of its most serious challenges in the sub-Saharan Africa region; owing partly to continuing inadequate schooling supply as well as to deficiencies in demand. Nonetheless, as the basic access goal is slowly being improved in the region, focus is turning to the issue of ensuring 'good quality'. Important recent studies have attested to the role not only of schooling per se, but of quality education and consequent cognitive development as key to economic well-being of both individual and nation (e.g. Hanushek and Woessmann 2007). Basic education in many parts of the sub-Saharan Africa region is of poor quality in comparative terms, while its cost to the national budget remains high. Ghana's proportionate spending on basic education is already high, presenting difficult challenges with regard to access and quality improvement which bring issues of efficiency and equity in resource allocation to the fore.

The phenomenon of private school enrolment growth in Ghana is not simply an urban trend and is present both in rural areas and among the poor. It is also notable that the trend has been little affected by the introduction of substantial initiatives to reduce the costs of public schooling to households. Some argue that this growth in privatisation of basic education is in part a response to perceptions of poor quality in the state sector. There is limited evidence that even low-fee private schools can outperform government schools in terms of achievement, although this is controversial and not consistent (see Tooley and Dixon 2006). However, low-fee private schools do often operate at considerably lower unit-costs than state schools in Ghana, so that the position in relation to cost-efficiency may be less ambiguous.

Part of the conventional justification for state provision of basic schooling, in addition to the fulfilment of a basic human right, consists in the extensive external benefits that arise from public education and the consequent failure of markets in the sector to make socially optimal provision. However, conversely, the prevalence of 'government failure' in the education sector, in respect of socially sub-optimal resource allocation along with issues of inefficiency must, nonetheless be set against that of market failure in a consistent approach to the issue of equity and social justice outcomes of education delivery mechanisms.

Over the years, efforts to improve equitable access to basic education in Ghana have been pursued relentlessly starting with the accelerated development plan (ADP) in 1951 which abolished tuition fees in public schools. In 1960, an Education Act made fee free primary and middle schools a constitutional right. Both the Act and the ADP laid the foundation for rapid expansion of access and contributed to narrowing the inequalities associated with earlier patterns of access. But by the mid-1970s, setbacks in Ghana's economy had led to widening participation in education between the poor and non-poor (Akyeampong et al., 2007; World Bank, 2004). However, major education reforms launched in 1987 with financial assistance from the World Bank and other bilateral organisations narrowed the participation gap (World Bank, 2004). In 2005, school capitation grants were introduced as a strategy to eliminate fees associated with public basic education with schools allocated about $6 per child per year (MOESS, 2009). Capitation was intended to motivate demand for schooling, narrow the access gap between poor and non-poor households, and improve quality of education provision in basic schools. By this time the country was seeing a rise in low-fee private schools serving mostly the rural and urban poor, and prompting questions about whether the trend represented growing demand from households dissatisfied with public provision of basic education, and what this means in terms of equitable access to quality education for the poor.

In this chapter, we analyse trends in access to both public and private schools in mostly rural contexts where the majority of poor Ghanaians reside for insights into how equitable the access has been, and the structure of costs associated with poor household access to predominantly low-fee private schools. By basing the analysis on data from rural areas we have assumed that private schools in these areas are predominantly in the low-fee category. Populations in rural areas of Ghana are considered relatively poor. We also examine access trend data for the effect that capitation might have made to school choice, and investigate the behaviour of rural households towards public and private in some communities of Southern Ghana. Using large scale survey data and EMIS data we identify the factors associated with low-fee private school choice and other key indicators for education. The analysis examines trends in expenditure on private education between welfare groups, and assesses the overall trend in inequality in terms of access to schooling and what patterns of spending and enrolment indicate in terms of access to quality schooling vis-à-vis public and private schooling in rural settings. Finally, based on CREATE qualitative case study data gathered in rural/peri-urban communities in Southern Ghana, we discuss the perspective of poor households on their school choice, and in particular, the factors that have influenced their choice of low-fee private basic education for their children.

Literature Review

School Choice

Modelling of the determinants of schooling participation and schooling choice needs to account for features of the full range of constraints and influences on the household decision to send a child to school and to which kind of school. This decision may be considered as a part of a household's long term utility or welfare maximisation strategy and hence may be analysed within the cost-benefit analysis framework of Becker's household production function (Becker, 1964). This framework conceptualises the household decision in terms of an attempt to compare the direct and opportunity costs of schooling, and of a particular kind of schooling on one hand with the future economic benefits to the household, including income returns on the other. The household costs and benefits of sending a child to school may also be understood in terms of the supply and demand for education. Household demand for education reflects the net benefits of education which depend on features of the particular child, its parents and household, of the school – particularly the quality of education provided, and of features of the wider location and context, especially of the local community. The supply of public education is of course largely determined by local and national education policy and provision. The provision of private schooling may be considered a response to demand.

At the level of the individual child, gender and age affect the true and perceived net benefits of education, through differences in the opportunity costs of schooling in terms of lost current earnings and in terms of differences in the returns to education and hence in future earnings (Kingdon and Theopold, 2006; UNESCO, 2005). The opportunity cost of schooling is largely determined by the rewards to and availability of child labour, but work is not necessarily antithetical to schooling and indeed wages from work may even be required to afford schooling, particularly prior to free education policy implementation. Further, poverty is not necessarily the main reason for child labour and the poorest households may be those whose children neither work nor attend school (Bhalotra and Heady, 2003; Bhalotra and Tzannatos, 2003; Canagarajah and Coulombe, 1997; Ravallion and Wodon, 2000; Siddiqi and Patrinos 1995). A child's birth order and relationship to the household head have been found to affect school participation in economically poor countries including Ghana, partly because households may be constrained from educating all children to the same level (Glewwe and Jacoby, 1994).

Parents' education is also found to be an important determinant of children's school participation in sub-Saharan countries including Ghana (Kazeem, Jensen and Stokes, 2010; Sackey, 2007; UNESCO, 2005). Where these effects are separated from income, parental education may serve as an indicator of 'preferences for education' developed through parents' own educational experiences. Socio-economic and occupational groupings are also associated with school participation (Dreze and Kingdon, 2001). In the case of those in formal employment, the increase in preference for education may be linked to the positive effect of education in selection into more lucrative occupations; effects which are strong in Ghana. Cultural and religious differences may offer an additional explanation with regards household decisions regarding private schooling. Household assets and income/consumption levels are unsurprisingly found to be closely associated with children's participation in schooling, especially

private schooling, and clearly affect the affordability of education and particularly of private education. These effects might be expected to rise with the level of education, given that direct and opportunity costs are often much greater at the secondary level than at the primary (Checchi, 2001).

Household size and composition, including the nature and extent of dependency among household members, may be expected to impact on the affordability of schooling decisions. Outside the household and immediate locale, the panoply of regional and contextual factors affects both supply and demand for schooling. These include urban/rural location, the dominant forms of agriculture and the overall level of development including employment opportunities (Baschieri and Falkingham, 2006; Dreze and Kingdon, 2001). Perhaps the most striking feature of the Ghanaian context overall is the North/South divide, which affects almost all indicators, including school participation generally (Fentiman, Hall and Bundy, 1999; Akyeampong et al., 2007) and private education. On the supply side, availability, accessibility and quality of schooling are clearly important factors. Moreover, the availability of opportunities for progression to higher levels of education has been found to affect enrolment earlier on in a child's school career (Glewwe and Jacoby, 1994; Lavy, 1996). Distances to school have been found to be significant with regards to participation in Ghana, although their effects in general appear to be declining, perhaps as a result of school building and infrastructure development (Filmer, 2007; White, 2004). School quality, while difficult to measure, may be expected to influence participation and limited work in Ghana has established positive effects of higher quality indicators (Fentiman, Hall and Bundy, 1999; Lavy, 1996).

Educational costs can create a disincentive for the poor to access schooling. Before the introduction of fee-free primary education in Zambia and Uganda, about a third of all households' expenditure was spent on education. Removal of school fees reduced the cost burden considerably and improved access significantly especially for poor households (UNESCO, 2007). In Ghana, direct and opportunity costs have acted together to prevent many poor children from accessing basic education (Oduro, 2000; Boateng, 2005; GNECC, 2005; Sackey 2007). But other related costs of education can equally act as a disincentive for enrolling in school. Even when school fees have been abolished other costs related to books, food, clothing (uniforms) and transport have been shown to act as barriers to access. Thus, school fees may not be the major obstacle to access, and in fact may in some contexts, constitute a relatively smaller element of education costs that households have to shoulder. In Tanzania, for example, a study found that school fees constituted only a fifth of total costs of primary schooling (Mason and Khandker, 1997). Thus, in terms of cost burden school fees may represent a relatively small element relative to other costs (see, Colclough et al., 2003), which means that if the difference in household education costs between public and low-fee private school is not great, then this may tip choice in favour of the latter especially if it is perceived to offer better value for money.

If households have a choice between low-fee private and fee-free public schooling, a perception that the former offers better 'value for money' could encourage some to give the low-fee option serious consideration. Abolishing school fees in public schools could also shift the cost-benefit calculus in favour of the low-fee private option especially for those who believe that it offers

better quality and improves chances in selection examinations. In effect, households' decisions to access low-fee private schools could depend on affordability, trade-offs, and perceived value in relation to the investment. Among the poor who seek education as a way out of inter-generational poverty, that desire, in combination with other enabling factors may make low-fee private school attractive and worth the effort to make a small investment.

Methodology

The analysis begins with descriptive analysis of private schooling enrolment at the basic level using GLSS and EMIS data. It proceeds to examine the determination of private school supply in rural Ghana 2005/6 using GLSS household and community data addressing the factors that are associated with the location of private schools in rural Ghana. It examines the determination of private school choice in rural Ghana 2005/6 using GLSS 5 community and household data. This is according to a two-stage procedure (1) modelling the determination of the decision to (currently) enrol a child in school (2) conditional upon the decision to enrol a child in school, modelling the determination the decision to opt for private schooling. Approaches are employed to model individual and village level effects.

The Ghana Living Standards Surveys collect nationally representative data with the aim of measuring levels and changes in standards of living useful for evaluating and informing policy decisions. Clusters or primary sampling units (PSUs) are census enumeration areas (from the 2000 Census), typically villages where rural areas are concerned. In addition to the household survey, a community survey is conducted for each rural community in the GLSS sample. This contains information on the schools located in each community and their funding status – public or private. Most enumeration areas contain one community but a number contain more than one. Where there is more than one community, the community survey contains data identifying the households sampled in the household survey for each community. A total of 371 rural communities were surveyed in the GLSS 5 Community Survey. The sample of rural communities which may be considered for the purposes of this paper is reduced to 355 communities in which it is possible to match communities and households. Among these, 54 communities were found to contain both a private and a public primary school. 286 communities contained only public school(s), 14 only private school(s) and one community had no schools of either type. Clearly, some households choose to send their children outside the community, either for public or private basic schooling.

CREATE gathered qualitative data on educational access in the Mfantseman district of Ghana. Mfantseman, is located in the Central Region of Ghana and classified as the fourth poorest region out of twelve regions. The district has a population representing about 7% of the total population of the region (GSS, 2005a). About 60% of its inhabitants live below one dollar a day (MDA, 2006; GSS, 2000), indicating wide poverty levels among its population. The main economic activities are farming and fishing with nearly half the adult population (49.4%) engaged in agricultural, animal keeping and forestry activities (GSS, 2005a). Farming activities are rain fed and with the perennial erratic rainfall patterns and labour intensive nature of farming in the area, many farmers can only produce at the subsistence level. About a third of the population has

never enrolled in school - about 17% of them between the school age of 6 to 14 years. Compared to the other districts in the Central Region, this district has the highest proportion (about a fifth) of school-age children who have never enrolled (GSS, 2005a), and yet there are low-fee private providers operating alongside public schools. An interest for this paper is the factors which motivate relatively poor households in this district to choose low-fee private education when capitation has been introduced into public schools to effectively abolish fees. Before delving into the case study evidence about school choice, the next section discusses the analysis of two datasets (GLSS and EMIS) for patterns of growth in private schooling relative to public basic education in rural areas where low-fee private providers have targeted.

The Growth of Private Schooling in Ghana

The Ghana Living Standards Surveys Rounds 3 and 5, completed in 1992 and 2006, contained questions on private basic schooling both at household and community levels in rural areas, providing relatively rich data on both supply and demand conditions. Alongside the Ministry of Education Management Information System (EMIS) data, these provide useful descriptive data on recent trends in private schooling.

GLSS Data

The tables that follow show the numbers and proportions of children aged 6-17 who were, at the time of GLSS 3 and 4 either not attending school, attending a public school or attending a private school, tabulated according to household poverty status. In total, just about 30 per cent of children were not attending school in 1991/2 compared to around 23 per cent in 2005/6. In rural areas the corresponding figures were 33 and 28 per cent. In 1991/2 just less than 7 per cent of all children (including those not attending any school) were attending a private school overall, with a figure of around 2.5 per cent for rural areas. These figures had increased dramatically by 2005/6 when almost 17 per cent (all Ghana) and 10 per cent (rural Ghana) of children were in private schools. When examined by household poverty status, the figures show that, unsurprisingly perhaps, private school attendance is notably more common among non-poor households than among households in either GSS consumption poverty category.

In 1991/2 between 0.5 and 4 per cent of children in poor and extremely poor households were in private school. But by 2005/6 these almost negligibly low figures had risen to between 4 and 11 per cent. Notably, more than 10 per cent of rural poor children were in private schools in GLSS 5. Among the non-poor, growth in private school attendance was very strong, rising from around 5 per cent in rural areas and 12 percent overall to 17 and 27 per cent. Most rural communities did not contain a private school and nor did most rural census enumeration areas, according to the GLSS 5 Community Survey. In addition, population growth among school-age pupils in the period from 1991-2006 was very rapid indicating a large rise in absolute pupil numbers in private schools.

Table 1: School-Type Attended by Household Poverty Status – All Ghana 1991/2 (aged 6-17)

Poverty Status	*Schooling Type*			
	No School	*Public*	*Private*	*Total*
Extremely Poor	*1042*	*1741*	*73*	*2856*
%	*36.48*	*60.96*	*2.56*	*100.00*
Poor	*328*	*742*	*39*	*1109*
%	*29.58*	*66.91*	*3.52*	*100.00*
Non-Poor	*651*	*1904*	*347*	*2902*
%	*22.43*	*65.61*	*11.96*	*100.00*
Total	*2021*	*4387*	*459*	*6867*
%	*29.43*	*63.89*	*6.68*	*100.00*

Source: Computed from GLSS 3

Table 2: School-Type Attended by Household Poverty Status – Rural Ghana 1991/2 (aged 6-17)

Poverty Status	*Schooling Type*			
	No School	*Public*	*Private*	*Total*
Extremely Poor	*915*	*1,473*	*39*	*2427*
%	*37.70*	*60.69*	*1.61*	*100.00*
Poor	*246*	*545*	*4*	*795*
%	*30.94*	*68.55*	*0.50*	*100.00*
Non-Poor	*356*	*962*	*74*	*1392*
%	*25.57*	*69.11*	*5.32*	*100.00*
Total	*1,517*	*2,980*	*117*	*4614*
%	*32.88*	*64.59*	*2.54*	*100.00*

Source: Computed from GLSS 3

Table 3: School-Type Attended by Household Poverty Status – All Ghana 2005/6 (aged 6-17)

Poverty Status	*Schooling Type*			
	No School	*Public*	*Private*	*Total*
Extremely Poor	*1596*	*2563*	*223*	*4382*
%	*36.42*	*58.49*	*5.09*	*100.00*
Poor	*265*	*910*	*144*	*1319*
%	*20.09*	*68.99*	*10.92*	*100.00*
Non-Poor	*801*	*3660*	*1623*	*6084*
%	*13.17*	*60.16*	*26.68*	*100.00*
Total	*2662*	*7133*	*1990*	*11785*
%	*22.59*	*60.53*	*16.89*	*100.00*

Source: Computed from GLSS 5

Table 4: School-Type Attended by Household Poverty Status – Rural Ghana 2005/6 (aged 6-17)

Poverty Status	*Schooling Type*			
	No School	*Public*	*Private*	*Total*
Extremely Poor	*1519*	*2324*	*192*	*4035*
%	*37.65*	*57.60*	*4.76*	*100.0*
Poor	*232*	*743*	*113*	*1088*
%	*21.32*	*68.29*	*10.39*	*100.0*
Non-Poor	*454*	*1896*	*479*	*2829*
%	*16.05*	*67.02*	*16.93*	*100.0*
Total	*2205*	*4963*	*784*	*7592*
%	*27.73*	*62.41*	*9.86*	*100.0*

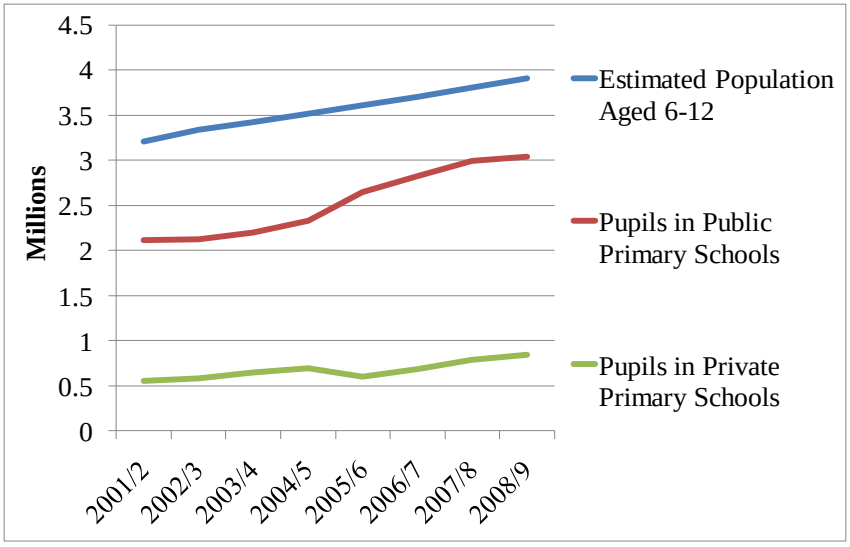
Source: Computed from GLSS 5

EMIS Data

The EMIS school census collects information from both public and private basic schools annually. Not every school reports its data, however, although for public schools the EMIS estimate that data from more than 95 per cent of schools is included. Estimates are between 70 and 90 per cent for private schools. The EMIS included a figure for the percentage of schools reporting data between 2001 and 2005, but thereafter this data is not available. Because of differences in reporting rates, figures taken directly from EMIS would under-represent private schools when compared to public schools unless a correction is made. In the charts that follow, figures are corrected to estimate the population of schools[1].

Figure 1 shows the pattern of growth in the primary school-age population and in enrolment in both public and private schools. The population is estimated using the 2000 census and growth is projected using a national average annual population growth rate of 2.7 per cent. It is apparent that while the gap between the numbers of children of-age and those enrolled was fairly static between 2001/2 and 2004/5, a steep increase in enrolment growth is observed between 2004/5 and 2005/6, the period in which the Capitation Grant Scheme was introduced, effectively removing direct costs of basic education. In the years between 2004/5 and 2007/8, growth in enrolment outstripped population growth, although it appears to have slowed in 2008/9. In private primary schools, enrolments increased steadily until 2004/5 when they dropped back. Since this also coincides with the introduction of the Capitation Grant, it appears that some families decided to opt for public schooling in place of private in that year, owing to reductions in cost. This is seen more clearly below. From 2005/6 private primary school enrolments again began to increase steadily; and at a faster rate than between 2001/2 and 2004/5.

Figure 1: Enrolment in Public and Private Primary Schools 2001-9



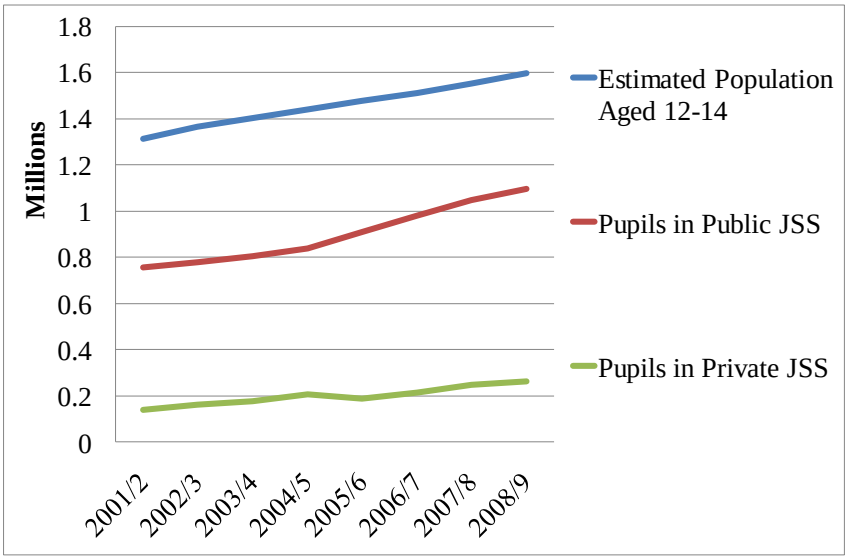
Source: Authors calculations from EMIS

[1] Figures from EMIS are inflated on the assumption that non-reporting schools contain the same numbers of pupils and teachers as reporting schools of the same type (e.g. private JSS). For 2001-5 the actual reporting rate is used. For 2005-9 the mean reporting rate for 2001-5 is used. While it is not possible to confirm this assumption, the approach is considered preferable to using the raw data when reporting rates are known to differ substantially by school type.

Figure 2 illustrates comparable data for junior secondary school enrolment. A distinctly similar pattern emerges. Figure 3 shows the trend in the total number of private schools. Over the period, the number of private junior secondary schools doubled and the number of private primary schools increased by two-thirds. Both trends follow the same, albeit exaggerated pattern in that the general increase in school numbers over time is interrupted between 2004/5 and 2005/6, when school numbers declined sharply. Numbers recovered to their 2004/5 levels by 2007/8. The data for teacher numbers in private schools show a corresponding pattern, as shown in Figure 4.

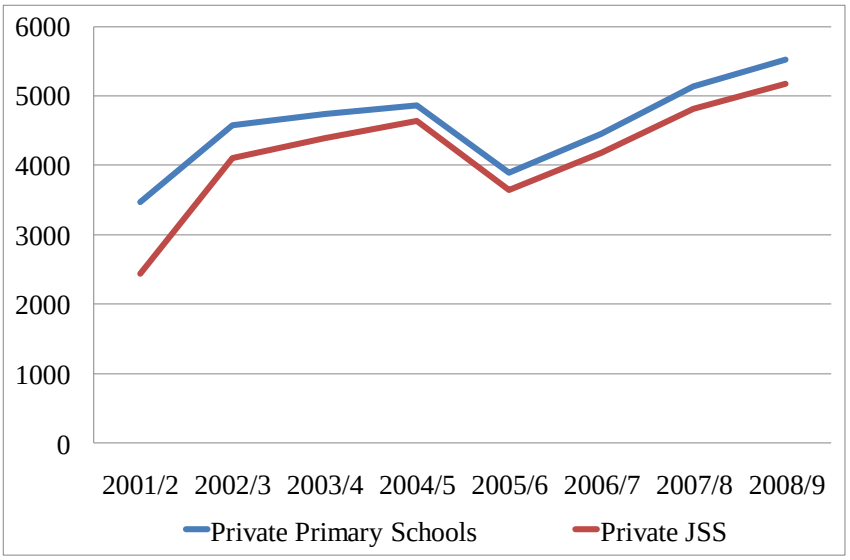
When examining the trends in the shares of all children and all pupils in public and private schools, again the pattern persists. In relation to the share of pupils in private primary schools, shown in Figure 5, the drop between 2004/5 and 2005/6 is particularly dramatic. Indeed, by 2008/9 the share had not yet returned to its 2004/5 level. The same was true in relation to the trend in private JSS enrolment. These patterns are indicative of the very large increase in public school enrolments following the introduction of the Capitation Grant. Nonetheless, the share of pupils enrolled in private schools has been increasing steadily since 2005/6, indicating a faster rate of growth in private than public school enrolment in the years following the introduction of the Capitation Grant.

Figure 2: Enrolment in Public and Private JSS 2001-9



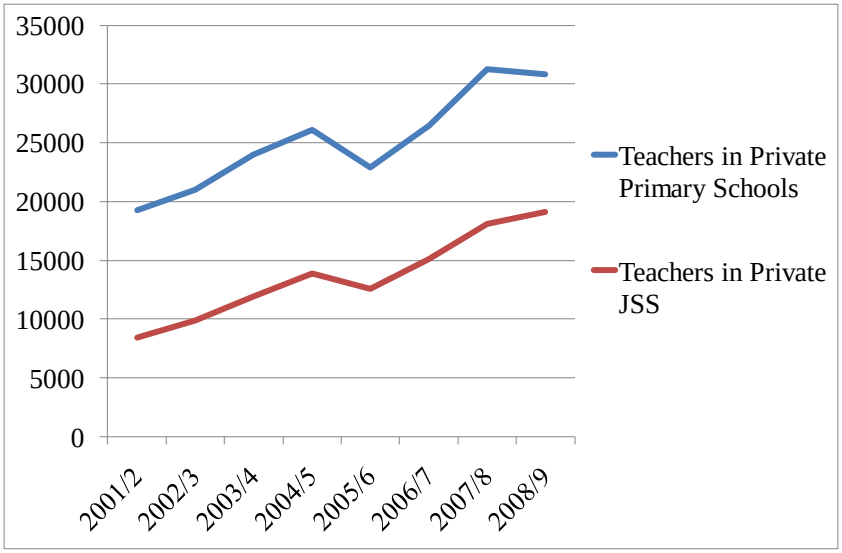
Source: Authors calculations from EMIS

Figure 3: Private Primary School Numbers 2001-9



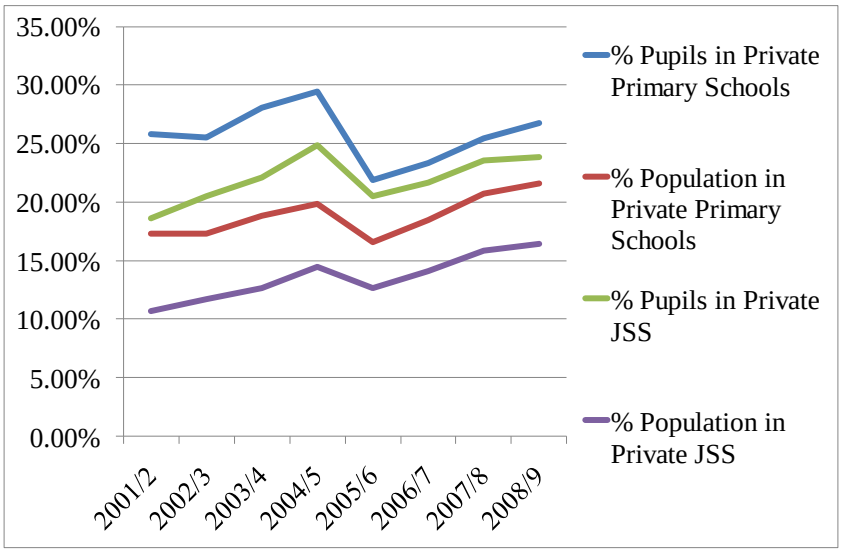
Source: Authors calculations from EMIS

Figure 4: Teacher Numbers in Private Schools 2001-9



Source: Authors calculations from EMIS

Figure 5: Enrolment Shares in Private Schools 2001-9



Source: Authors calculations from EMIS

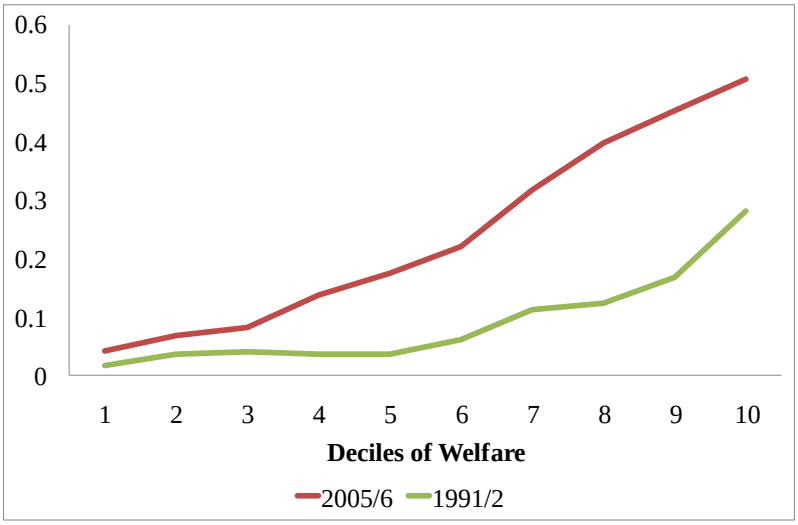
These patterns illustrate a longer term trend of increasing enrolment in private schools, both in absolute terms and relative to public school enrolments. The uncharacteristic reversal between 2004/5 and 2005/6 may be taken to indicate the importance to households of schooling costs in determining school choice. It appears that the introduction of capitation grants, effectively eliminating public school fees, caused a supply-side shock which altered the calculus of relative costs and benefits facing households so that public schooling became relatively better value for money, persuading households at the margin to select public schools for new enrolments. It also appears that some families removed their children from private schools to send them instead to public school between 2004/5 and 2005/6. Numbers of pupils in private primary schools were reduced by an estimated 97,352 and in private primary schools and in private junior secondary schools by an estimated 21,206. These numbers amount to 25.7 and 28.5 per cent respectively of the increased intake in public schools in the same year. At mean public school sizes, these pupils would have required an additional 450 public primary and 174 public junior secondary schools. What it shows is the pressure that the introduction of capitation grants exerted on public schools in terms of increased enrolments in limited space, but also the contribution that private providers make to alleviate this pressure by absorbing pupils who otherwise would be in overcrowded public schools.

Figure 6 shows the incidence of private school enrolment in Ghana by household economic welfare in 1991/2 and in 2005/6 using data from GLSS 3 and 5[2]. Welfare is shown in deciles and is defined in terms of the money-metric value of household consumption per equivalent adult, corrected for relative prices. The pattern in 1991/2 is of the incidence of private school enrolment being consistently and almost negligibly low below the mean level (decile 5). It then

[2] No data on private schooling was collected in GLSS 4.

begins to rise fairly sharply by decile, with the steepest rise occurring in the highest welfare decile. Around 28 percent of children in this decile were attending private schools. The pattern in 2005/6 is somewhat different. The incidence rises across all deciles at a steeper rate and is markedly higher overall than in 1991/2, reaching around fifty percent in the highest welfare decile.

Figure 6: Incidence of Private School Enrolment (at age 6-12) by Household Economic Welfare

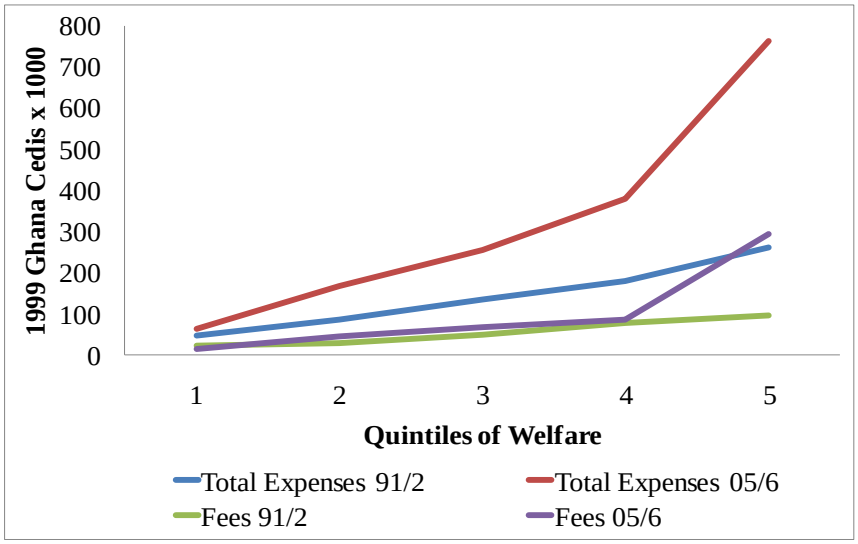


Source: Authors calculations from GLSS 3 and 5

Figure 7 shows how household expenditure per child in private school varies with economic welfare. Real expenditure on school fees was similar in 1991/2 and 2005/6 for the first four welfare quintiles, rising only gradually by quintile although the fees paid in 2005/6 by households in the highest quintile showed a large rise when compared to lower welfare quintiles or to 1991/2. Total expenditure on schooling is considerably greater than the level of fees and also rises more sharply with welfare. Most notably, the gradient is much steeper in 2005/6 than in 1991/2. Total real spending in the highest welfare quintile is more than three times higher. Owing to economic growth, among other factors, household welfare increased over this period and the increases were larger for the higher income quintiles. Hence it is useful to examine the share of expenditure at household level going to private schooling.

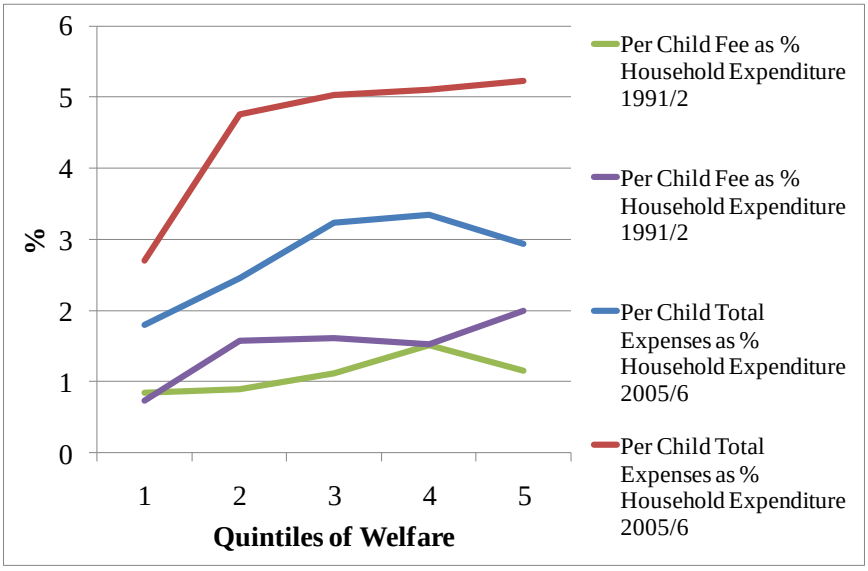
Figure 8 illustrates the data used in Figure 7 in terms of the shares of household expenditure spent on private schooling per child. Fees per child typically amounted to between 1 and 2 per cent of total household expenditure in both 1991/2 and 2005/6 and across the welfare distribution. In relation to all expenses, however, these were found to rise sharply between the first and second or third quintiles as a proportion of all spending. We also note that proportionate spending on all expenses also rose markedly between 1991/2 and 2005/6. Spending on private schooling per child except in the lowest two quintiles amounted to around 5 per cent of all household expenditure in 2005/6 and 3 per cent in 1991/2.

Figure 7: Real Expenditure on Private Schooling (at age 6-12) by Household Economic Welfare



Source: Author's calculations from GLSS 3 and 5

Figure 8: Expenditure on Private Schooling per Child as a % of All Household Spending, by Household Economic Welfare



Source: Authors calculations from GLSS 3 and 5

Table 5 reports the mean levels of parental education in terms of years of schooling for children in the three school attendance categories. It shows that average parental education is very low among children not attending school. It increases for those in public school and increases again for those in private school, especially where the father's education is concerned. Evidently, as parental education improves, particularly of the father, the more likely households will consider the private option. This is consistent with the literature on the determinants on school choice which suggests that demand improves with rising parental education, and more so for private education.

Table 5: Parents' education and child's school attendance

	No School	*Public School*	*Private School*
Mother's Education (Years)	***0.97***	***2.49***	***4.23***
Father's Education (Years)	***1.78***	***4.75***	***6.44***

Source: Computed from GLSS 5

Modelling Results: School Choice

Table 6 reports the results of a logistic regression model for current attendance at school for children in the primary school age range (6-12). Table 7 reports the results of a logistic regression model for attendance at private, compared to public school, conditional on school attendance. Compared to farming communities, children in fishing communities were notably more likely to attend school. Although both communities are known to present barriers to access because of their tendency to attract children into casual labour, children may spend less time engaged in activities around fishing than in farming which is more labour intensive and therefore time-consuming. Unsurprisingly, in villages where a school was located, the odds of attendance are also raised substantially. Compared to the savannah (northern Ghana), coastal villages are also associated with higher attendance. Compared to a son of daughter of the household head, children who are 'fostered' are less likely to attend while, again unsurprisingly, those in higher welfare households are more likely to attend. When comparing within villages only, an additional year of mother's education increases the odds of a child attending by 4% and an additional year of father's schooling by 7%, which is consistent with children in male-headed households being more likely to attend. These results provide background for the examination of private school choice since it is considered that parents' decision to opt for a private school is conditional on their first choosing to enrol a child in school at all.

Table 7 shows that given a household decided to send a child to school, the factors associated with private as opposed to public schooling at the village level included ethnic and religious differences as well as a difference between fishing and farming communities. Across villages, individual level factors also recognise the importance of ethnicity and religion associated with educational preferences. Younger children were more likely to be in private school, perhaps due to recent expansion in the sector while foster-children were less likely. Within villages, an additional year of mother's education was found to increase the odds of private school attendance by almost 4% and in relation to a father's education by more than 7%. With regard to welfare, controlling for village-level factors, parental education and ethnicity and religion, household welfare effects are found to be negative, which is surprising but may reflect the fact that welfare is strongly clustered according to these socio-economic factors.

Table 6: Logit for current attendance at school: Odds Ratios (age 6-12)

	Village level only	*Individual and village level*	*Village fixed effects*
Village population	*0.126*	*0.156*	
	(0.77)	*(0.91)*	
Fishing community	*3.076*	*2.966*	
	*(2.12)***	*(1.97)***	
School in village	*2.256*	*2.018*	
	*(5.65)****	*(4.87)****	
Community welfare	**** (to be added)*	****(to be added)*	
Coastal	*1.434*	*1.330*	
	*(3.10)****	*(2.70)****	
Forest	*0.606*	*0.556*	
	*(1.85)**	*(1.59)*	
Age of Child		*0.321*	*0.499*
		*(4.05)****	*(7.36)****
Age of Child Squared		*-0.014*	*-0.020*
		*(-4.17)****	*(-7.07)****
Sex of Head (male)		*0.094*	*0.179*
		(1.27)	*(2.47)***
Other relative of head		*-0.614*	*-0.724*
		*(-2.27)***	*(-5.44)****
Non-relative of head		*-0.560*	*-0.592*
		*(-1.77)**	*(-2.24)***
Mother's years of schooling		*0.024*	*0.037*
		(1.08)	*(2.30)***
Father's years of schooling		*0.066*	*0.072*
		*(4.61)****	*(4.48)****
Age of Household Head		*-0.038*	*-*
		*(-1.82)**	*-*
Log of household welfare		*0.354*	*0.440*
		*(3.44)****	*(4.87)****
Constant	*-10.121*	*-9.674*	*-*
Observations		*5371*	*5409*
pseudo R-squared		*0.237*	*0.0422*
Number of villages			*226*

Robust z-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table 7: Logit for attendance at private school: Odds Ratios (age 6-12)

	Village level only	*Individual and village level*	*Village fixed effects*
Village population	*0.054*	*0.071*	
	(0.34)	*(0.41)*	
Ethnic group1	*2.226*	*2.040*	
	*(3.33)****	*(2.86)****	
Ethnic group2	*1.586*	*1.467*	
	*(2.22)***	*(1.96)***	
Ethnic group3	*2.078*	*2.170*	
	*(2.18)***	*(1.78)**	
Ethnic group4	*1.786*	*1.722*	
	*(2.10)***	*(1.97)***	
Ethnic group5	*2.327*	*2.037*	
	*(2.31)***	*(1.82)**	
Religion1	*1.153*	*1.285*	
	*(2.06)***	*(2.28)***	
Religion2	*1.276*	*1.346*	
	*(1.99)***	*(2.11)***	
Religion3	*1.303*	*1.464*	
	*(1.93)**	*(2.19)***	
Fishing community	*2.683*	*2.511*	
	*(2.05)***	*(1.94)**	
Private school in community	*3.721*	*3.622*	
	*(7.52)****	*(6.80)****	
Community welfare	*0.418*	*-0.301*	
	*(1.80)**	*(-1.23)*	
Age of Child		*0.682*	*1.366*
		*(2.91)****	*(5.74)****
Age of Child Squared		*-0.033*	*-0.070*
		*(-2.63)****	*(-5.23)****
Sex of Head (male)		*0.004*	*-0.015*
		(0.04)	*(-0.16)*
Other relative of head		*-0.625*	*-0.795*
		*(-2.74)****	*(-4.27)****
Non-relative of head		*-0.697*	*-0.739*
		(-1.64)	*(-2.23)***
Mother's years of schooling		*0.016*	*0.035*
		(0.64)	*(1.82)**
Father's years of schooling		*0.069*	*0.044*
		*(4.15)****	*(2.89)****
Log of household welfare		*0.632*	*0.748*
		*(5.13)****	*(5.99)****
Constant		*-14.096*	
Observations		*3164*	*3018*
pseudo R-squared		*0.234*	*0.0634*
Number of villages			*207*

Robust z-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

What reasons do households give for choosing their schools? – Some evidence from CREATE

To understand further the household school choices, we turn attention to a small sample of interview data featuring thirty-eight poor (38) household heads in the Mfantesman case study

community in which CREATE work in the south was located. Generally, the household heads saw the introduction of capitation as a factor in reducing the education cost burden, but raised the issue of quality and standards as important in considering school choice. Some household heads with children in low-fee private schools were of the view that these schools demonstrated a stronger sense of purpose, in terms of their management of instructional time and the good examination results they achieved. They spoke about interests shown by proprietors of private schools and headteachers in their children's educational welfare through regular home visits and feedback about their progress. Teacher and pupil discipline were also qualities that they felt distinguished low-fee private schools from the public schools they were familiar with. But clearly, the most important reason these households gave for choosing low-fee private schools was simply a belief that they delivered better academic results in terms of the final junior secondary terminal examinations. For them this was an indication that these low-fee private schools were more goal oriented as they focused on securing improvements in children's learning and achievement, which many felt was lacking in the public schools.

When asked how households with low earnings and in jobs with unstable incomes could afford the low-fee schools, about a third of the respondents pointed to credit purchasing, or on the occasional sale of personal assets to meet the costs. In her study of households in rural India, Harma (2009) found that households which used low-fee private schools had to reduce expenditure on other household needs. The desire to access quality education, it seems, motivated demand even though it meant making financial sacrifices or seeking assistance from social networks of friends, relatives or from older siblings engaged in fishing, petty trading or casual labour. Others said though they found it hard paying the fees, but because the schools were open to spreading the costs over a period of time this gave them time to raise the amount through a variety of means (e.g. borrowing from relatives, income generated from farming/fishing). It was clear that the schools themselves were adopting marketing strategies to induce demand through their flexible fees policy.

Low-fee private schools in the communities had introduced flexible fee payments to ease the burden on households. According to the household heads, some schools were allowing households to spread fees over the term or year, and others were prepared to reduce fees for every additional child enrolled. Others had introduced 'fee-free' pre-schools which enrolled children between the ages of three to five. This ensured that the low-fee private schools had stock of children ready to enter the fee paying stream. Some household heads cited cases where paying fees promptly had been 'rewarded' with a discount ranging from between 10% to 15%. Thus, household demand for quality education was being met with 'fee-friendly' strategies that made low-fee private option attractive even it seems for some poor households.

What also emerged from the household head interviews was the willingness of relatively poor households to make small fee payments as the price for accessing what they see as quality education. The household heads were more optimistic about children's chances of passing the final junior secondary leaving examinations than children in public schools. The notion of quality education centred mainly on examination results, school discipline and teacher professionalism, which contrasted in their view with poor teacher attendance and academic

results in public schools. Reference was also made to children in private schools being more capable of communicating fluently in English which was taken to be an indication of the quality provision in the schools. Generally, the households were quite critical of public schools – citing poor teacher attendance, high absenteeism, and poor pupil performance, teacher indiscipline, corporal punishment, and the use of child labour in the schools as the main reasons. What emerges from the interviews with the household heads is the power of image and marketing in shaping attitudes to low-fee private education. It appears that private providers were projecting an image of a school as affordable through their flexible fee policies and which was goal-oriented in terms of how it managed its teachers and pupils to achieve good examination results.

Discussion and Conclusion

Overall the analysis shows that, somewhat surprisingly, even those households falling into the GSS's 'extremely poor' category in per capita economic welfare terms made use of private schools. Strong associations are found on the supply-side between private school choice and the level of fees, and with household welfare levels on the demand side. Nonetheless, key factors associated with preferences for quality education are found to exert effects which may be considered to some extent independent of the household's economic status. These included the household head's age and sex and parental education levels. This would suggest that although fees may be a factor determining who goes to low-fee private schools, gender, age and education level probably exerts a stronger influence. If as the CREATE evidence suggests, that low-fee private schools operate fee policies that lessen the cost burden for their clients, then the choice for these schools is made easier even for those who may be characterised as 'extremely poor'.

Compared to the 1990s a lot more households in rural areas (10%) are accessing low-fee private schools. In about fifteen years (1991-2005), private spending per child among the lowest welfare quintile has increased by just about 2% points whereas for those in the highest welfare quintile the increase has been more appreciable (about 3 times). The small increase in private spending for the poorest group may actually reflect just how difficult it is for the poorest group to access private school because of the costs. The evidence shows that what households spend on education is actually considerably greater than the level of fees – school fees is an important barrier to access but perhaps not necessarily always the clincher when it comes to rural household decision to enrol a child in the first place. It is conceivable that the practices of low-fee private providers in rural areas, in particular their flexible fees system, induces and sustains demand from some poor households.

What we should not assume is that fee-free education means the poor would not weigh up what is offered and if in doubt look for the low-fee option, especially if they can find ways to meet the costs. The introduction of capitation grants appear to have caused a wave of defection from private to public schools, but it is also clear that this only represented a supply-side shock that was not sustained. In fact what the surge might have achieved is to actually undermine quality provision in the latter and caused a negative backwash effect resulting in greater demand for private schools. As we saw, the rate of growth in private schooling was higher post capitation than prior to its introduction.

Capitation may not eliminate the cost burden associated with education as it constitutes a small proportion of household spending on education - households still have to pay for such things as food, uniforms, and other school logistics. Nevertheless, the interest shown by households in the lowest welfare quintile for private schools suggests that the state may need to entertain the possibility of supporting these schools to keep their costs low. In practical terms, this may mean supplying them with instructional materials (e.g. textbooks), extending free school meals programmes to areas where they recruit a large proportion of school age children. To do so would also mean private providers opening their doors for inspection of their facilities and operations to ensure accountability of public investment

Low-fee private schooling may be a more efficient use of resources given lower costs but these costs are borne by households so expansion is only pro-equity if their outcomes are very considerably better for the cost. CREATE school community interview data suggests that some households' belief quite strongly they offer value for money. But the effects of type of school in rural areas on achievement and completion of basic education needs to be thoroughly investigated as perceptions about the quality of low-fee private school may be over-claimed. It does appear from the CREATE household head interview data that public schools in rural areas have an image problem that can be associated with some negative practices (e.g. corporal punishment), and unprofessional behaviour of its teachers (e.g. teacher absenteeism), which contrasts with an image of low-fee private schools as better managed and outcomes oriented. If the presence of private schools in rural areas offers a real choice for poor households wishing to access better quality education, then it might be worth considering the conditions under which they can receive state assistance. For instance, considering a 'voucher scheme' alternative where such schools become state funded de facto, if they are more cost-effective could make them more pro-equity.

Though some households in the lowest welfare quintile in rural areas may be accessing low-fee private schools, it still remains the case that for some, the private option will still be unaffordable. So if learning outcomes are better in some low-fee private schools and parents who use them receive no subsidy, their expansion is likely to be anti-equity, although this depends on the size of the group for whom they are unaffordable and on the difference in outcomes between private and state schools.

These questions depend very much on whether the issue is addressed from the household point of view under the existing system (in which case private school expansion is probably anti-equity although it still benefits the realisation of EFA goals). But from the point of view of the state system, expansion of low-fee private schools with fees met by the state may in some contexts and conditions seem a more efficient and equitable way to reach EFA. As the GLSS and EMIS survey analysis indicated, providing adequate public spaces for users of private schools who transferred to the public system as a result of capitation would have required substantial state financial resources. The state, therefore, has some responsibility towards the poor in rural areas in alleviating the cost burden of accessing low-fee private schools especially if these schools are providing quality education at relatively lower costs. This may also be the stimulus that is needed

to motivate improvements in public schools which may see poor households voting with their feet by turning to low-fee private schools and receiving state support to do so.

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