

# Providing Low-Cost Private Schooling to the Poor

## HIGHLIGHTS

- School-in-a-box model involves highly standardized, scalable, branded schooling in which the school chain designs and implements all educational inputs and business processes.
- Chains recruit para-skilled teachers from local communities, whom they train to deliver lessons of near uniform quality.
- Student and school performance is monitored and evaluated, enabling data-driven quality control and research and development (R&D).



## Development Challenge

Providing their children with good-quality basic education is a struggle for parents at the bottom of the pyramid (BoP). As a result, an estimated 40 percent of the world’s primary school-age children—a quarter of a billion children—lack basic numeracy and literacy skills, even though more than half of them have completed four years of primary school (UNESCO 2015). In the poorest quintile, a third of 14- to 16-year-olds fail to complete primary school (UN 2015). The high cost of education, lack of access, shortages of resources, teacher absenteeism, and overcrowded schools are key barriers to learning.

## Business Model

Low-cost chain schools address rising demand from low-income families for affordable, good-quality schools located in their communities. Some provide primary schooling only, others specialize in secondary schooling, and a few offer both. Investors, lenders, donors, and development agencies provide the capital to design the business model and educational inputs. Chain schools’ key innovation is the vertically integrated “school-in-a-box” business model, which leverages economies of scale, centralized purchasing, and standardization to minimize costs and school fees and enable expansion at low marginal cost.

Chain schools typically design and deliver all inputs, from school buildings and business processes to curriculum development, teacher training, and lesson plans. Senior management handles most major budget lines on behalf of individual schools, including procurement, recruitment, and payroll. It enforces consistent delivery of school services and quality control, in order to establish a recognized, trusted school brand. Low-income parents choosing schools generally lack access to reliable measures of school quality. A trusted brand bridges that information gap, acting as a proxy for quality. Pioneering this model are Bridge International Academies in Kenya and Omega Schools in Ghana.

## Features of Low-Cost Chain Schools Business Model



### Chain Private Schools

- Investors, lenders, or donors provide capital for start-up
- Schools charge low fees to educate large numbers of children in low-income communities
- Bundle services and items with tuition to bring costs down



### School-in-a-Box Model

- Model is standardized, scalable education designed and implemented by a school chain
- Model is aligned with government syllabuses
- Chains establish a recognized, trusted school brand



### Local, Trusted Teachers

- Teachers are recruited from local areas and trained to deliver pre-prepared lessons
- Local teachers reduces risk of disruption to education if they leave



### Acceptance and Awareness

- Chains address local sensitivities, such as schools within walking distance or extending school days
- Chains use mass marketing, relationships with community, and word-of-mouth



### Innovative ICT

- Chains offer flexible payment systems adapted to customers needs
- Chains improve cost-efficiency with automated processes
- Chains improve quality control and communications

## Implementation: Delivering Value to the Poor

### Awareness

Bridge advertises on billboards, over the radio, and via text messaging. Omega relies on word of mouth and door-to-door canvassing; it also sends school managers into the community to recruit students and staff. Vienova posts advertisements on walls, distributes leaflets, and sponsors community events. BRAC leverages its networks to advocate for its schools and employs experienced teachers who are trusted by the target community. LEAP cultivates long-term relationships with community organizations and primary schools that feed students into its secondary schools.

### Acceptance

Chain schools meet demand for alternatives to inadequate public schooling by developing distinctive school systems and educational methods. They construct schools with up-to-date facilities and ICT systems and address local concerns and sensitivities. The Citizens Foundation employs only female teachers and principals, in order to encourage conservative Pakistani families to send their daughters to school. LEAP builds community work into its curriculum, assisting social development organizations and providing after-school lessons to public school students.

### Accessibility

Schools are within walking distance of target communities, minimizing the risks and costs of travelling to and from school. Bridge conducts household surveys to gauge a community's suitability based on population density and income. Omega identifies areas with large numbers of children and other private schools. Extended school days and extracurricular activities maximize the availability of core teaching services and teacher-student contact time.

### Affordability

Schools bundle services and items such as uniforms, examination fees, and textbooks with tuition fees, in an effort to reduce costs to levels comparable to or below public and stand-alone private schools. BRAC's package includes transport. Omega's all-inclusive daily fee includes midday meals, uniforms, and school bags. Chain schools also offer simple, flexible, convenient fee payment systems that accommodate the irregular income flows of the BoP.

Two key elements are the use of para-skilled teachers and innovative applications of ICT. Chain schools frequently train local people who are not qualified teachers to deliver standardized lessons. They use ICT to automate processes such as registration, payroll, and fee collection. Both Bridge and Omega operate a cashless fee payment system. Bridge parents pay their fees using the M-Pesa payment system, and Omega uses a daily voucher system. Several chains have developed proprietary school management software that enables continuous data exchange between schools and management. Bridge uses mass text messaging, and Vienova uses ICT to deliver some classes remotely. SPARK Schools is implementing one of Africa's first blended learning models, combining teacher-led instruction and computer-based learning

## Results and Effectiveness

Both for-profit and nonprofit chains have scaled impressively, reaching significant numbers of students quickly and attracting new investment. Omega expanded from two schools in 2009 to 38 schools serving more than 20,000 children in 2013. Just six years after launching, Bridge was educating more than 108,000 children at more than 400 schools in Kenya, most of them in very poor areas. In 2014 The Citizens Foundation provided low-cost education to 145,000 children at 1,000 schools across 100 locations.

Both independent and self-reported evidence indicates that chain school students are outperforming their peers. The Citizens Foundation and LEAP have achieved very low dropout rates, and their students have outperformed others on national examinations. Both have high school graduation rates of more than 90 percent, and a significant percentage of their graduates pursue higher education.

Test performance of low-cost schools has been spectacular, according to the companies and third-party evaluations. In 2015 the first cohort of Bridge students sat for the national primary education certificate exam. Their mean score of 264 was significantly above the public school mean of 180—and even exceeded the private school mean of 230. According to LEAP, between 2008 and 2013, 91 percent of its students passed the national math examination, and 85 percent passed the science exam.

Some data suggests that chain schools provide value for money in comparison to government and other private schools. In 2012 Omega's annual fees in Ghana amounted to just \$113 per student—significantly less than the recurrent unit cost per student in public primary schools of \$166. According to a 2014 report, BRAC's Shishu Niketan schools charged one-third as much as equivalent private kindergartens but more than equivalent public schools.